# SP FINANCE p.l.c

**No. 89, The Strand,**
**Sliema,**
**Malta.**

***Co. Registration No. C-89462***

**Ref: SPF - 64**

**COMPANY ANNOUNCEMENT**

The following is a company announcement issued SP Finance p.l.c. (hereinafter the "Company") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority (the "Capital Markets Rules").

***Quote***

The Company announces that the annual audited financial statements of Sea Pebbles Limited (guarantor of the SP Finance p.l.c €12million 2029 4% Secured Bonds) for the financial year ended 31st December 2024, have been approved by the Board of Directors of Sea Pebbles Limited, are attached to the present Company Announcement and are also available for viewing at the registered office of the Company as also in the Investor Relations section on the Company's web portal: https://pebbleshotelmalta.com/investor-relations/

***Unquote***

Dr. Andrea Micallef
Company Secretary
30th April 2025

# SEA PEBBLES LIMITED

## FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31st DECEMBER 2024*

**Company No. C-6138**

# SEA PEBBLES LIMITED
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| | |
|---|---|
| Directors: - | Ms. Josephine Casha<br>Mr. Joseph Casha |
| Company Secretary: - | Ms. Josephine Casha |
| Company number: - | C-6138 |
| Registered Office: - | 89, The Strand,<br>Sliema,<br>Malta |
| Bankers: - | Bank of Valletta p.l.c<br>58, Zachary Street<br>Valletta VLT 1130<br>Malta |
| Auditors: - | VCA Certified Public Accountants<br>Finance House, First Floor,<br>Princess Elizabeth Street<br>Ta' Xbiex XBX 1102<br>Malta |

The Directors present their report and the audited financial statements of Sea Pebbles Limited for the year ended 31st December 2024

**Principal activities**

The principal activity of the Company is the operation of the Pebbles Boutique Aparthotel in Sliema.

**Review of business**

The Pebbles Boutique Aparthotel in Sliema was closed throughout 2024 resulting in a loss of revenue of approximately €1.44 million and a loss of profit before tax of €0.19 million. In March 2025, the Planning Authority granted a full development permission to Sea Pebbles Limited to construct a Class 3B Hotel with a total of 109 suites and ancillary facilities including a Class 4D restaurant. The demolition of the site during 2024 was carried out at a slower pace than anticipated due to the complexity of the work involved and the fact that the site is in a tourist area, thus subject to restrictions on when demolition works can be carried out. As a result of these delays, the hotel is now expected to re-open in mid-2026.

During the year under review, the Company registered an operating loss of €402,138 (2023: operating profit of €790,772) on revenue of €11,990 (2023: €1,454,966). In 2023 a one-off profit on sale of intellectual property to another Group company amounting to €941,856 was made.

**Events after the Reporting Period**

On 12 March 2025, the Planning Authority granted a full development permission to Sea Pebbles Limited to construct a Class 3B Hotel with a total of 109 suites and ancillary facilities including a Class 4D restaurant on the company's site on the Sliema – Gzira seafront. The new hotel is expected to welcome its first guests in mid-2026 and once fully operational is expected to generate revenue and profits well in excess of what was generated by the much smaller Pebbles Boutique Aparthotel.

**Results and dividends**

The results for the year are shown in the statement of comprehensive income on page 3. The Directors do not recommend the payment of a final dividend and propose to transfer the retained profit to reserves.

**Directors**

The Directors in office at the end of the year are listed above.
The Directors served on the board throughout the year and in accordance with the Company's memorandum and articles of association, all the Directors are to remain in office.

**Directors' Responsibilities**
The Directors are required by the Companies Act (Chap. 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 at the end of each financial year and of the profit or loss for the year then ended.

In preparing the financial statements, the director should: -

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

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

**Auditors**
A resolution to reappoint VCA Certified Public Accountants as auditor of the Company will be proposed at the forthcoming annual general meeting.

This report was approved by the board of Directors and authorized for issue on 30 April 2025 and signed on its behalf by:

Ms. Josephine Casha
**Director**

Mr. Joseph Casha
**Director**

# SEA PEBBLES LIMITED
## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
### FOR THE YEAR ENDED 31ST DECEMBER 2024

| | *Notes* | 2024 | 2023 |
|---|---|---|---|
| | | € | € |
| **Revenue** | 4 | **11,990** | *1,454,966* |
| Operating expenses | 7 | **(311,900)** | *(920,373)* |
| **Gross (loss)/profit** | | **(299,910)** | *534,593* |
| Administrative expenses | 7 | **(366,377)** | *(746,440)* |
| Other operating income | 5 | **264,149** | *60,763* |
| Profit on sale of intellectual property | 24 | **-** | *941,856* |
| **Operating (loss)/ profit** | | **(402,138)** | *790,772* |
| Depreciation and amortisation | | **(62,156)** | *(163,863)* |
| Dividends receivable | | **-** | *422,308* |
| Finance costs | 6 | **(75,738)** | *(436,815)* |
| **(Loss)/ Profit before taxation** | | **(540,032)** | *612,402* |
| Income Tax | 8 | **163,813** | *113,475* |
| **(Loss)/Profit for the year** | | **(376,219)** | *725,877* |

