db Group

Inside, looking out

Annual Report **2024**

db Group

Our Mission

One word which...

Is the essence of success of our business.

Always reminds us of how we got here.

Has guided us for three decades.

Inspires all our new ventures.

Distinguishes us from others.

Explains our staying power.

Defines who we are.

Is our future.

EXCELLENCE

Contents

Chairman's Introduction

SILVIO DEBONO *is the db Group's Founder, Chairman and Managing Director. He has been in the catering industry since the early eighties. From a single small guesthouse, he has built the largest leisure industry group in Malta.*

Inside, looking out

Inside looking out. That's the theme we chose to report on our Group's standing and performance over the past financial year. Three simple words which capture our present reality and our vision for the future.

Our beginnings were humble. Starting off as a waiter I, along with my brothers, took the first business steps by acquiring a tiny guest house in Mellieħa, our hometown. Today, our Group is not what it was then. We are now key national stakeholders in various sectors.

Nevertheless, today we are as proud of that tiny guest house as we were then. That's because our overriding principles have not changed. We have not been successful by changing our principles but by sticking to them in every decision we take.

Today, we stand at a decisive juncture in the history of our Group. It is a point at which we are simultaneously strengthening what we have been doing locally while we explore new avenues towards a future abroad.

Our business strategy has been and still is captured by one word on both these fronts: excellence. Excellence in everything we do. A word that in recent years has seeded and cultivated a particular strategic direction for our Group in Malta.

We have endeavoured to bring what is excellent in our market sectors around the world to Malta. Locally, this strategy has made us local leaders in the attraction of globally recognised restaurant and hospitality brands. Maltese people can now enjoy more of the brands they sampled abroad right here and every day.

In parallel, our strategy to bring global brands to Malta has taken our national tourism offer a notch higher.

While they enjoy the uniqueness of our country, tourists also find their favourite brands around the corner. As they discover the marvels of our history and culture these brands also make them feel at home. In addition, we have also become market leaders in high end restaurants offering a wide range of cuisines.

On the strength of this local success, we are now putting in motion a strategy to seek market footprints beyond our shores. Having learned the ropes by working with global brands locally, we are now setting our sights on vastly larger markets and a wider array of exciting opportunities.

At this initial stage we are mostly focusing on sectors in which we have been tried and tested locally - primarily hospitality, catering and healthcare. At the same time, we are not closing doors to new sectors.

As always, we shall be taking on new opportunities but doing so prudently. We will not overestimate initial successes, nor underestimate challenges. We're in this for the long haul. In a fast-changing world, with trends that spring up overnight and expire by the end of the day, we shall take nothing for granted while always keeping our ears to the ground.

SILVIO DEBONO
Chairman & Managing Director

CEO's Report

***ROBERT DEBONO**, is db Group's CEO. He read for a Bachelor of Commerce Degree, specialising in Business Management at the University of Malta. He started his journey with the Group seven years ago in the finance department of Healthmark, a subsidiary of the Group, joining the team to foster its growth. More recently, Robert gave a strong input to the drive to open a wide range of restaurants and to implement an extensive refurbishment and maintenance programme. He also charted the Group's course through the COVID-19 pandemic and the subsequent recovery.*

Inside, looking out

In the last couple of decades Malta`s tourism sector has grown in tandem with the introduction of global hospitality and restaurant brands. As the number of tourist arrivals continued to increase, the landscape of our sector has been vastly improved and diversified by these brands.

Emotionally, globally successful hospitality and restaurant brands trigger an immediate home away from home sensation in visitors. It's a sense of plugging into one's comfort zone while discovering the sites, sounds and culture of a new country. Such brands also impart a sense of security in the knowledge that wherever you are in the world, they remain steadfastly reliable.

When visitors to Malta come across McDonald's, Starbucks, Hilton, Marriott, Hugo Boss, Hard Rock and Uber, our country instantly becomes familiar. It's win-win. Were global companies with high standards go, business as well as the receiving country thrive and flourish.

These brands also send a clear message that those running them not only believe in our country's present, but more crucially in its future. Once they set up their shop here, you can be sure that they are investing for the long haul.

Malta has consistently punched above its weight when it comes to attracting such top global brands. Furthermore, not only have we been capable of keeping and widening their local footprint but, significantly, many have become top franchise performers.

We at the db Group have exceeded expectations with the performance of global brands like Starbucks and Hard Rock Cafe. In the Global Online Review Index of the latter franchise our outlets are ranked in the top tier of the 154 global locations.

As a Group we have wholeheartedly embraced global brands. But it is also working out the other way: they are embracing us. We learned a lot from them. Simultaneously, being top performers in the EU in terms of returns and quality, they also learned something from us too. We gain the trust of global brands both by demonstrating that we are a quick study of their processes as well as by showing our ability to impart our very own local touch to them.

There's more added value. As a Maltese company which spent years mining the knowledge and procedures of our franchise brand partners we are now geared and prepared to transfer them to our own homegrown brands.

Fortified and encouraged by these achievements and hands on experiences, our Group has gained the confidence to assess opportunities overseas. Our plans to do so are well underway, spearheaded by our London office. The first AKI outlet beyond our shores is due to open its doors in the same city next year. We will be in a position to make further announcements in the coming months.

As key private stakeholders in our country's tourism sector, many challenges lie ahead of us. We shall continue to meet them together. In search of solutions to new challenges, we will not forget the signposts that led us to the present.

After all, pushing the boundaries to strengthen the things we get right is what the db Group is all about.

ROBERT DEBONO
CEO, db Group

db Group

Executive Team

SILVIO DEBONO

DIRECTOR & CHAIRMAN

ROBERT DEBONO

DIRECTOR
& CHIEF EXECUTIVE OFFICER

VICTORIA DEBONO

DIRECTOR & BRANDS DIRECTOR

DAVID DEBONO

DIRECTOR &
CHIEF LEGAL OFFICER

ALAN DEBONO

DIRECTOR & CHIEF PROCUREMENT
& ACCOUNTING OFFICER

JEAN CLAUDE FENECH

CHIEF FINANCIAL OFFICER

JESMOND VELLA

DIRECTOR
& CHIEF OPERATIONS OFFICER

ARTHUR GAUCI

DIRECTOR

RAY BEZZINA

DIRECTOR

Group Background

The Group has been involved in hospitality for almost four decades, starting off as a guesthouse in 1984, operated by the Group's founder Silvio Debono and his brothers. Today, as the db Group chairman, he sits at the helm of the largest hospitality operation in Malta.

Since 1984, the Group has grown and transformed itself significantly. Through the years, it has forged strategic relationships with a range of global players in the hospitality and catering industry including the Accor Hotel Group, RIU Hotels & Resorts, Hard Rock Cafe International and Starbucks.