## SEA PEBBLES LIMITED
### STATEMENT OF FINANCIAL POSITION
### AS AT 31ST DECEMBER 2024

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | € | € |
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 12 | **460** | *460* |
| Property, plant and equipment | 9 | **20,853,795** | *21,221,241* |
| PPE under development | 10 | **718,241** | - |
| Investment property | 11 | **5,959,912** | *6,004,491* |
| Right-of-use assets | 13 | **6,813** | *10,221* |
| Investment in subsidiary | 14 | **1,200** | *1,200* |
| | | **27,540,421** | *27,237,613* |
| **Current assets** | | | |
| Trade and other receivables | 15 | **2,317,121** | *2,172,531* |
| Current tax recoverable | 16 | **32,214** | *32,214* |
| Cash at bank and in hand | 17 | **8,344** | *92,496* |
| | | **2,357,679** | *2,297,241* |
| **Total Assets** | | **29,898,100** | *29,534,854* |
| **Equity And Liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | 18 | **1,715,875** | *1,715,875* |
| Fair value gain reserve | 19 | **14,799,920** | *14,799,920* |
| Other reserve | 20 | **2,837,673** | *2,837,673* |
| Retained earnings | | **446,064** | *822,284* |
| **Total equity** | | **19,799,532** | *20,175,752* |
| **Non-current liabilities** | | | |
| Borrowings | 22 | **6,189,823** | *6,278,067* |
| Deferred tax liability | 23 | **1,870,583** | *2,034,396* |
| Lease liability | 12 | **1,144** | *5,556* |
| | | **8,061,550** | *8,318,019* |
| **Current liabilities** | | | |
| Short-term borrowings | 22 | **1,021,009** | *675,396* |
| Trade and other payables | 21 | **1,011,597** | *361,525* |
| Lease liabilities | 12 | **4,412** | *4,162* |
| | | **2,037,018** | *1,041,083* |
| **Total liabilities** | | **10,098,568** | *9,359,102* |
| **Total equity and liabilities** | | **29,898,100** | *29,534,854* |

These financial statements on pages 3 to 29 were approved and authorised for issue by the board of Directors on the 30 April 2025 and signed on its behalf by:

Joseph Casha

Ms. Josephine Casha
**Director**

Mr. Joseph Casha
**Director**

# SEA PEBBLES LIMITED
## STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 31ST DECEMBER 2024

| | Share capital<br>€ | Revaluation reserve<br>€ | Retained earnings<br>€ | Fair value gain reserve<br>€ | Total<br>€ |
|---|---|---|---|---|---|
| **Balance as at 1st January 2023** | 1,715,875 | 14,799,920 | 96,406 | 2,837,673 | 19,449,874 |
| Profit for the year | - | - | 725,877 | - | 725,877 |
| **Balance as at 31st December 2023** | **1,715,875** | **14,799,920** | **822,283** | **2,837,673** | **20,175,751** |
| Loss for the year | - | **-** | (376,219) | - | (376,219) |
| **Balance as at 31st December 2024** | **1,715,875** | **14,799,920** | **446,064** | **2,837,673** | **19,799,532** |

# SEA PEBBLES LIMITED
## STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED 31ST DECEMBER 2024

| | Notes | 2024 € | 2023 € |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit before taxation | | **(540,032)** | *612,402* |
| Adjustments for: | | | |
| Depreciation | **10** | **62,156** | *163,863* |
| Profit on disposal of property plant and equipment | | **246,267** | *(323,046)* |
| **Operating profit before working capital movements** | | **(231,609)** | *453,219* |
| Movement in receivables | | **(144,590)** | *(1,324,637)* |
| Movement in payables | | **650,072** | *(181,302)* |
| Dividends received | | **-** | *422,308* |
| Taxation paid | | **-** | *(147,808)* |
| **Net cash generated from/ (used in) operating activities** | | **273,873** | *(778,220)* |
| **Cash flows from financing activities** | | | |
| Payment bank loans | | **(162,902)** | *(157,846)* |
| Loan advances from parent company | | **402,338** | - |
| Payment of lease liability | | **(4,162)** | *(3,930)* |
| **Net cash generated from/ (used in) financing activities** | | **235,274** | *(161,776)* |
| **Cash flows from investing activities** | | | |
| Acquisition of intangible assets | | **-** | *(460)* |
| Acquisition of property, plant and equipment | | **(611,232)** | - |
| Proceeds from disposal of property, plant and equipment | | **-** | *941,856* |
| **Net cash (used in)/ generated from financing activities** | | **(611,232)** | *941,396* |
| Net movement in cash and cash equivalents | | **(102,085)** | *1,400* |
| **Cash and cash equivalents at the beginning of the year** | | **(66,879)** | *(68,279)* |
| **Cash and cash equivalents at the end of the year** | 14 | **(168,964)** | *(66,879)* |

**1. General information**

Sea Pebbles Limited (the 'Company') is a limited liability company domiciled and incorporated in Malta. The registered office of the company is 89, The Strand, Sliema, Malta.

These financial statements were approved for issue by the Directors on 30 April 2025. The Company's presentation as well as functional currency is denominated in €.

The Company forms part of a Group of companies, the ultimate beneficial owner being SP Finance p.l.c.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the requirements of the Companies Act, 1995.

These financial statements have been prepared under the historical cost convention.

**Going concern basis**

As at the date of signing these financial statements, based on the information currently available, the Directors confirm that they have reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

***Standards, interpretations and amendments to published standards effective in 2024***

In 2024, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from 1 January 2024:

i. Classification of Liabilities as Current or Non-Current and Non-current liabilities with covenants – Amendments to IAS
ii. Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
iii. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments listed above did not have any impact to the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**Standards, interpretations and amendments to published standards that are not yet effective.**

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and amendments is set out below:

i. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
ii. IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

**3. Material accounting policies**

**Property, plant, and equipment**
All property, plant and equipment are initially recorded at cost and subsequently stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. 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.

Property, plant, and equipment are stated at cost or valuation less accumulated depreciation. Depreciation is provided for on the straight-line method in order to write off cost over the expected useful economic lives of the assets as follows:

| | **Years** |
|---|---|
| Buildings | 50 |
| Furniture and fittings | 20 |
| Electrical Installations | 10 |
| Equipment | 10 |
| Motor vehicles | 5 |
| Computer equipment | 4 |

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

**Financial instruments**
*Financial assets*
<u>Recognition and derecognition</u>

The Company recognises a financial asset initially at fair value in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company’s financial assets are measured at amortised cost in their entirety.

<u>Classification and subsequent measurement</u>

*Debt instruments*

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cash flow characteristics of the asset. The Company’s debt instruments principally comprise loans and advances to other undertakings and investments.

The Company’s debt instruments are subsequently measured at amortised cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**Material accounting policies (continued)**

*Financial assets measured at amortised cost.*
Debt instruments that meet the following conditions are subsequently measured at amortised cost when:

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance, measured in accordance with the Company's accounting policy 'Impairment of financial assets' further below.

Changes in the carrying amount of financial assets carried at amortised cost, as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received is recognised in profit or loss and is presented separately in the line item 'Gains and losses arising from the derecognition of financial assets measured at amortised cost'.

<u>Impairment of financial assets</u>

In terms of IFRS 9, the Company applies an expected credit loss ("ECL") model as opposed to an incurred credit loss model under IAS 39. The Company has to assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost.

For trade and other receivables, the Company applies the simplified approach and recognises lifetime ECL. The ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience based on the past due status of the debtors, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Company uses the general approach, which requires an assessment as to whether the counterparty has experienced a significant increase in credit risk since initial recognition. This assessment forms the basis as to whether lifetime ECL should be recognised and is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. See note 24 for further details.

***Financial liabilities***
The Company recognises a financial liability on its statement of financial position when it becomes a party to the contractual provision of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss. These financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transactions costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expired.

***Trade and other receivables***
Trade receivables are amounts due from customers for units sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the nominal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

**Material accounting policies (continued)**

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in policy 'Impairment of financial assets' and note 24.

***Trade and other payables***
Trade 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.

***Borrowings***
Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds and the redemption value is recognized in the income statement over the year of borrowings using the effective interest method unless the effect of discounting is immaterial.
Borrowings are classified as current liabilities unless the companies within the Company have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

***Ordinary shares issued by the Company***
Ordinary shares issued by the Company are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

***Cash and cash equivalents***
Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. 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. Bank deposits that the Directors do not consider a component of cash equivalents, are presented separately in the statement of financial position.

***Provisions***
Provisions are recognized when the Company 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 balance sheet date. 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 recognized for future operating losses.

***Impairment of non-financial assets***
*All non-financial assets are tested for impairment. At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.*

**Material accounting policies (continued)**
The recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset).

Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or group of assets (cash generating units). Impairment losses are recognized immediately in the income statement, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

An impairment loss recognized 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 recognized.

Where an impairment loss is subsequently reversed, 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 recognized for the asset in prior years.

***Revenue and cost recognition***

*(i) Sale of immovable property*
Sales of property are recognised when the significant risks and rewards of ownership of the property being sold effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the company's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale. Amounts received in respect of sales that have not yet been recognised in the financial statements, due to the fact that the significant risks and rewards of ownership still rest with the company, are treated as payments received on account and presented within trade and other payable.

*(ii) Rental income*
Costs are recognised when the related goods and services are sold, consumed or allocated, or when their future useful lives cannot be determined.

***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.

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

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

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

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

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

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

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

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

***Currency translation***
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency. 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 year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are recognised 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 year.

***Related parties***
Related parties are those persons or bodies of persons having relationships with the Company as defined in International Accounting Standard No. 21.

**Material accounting policies (continued)**

***Critical accounting estimates and judgements***
The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Company's Directors, except as follows, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1 (revised).

Expected credit loss allowances on loans and advances.
Credit loss allowance represent management's best estimate of expected credit losses in the financial assets subject to IFRS 9 impairment requirements at the balance sheet date. In this respect the Directors are required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The Company uses the PD, LGD and EAD models in assessing loans and receivable and the provision matrix model for trade receivables to support the measurement of ECL. Under both methods the ECL were deemed to be immaterial and hence no adjustments were made to these financial statements.

Fair value measurement and valuation processes
The Company's investment property is measured at fair value. In estimating the fair value of these assets, the Company uses the market comparison approach which obtains market-observable data to the extent that it is available. The Company engages third party qualified valuers to perform the valuation.

## 4. Revenue

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Accommodation and other ancillary services | **11,990** | *1,454,966* |

## 5. Other operating income

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Rental income | **30,000** | *55,263* |
| Service charge receivable | **114,149** | *5,500* |
| Management fee | **120,000** | - |
| | **264,149** | *60,763* |

## 6. Finance costs

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Interest on bank overdraft | **10,713** | *7,786* |
| Interest on bank loan | **5,161** | *10,188* |
| Interest on related party loans | **42,375** | *402,338* |
| Lease finance charges and hire purchase interest | **434** | *668* |
| Other interest | **17,055** | *15,835* |
| | **75,738** | *436,815* |

## 7. Expenses by nature

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Management expenses | 94,200 | *94,200* |
| Wages and salaries (note) | 118,696 | *249,376* |
| Directors' remuneration (note) | 122,357 | *121,025* |
| Agency fees | 5,284 | *312,529* |
| Utilities | 34,204 | *97,064* |
| Auditors' remuneration | 9,350 | *11,000* |
| Loss on sale of property, plant and equipment | 246,267 | *618,810* |
| Other expenses | 47,919 | *162,809* |
| | **678,277** | *1,666,813* |

Profit before tax for the Company is stated after charging the following fees in relation to services provided by the external auditors of the Company:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Annual statutory audit | 9,350 | *11,000* |

**Staff costs and employee information**

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Wages and salaries | 118,696 | *249,376* |
| Directors' remuneration | 122,357 | *121,025* |
| | **241,053** | *370,401* |

The average number of persons employed during the period was made up as follows:

| | 2024 | 2023 |
|---|---|---|
| | Number | Number |
| Average number of employees & directors | 13 | *17* |

## 8. Income tax credit

The company's income tax charge credit for the year has been arrived at as follows:

| | 2024 | *2023* |
|---|---|---|
| | € | € |
| *Current income tax* | - | - |
| *Deferred tax credit* | (163,813) | *(113,475)* |
| Tax credit for the year | (163,813) | *(113,475)* |

**Income tax credit (continued)**

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

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| (Loss)/Profit of the year | **(540,032)** | *612,402* |
| Tax at the applicable rate of 35% | **(189,011)** | *214,341* |
| Tax effect of: | | |
| Permanent differences | **25,351** | *(323,948)* |
| Maintenance allowance on rental income | **(2,100)** | *(3,868)* |
| Disallowed expenses | **1,947** | - |
| **Tax credit for the year** | **(163,813)** | *(113,475)* |

**9. Property, Plant and equipment**

| | Land & Buildings | Motor Vehicles | Equipment | Electrical Installations | Furniture & Fittings | Computer Equipment | Total |
|---|---|---|---|---|---|---|---|
| | € | € | € | € | € | € | € |
| *Cost* | | | | | | | |
| At 1st January 2023 | 21,845,479 | 3,400 | 506,420 | 233,477 | 1,251,283 | 11,344 | 23,851,403 |
| Disposals | - | - | (506,420) | (233,477) | (1,251,283) | - | (1,991,180) |
| At 31st December 2023 | **21,845,479** | **3,400** | **-** | **-** | **-** | **11,344** | **21,860,223** |
| Transfer to PPE under development | (134,552) | - | - | - | - | - | (134,552) |
| Disposal | (608,100) | - | - | - | - | - | (608,100) |
| At 31st December 2024 | **21,130,369** | **3,400** | **-** | **-** | **-** | **11,344** | **21,145,113** |
| | | | | | | | |
| *Depreciation* | | | | | | | |
| At 1st January 2023 | 567,269 | 3,400 | 422,863 | 167,536 | 680,816 | 9,014 | 1,850,898 |
| Charge of the year | 57,980 | - | 21,095 | 20,250 | 59,811 | 1,319 | 160,455 |
| Disposals | - | - | (443,958) | (187,786) | (740,627) | - | (1,372,371) |
| At 31st December 2023 | **625,249** | **3,400** | **-** | **-** | **-** | **10,333** | **638,982** |
| Charge of the year | 57,980 | - | - | - | - | 768 | 58,748 |
| On disposal | (406,412) | - | - | - | - | - | (406,412) |
| At 31st December 2024 | **276,817** | **3,400** | **-** | **-** | **-** | **11,101** | **291,318** |
| | | | | | | | |
| *Net Book Value* | | | | | | | |
| At 1 January 2024 | **21,220,230** | - | - | - | - | **1,011** | **21,221,241** |
| | | | | | | | |
| At 31 December 2024 | **20,853,552** | - | - | - | - | **243** | **20,853,795** |

**10. PPE Under development**

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| At 1st January | - | - |
| Additions | 583,689 | - |
| Transfer from PPE | 134,552 | |
| As 31st December | 718,241 | - |

This amount relates to the construction of the Sea Pebbles hotel situated in Sliema. The carrying amount includes borrowing costs that have been capitalised in accordance with the Company's accounting policies.

**11. Investment property**

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| At 1st January | 6,004,491 | *6,004,491* |
| Disposal | (44,579) | - |
| As 31st December | 5,959,912 | *6,004,491* |

Investment property is valued annually on 31 December at fair value comprising open market value approved by the directors on the basis of a professional valuation prepared by an independent architect.

**Fair value of property**
The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which, the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

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

The Company's investment property comprises property that are held for long term rental yields or for capital appreciation or both and are measured at fair value on annual basis as required by IAS 40.

Property fair value measurements at 31 December 2024 and 2023, as applicable, use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

**Valuation techniques**
The Company's investment properties are measured by an independent valuer on an annual basis as required by IAS 40.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the directors consider information from a variety of sources.

### 11. Investment property (continued)

**Valuation processes**

In 2024, the directors carried an assessment for those properties measured in accordance with the revaluation model under IAS 40 for Investment property, to determine whether a material shift in fair value has occurred.

Where management, through its assessment, concludes that the fair value of its properties differs materially from its carrying amount, and at least every 5 years, an independent valuation report prepared by third party qualified valuers, is performed. The report is based on information provided by the Company, publicly available information and the expert valuer's knowledge and experience in the field. The information provided to the valuers, together with the assumptions and the valuation models used by the valuer, are reviewed by the directors. This includes a review of the fair value movement over the period. The directors consider whether the valuation report is appropriate in order to revalue the Company's property.

### 12. Intangible assets

| | Trademark | Total |
|---|---|---|
| **Cost** | € | € |
| **As at 1st January 2023** | - | - |
| Additions | **460** | *460* |
| At 31st December 2023 | **460** | *460* |
| | | |
| **As at 1st January 2024** | **460** | *460* |
| Additions | **-** | - |
| At 31st December 2024 | **460** | *460* |
| | | |
| **Net book value** | | |
| At 31st December 2024 | **460** | *460* |
| | | |
| At 31st December 2023 | **460** | *460* |

### 13. Leases

*Leases as lessee*

The Company leases a lift. The lease typically run for a period of 7 years. Information about the lease for which the Company is a lessee is presented below.

(i) Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **Right of use assets** | | |
| Balance at 1st January | **10,221** | *13,629* |
| Depreciation charge for the year | **(3,408)** | *(3,408)* |
| | **6,813** | *10,221* |

### 13. Leases (continued)

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **Lease Liabilities** | | |
| Remaining maturities of lease liabilities: | | |
| Less than 1 year | **4,412** | *4,162* |
| Between 1 and 5 years | **1,144** | *5,556* |
| More than 5 years | **-** | - |
| | **5,556** | *9,718* |

(ii) Amounts recognised in the Statement of Profit and loss

The Statement of profit and loss shows the following amounts relating to leases:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Depreciation charge of right-of-use assets lift | **3,408** | *3,408* |
| Interest expense | **434** | *668* |
| | **3,842** | *4,076* |

### 14. Investment in subsidiary

| | Shares in subsidiary | Total |
|---|---|---|
| | € | € |
| At 1st January 2024 | 1,200 | 1,200 |
| Additions | - | - |
| At 31st December 2024 | 1,200 | 1,200 |

Investments in subsidiary are accounted for at cost less impairment losses, as reported in the financial statements, as disclosed in the Company's accounting policies.

| | Registered address | Principal activity | 2024 % holding | 2023 % holding |
|---|---|---|---|---|
| **Subsidiary** | | | | |
| Med Asia Operations Ltd. | 90, The Strand, Sliema, Malta | Operation of restaurants, bars and lidos. | **100%** | 100% |

### 15. Trade and other receivables

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Trade receivables | - | *6,490* |
| Amounts owed by the ultimate parent | - | *90,949* |
| Credit note for works | **740,000** | - |
| Amounts owed by related parties (Note i) | **1,526,358** | *2,012,616* |
| Other receivables | **6,390** | *6,390* |
| Prepayments | **893** | *2,572* |
| Unamortised bond issue costs | **43,480** | *53,514* |
| | **2,317,121** | *2,172,531* |

<u>Note I – Amounts owed by related parties</u>
These amounts relate to funds advanced to related parties. These amounts are unsecured, interest free and repayable on demand. The Company considers ECL assessment on these amounts using the methodology disclosed in these accounting policies. As at 31 December 2024 no impairment was required.

### 16. Current tax refundable

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| The tax provision is made up of: | | |
| Balance at beginning of year | **32,214** | *(115,594)* |
| Tax paid at source | - | *147,808* |
| Balance at end of year | **32,214** | *32,214* |

### 17. Cash and equivalents

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

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Cash at bank and in hand | **8,344** | *92,496* |
| Bank overdraft | **(177,308)** | *(159,375)* |
| | **(168,964)** | *(66,879)* |

### 18. Share capital

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| ***Authorised*** | | |
| 1,715,875 Ordinary shares of €1 each | **1,715,875** | *1,715,875* |
| ***Issued*** | | |
| 1,715,875 Ordinary shares of €1 each | **1,715,875** | *1,715,875* |

### 19. Fair value gain reserve

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| At 1st January | **14,799,920** | *14,799,920* |
| At 31st December | **14,799,920** | *14,799,920* |

The revaluation reserve was created on the revaluation of the Company's property plant and equipment. The revaluation reserve is a non-distributable reserve.

### 20. Other reserves

| | Other Reserves | Share issue cost reserve | Total |
|---|---|---|---|
| | € | € | € |
| At 1st January 2024 | **2,938,013** | **(100,340)** | **2,837,673** |
| At 31st December 2024 | **2,938,013** | **(100,340)** | **2,837,673** |

*Other reserves*

This reserve represents changes in fair value, net of deferred tax, on the investment properties held by the Company for long-term rental yields. Movement in fair values are presented in profit or loss as part of 'fair value gains on investment property'. Information about the valuation process of the investment property is disclosed in note 10 to these financial statements.

The fair value gain reserve is considered to be a non-distributable reserve.

*Share issue costs reserve*

This reserve represents finance costs for the funds received in relation to the issue of 3,750,000 Ordinary shares with a nominal value of €1 per share 100% paid up in the Company.

### 21. Trade and other payables

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Trade payables | **51,304** | *89,229* |
| Accruals | **25,400** | *44,705* |
| Indirect tax payable | **273,422** | *227,591* |
| Amounts due to related parties | **661,471** | - |
| | **1,011,597** | *361,525* |

## 22. Borrowings

| | | 2024 | 2023 |
|---|---|---|---|
| | | € | € |
| *Falling due within one year:* | | | |
| Bank overdraft | *(i)* | **177,308** | *159,375* |
| Bank loan | *(ii)* | **88,325** | *162,983* |
| Loan from parent | *(iii)* | **755,376** | *353,038* |
| **Short-term borrowings** | | **1,021,010** | *675,396* |
| *Falling due in between two and five years:* | | | |
| Bank loan | | **-** | *88,244* |
| *Falling due in five years or more:* | | | |
| Loan from parent | *(iii)* | **6,189,823** | *6,189,823* |
| **Long-term borrowings** | | **6,189,823** | *6,278,067* |

*(i) Bank overdraft*
At 31st December 2024, the company had a bank overdraft facility of €200,000 (2023: €200,000). This facility is secured by a general hypothec over the company's assets, a special hypothec over the company's immovable property, a general hypothecary guarantee over directors' assets and by pledges over various insurance policies.

*(ii) Bank loan*
At 31st December 2024 the company had a bank loan facility of €251,227, repayable in monthly instalments of €14,039. This facility is secured by a general hypothetic over the company's assets, a general hypothetic guarantee over directors' assets, a special hypothetic over the company's immovable property, and by a guarantee provided by the Malta Development Bank (MDB).

*(iii) Loan from parent*
The purpose of this loan was to finance the Company's repayment of bank borrowings and expenditure in immovable property during 2019. This loan is unsecured and was originally interest-free. As from 1st January 2023, the interest rate on this loan was 6.5% per annum. Any loans from the parent falling due within one year remain interest-free.

## 23. Deferred tax liability

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Deferred tax is analysed over the following temporary differences: | | |
| Excess of capital allowances over depreciation | **141,194** | *48,883* |
| Unabsorbed tax losses and capital allowances | **(582,969)** | *(330,053)* |
| Effect due to tax treatment of bond costs | **50,337** | *53,849* |
| Effect due to tax treatment of finance leases | **441** | *177* |
| Effect due to revaluation of property, plant and equipment | **1,880,440** | *1,880,400* |
| Effect due to fair value movement of investment property | **381,140** | *381,140* |
| | **1,870,583** | *2,034,396* |

### 23. Deferred tax liability (continued)

Movements on the provision for deferred taxation are:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **At 1st January** | **2,034,396** | *2,147,871* |
| Recognised in profit or loss: | | |
| Movement in the excess of capital allowances over depreciation | **(252,876)** | *(147,771)* |
| Movement in absorbed tax losses and capital allowances | **92,311** | *37,625* |
| Effect due to tax treatment of bond costs | **(3,512)** | *(3,512)* |
| Effect due to tax treatment of finance leases | **264** | *183* |
| **At 31st December** | **1,870,583** | *2,034,396* |
| Effect recognised in: | | |
| Deferred tax movements recognised in profit or loss (Note 7) | **(163,813)** | *(113,475)* |

### 24. Sale of intellectual property

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Sale of intellectual property | - | *941,856* |

This profit relates to the sale of intellectual property to a commonly controlled entity.

### 25. Contingent Liabilities

The Company has various contingent liabilities, as listed hereunder.

*The SP Finance Bond Trust*

The Company as guarantor is securing the obligations of the ultimate parent company of the Group, SP Finance pie in favour of the Security Trustee for the benefit of the Bondholders, and further guarantees the obligations of the SP Finance pie as Issuer of the Bond by constituting a guarantee whereby the Company, jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Bondholders the payment of, and undertakes to pay the indebtedness to, the Bondholders of any balance thereof at any time due or owing under the Secured Bonds. The Security Trustee holds as security immovably property owned by the Company. The first two payments of bond interest, amounting to €480,000 each, that were due in May 2020 and May 2021 were paid on their due date. The Issuer is obliged to pay bond interest annually, for the next eight years, until the date of redemption of the bond in May 2029.

*Pebbles Resort Limited*

The Company is securing the bank borrowings (amounting to €2,074,000) of Pebbles Resort Limited (a company within the same Group) by a special hypothec over immovable property, by a general hypothec over the Company's assets and by a guarantee.

**24. Contingent Liabilities (continued)**

*Sea Pebbles Leisure Limited*
*The Company is securing the bank borrowings (amounting to €1,050,000) of Sea Pebbles Leisure Limited (a company owned and controlled by the same ultimate beneficial shareholders as Sea Pebbles Limited, but not forming part of the same Group) by a special hypothec over immovable property, by a general hypothec over the Company's assets and by a guarantee.*

*Med Asia Limited*
The Company is securing the bank borrowings (amounting to €60,000) of Med Asia Limited (a company owned and controlled as to 66.7% by the same ultimate beneficial shareholders as Sea Pebbles Limited, but not forming part of the same Group) by a special hypothec over immovable property, by a general hypothec over the Company's assets and by a guarantee.

*Sea Pebbles Catering Limited*
The Company is securing the bank borrowings (amounting to €280,000) of Sea Pebbles Catering Limited (a company owned and controlled by the same ultimate beneficial shareholders as Sea Pebbles Limited, but not forming part of the same Group) by a special hypothec over immovable property, by a general hypothec over the Company's assets and by a guarantee.

The directors consider the likelihood of the company being called upon to make good for the above listed contingent liabilities to be very remote.

**25. Commitments**

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **Authorised but not contracted** | **4,122,846** | - |
| **Contracted but not provided for** | **2,673,000** | *180,000* |

**Financing**
The contracted commitment is with a commonly controlled entity. The value of works carried will be financed through a bank loan granted after year end.

## 26. Related party transactions

During the course of the year, the Company entered into transactions with related undertakings all of which arise in the ordinary course of business. The related party transactions were:

| | Transactions value for the year ended | |
|---|---|---|
| | **2024** | **2023** |
| **Other operating income** | **€** | **€** |
| *Commonly controlled entity* | | |
| Service charge receivable | - | *5,500* |
| Rental income | - | *30,000* |
| | | |
| **Administrative expenses** | | |
| Management fee | **120,000** | *94,200* |
| Interest on loan | **402,338** | *402,338* |
| | | |
| **Other transactions** | | |
| Sale of intellectual property | - | *941,856* |
| | | |
| **Dividend income** | - | *422,307* |

All outstanding balances with these related parties are priced on an arms length basis and are to be settled in cash. None of the balances are secured. No expense has been recognised in the current and prior year for bad or doubtful debt in respect of amounts owed by related parties.

## 27. Financial risk management

The Company's activities potentially expose it to a variety of financial risks on its financial assets and financial liabilities. The key components of financial risks to the Company are: market risk (namely, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

<u>Market risk</u>
Market risk is the risk that changes in market prices, such as interest rates, and quoted prices, will affect the Company's financial position. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

*Cash flow and fair value interest rate risk*
The Company's interest rate risk arises on its interest-bearing borrowings. Borrowings issued at variable rates, comprising amounts due to Group companies, expose the Company to cash flow interest rate risk. The Company's amounts due to Group companies are subject to an interest rate that varies according to revisions made to the Bank's Base Rate and three-month Euribor. The Directors monitor the level of floating rate borrowings as a measure of cash flow risk taken on.

A shift in interest rates on borrowings at variable rates will however have an impact on profit or loss or other comprehensive income. The Directors consider the potential impact on the Company's profit or loss of a defined

**Financial risk management (continued)**

interest rate shift of 1.5%, that is reasonably possible, at the end of the reporting period keeping all other variables constant, to amount to +/- 1,325. The impact of a reasonably possible shift in interest rates is not expected to impact the fair value of financial instruments materially and therefore the Directors believe that the potential impact of such a shift on the statement of profit or loss is immaterial.

Credit risk
Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises from cash and cash equivalents, as well as credit risk exposures to customers, including outstanding receivables and committed transactions. These financial instruments are subject to the Expected Credit Loss model. The Company's exposure to credit risk is analysed in the respective notes in the financial statements.

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **Carrying amounts** | | |
| Trade and other receivables | **2,317,121** | *2,172,531* |
| Cash and cash equivalents | **8,344** | *92,496* |
| | **2,325,465** | *2,265,027* |

The Company banks only with local financial institutions with high quality standard or rating. The Company has no concentration of credit risk that could materially impact on the sustainability of its operations.

Credit risk (continued)

The Company assesses the credit quality of its customers taking into account financial position, past experience and other factors. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Company's standard payment and service delivery terms and conditions are offered. The Company's review includes external credit worthiness databases when available.

The Company assesses the credit quality of its other receivables taking into account financial position, past experience and other factors. The Company's review includes external credit worthiness databases when available.

*Impairment of financial assets*
The Company's financial assets that are subject to the expected credit loss model include:

- Trade and other receivables; and
- Cash and cash equivalents.

*Trade and other receivables*
The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been analysed based on shared credit risk characteristics and the days past due.

**Financial risk management (continued)**

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the assessment carried out in accordance with the above methodology, the identified expected credit loss allowance on trade and other receivables was deemed immaterial. The movement in loss allowances as at 31 December 2024 is also deemed immaterial by management. On this basis, the information pertaining to loss rates and loss allowances in the Company's provisions matrix, which would have otherwise been required by IFRS 7, is not presented as at 31 December 2024.

Trade and other receivables and accrued income are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 1 year past due.

*Cash and equivalents*
The Company's cash and cash equivalents are placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the Company. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

<u>Liquidity risk</u>
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of trade and other payables and interest-bearing borrowings. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Directors monitor liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month year. The carrying amount of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date in the respective notes to the financial statements.

As at the balance sheet date, the Company is in a net current asset position of €320,661 (2023: 1,256,158) and has contracted commitments in place of €1,339,588 (2023: €3,291,973) (note 23). The Directors of the Company believe that full support of their related parties and the ultimate shareholders will be available as part of the Company's effective financing strategy. As such, the Company is confident that it will meet its commitments as and when they fall due.

The table below analyses the Company's financial liabilities into relevant maturity grouping based on the remaining year at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**Financial risk management (continued)**

| | Carrying amount € | Contractual cash flows € | Within one year € | Two to five years € | More than five years € |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| Trade and other payables | 1,011,597 | 1,011,597 | 1,011,597 | - | - |
| Lease Liabilities | 5,556 | 5,556 | 4,412 | 1,144 | - |
| Bank borrowings | 265,633 | 265,633 | 265,633 | - | - |
| Loan from parent company | 6,945,199 | 6,945,199 | 755,376 | - | 6,189,823 |
| | **8,227,985** | **8,227,985** | **2,037,018** | **1,144** | **6,189,823** |

| | Carrying amount € | Contractual cash flows € | Within one year € | Two to five years € | More than five years € |
|---|---|---|---|---|---|
| **31 December 2023** | | | | | |
| Trade and other payables | 361,525 | 361,525 | 361,525 | - | - |
| Lease Liabilities | 9,718 | 9,718 | 4,162 | 5,556 | - |
| Bank borrowings | 410,602 | 410,602 | 322,358 | 88,244 | - |
| Loan from parent company | 6,542,861 | 6,542,861 | 353,038 | - | 6,189,823 |
| | **7,324,706** | **7,324,706** | **1,041,083** | **93,800** | **6,189,823** |

## 28. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The capital structure of the Company consists of net debt (borrowings as presented in note 18 after deducting cash and bank balances, presented in note 14) and equity of the Company (comprising issued capital and retained earnings as presented in the Statement of Changes in Equity). The Company is subject to externally imposed capital requirements by bankers of the Company. These requirements have been met.

The Company monitors the capital structure on a periodic basis by monitoring the balances of assets and liabilities.

## 29. Fair values

At 31 December 2024, the carrying amounts of payables and receivables approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of long-term borrowings are not materially different from their carrying amounts.

## 30. Cash flow information

Reconciliation of liabilities arising from financing activities

The table below details changes in the 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.

| | As at 1st January 2024 | Cash flows | Other liability related changes | As at 31st December 2024 |
|---|---|---|---|---|
| | € | € | € | € |
| **31 December 2024** | | | | |
| Bank borrowings | 410,602 | (144,969) | - | 265,633 |
| Lease Liabilities | 9,718 | - | (4,162) | 5,556 |
| Related party borrowings | 6,542,861 | 402,338 | - | 6,945,199 |
| | **6,963,181** | **257,369** | **(4,162)** | **7,216,388** |

| | As at 1st January 2023 | Cash flows | Other liability related changes | As at 31st December 2023 |
|---|---|---|---|---|
| | € | € | € | € |
| **31 December 2023** | | | | |
| Bank borrowings | 545,848 | (135,246) | - | 410,602 |
| Lease Liabilities | 13,647 | - | (3,929) | 9,718 |
| Related party borrowings | 6,340,424 | 202,437 | - | 6,542,861 |
| | **6,899,919** | **67,191** | **(3,929)** | **6,963,181** |

## 31. Ultimate parent company

The ultimate parent company of The Ona Property Development Ltd is The Ona p.l.c., a company registered in Malta, with its registered address at AC Hotel St. Julians 13, Lourdes Lane, San Giljan STJ 3311, Malta.

CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEA PEBBLES LIMITED

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Sea Pebbles Limited set out on pages 3 to 29, which comprise the Company's statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

**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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

**Other Matter**

The financial statements of the Company for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 26 April 2024.

**Other Information**

The Directors are responsible for the other information. The other information comprises the Directors'' report. Our opinion on the financial statements does not cover this information, including the Directors'' report. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEA PEBBLES LIMITED

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- The information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- The Directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

**Responsibilities of the Directors**

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related 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 has no realistic alternative but to do so.

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEA PEBBLES LIMITED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provided those charged with governance with a statement that we have complied with 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**
Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- 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 nothing to report to you in respect of these responsibilities.

This copy of the audit report has been signed by:

**MICHAEL CURMI**
for and on behalf of
**VCA CERTIFIED PUBLIC ACCOUNTANTS**
**30 April 2025**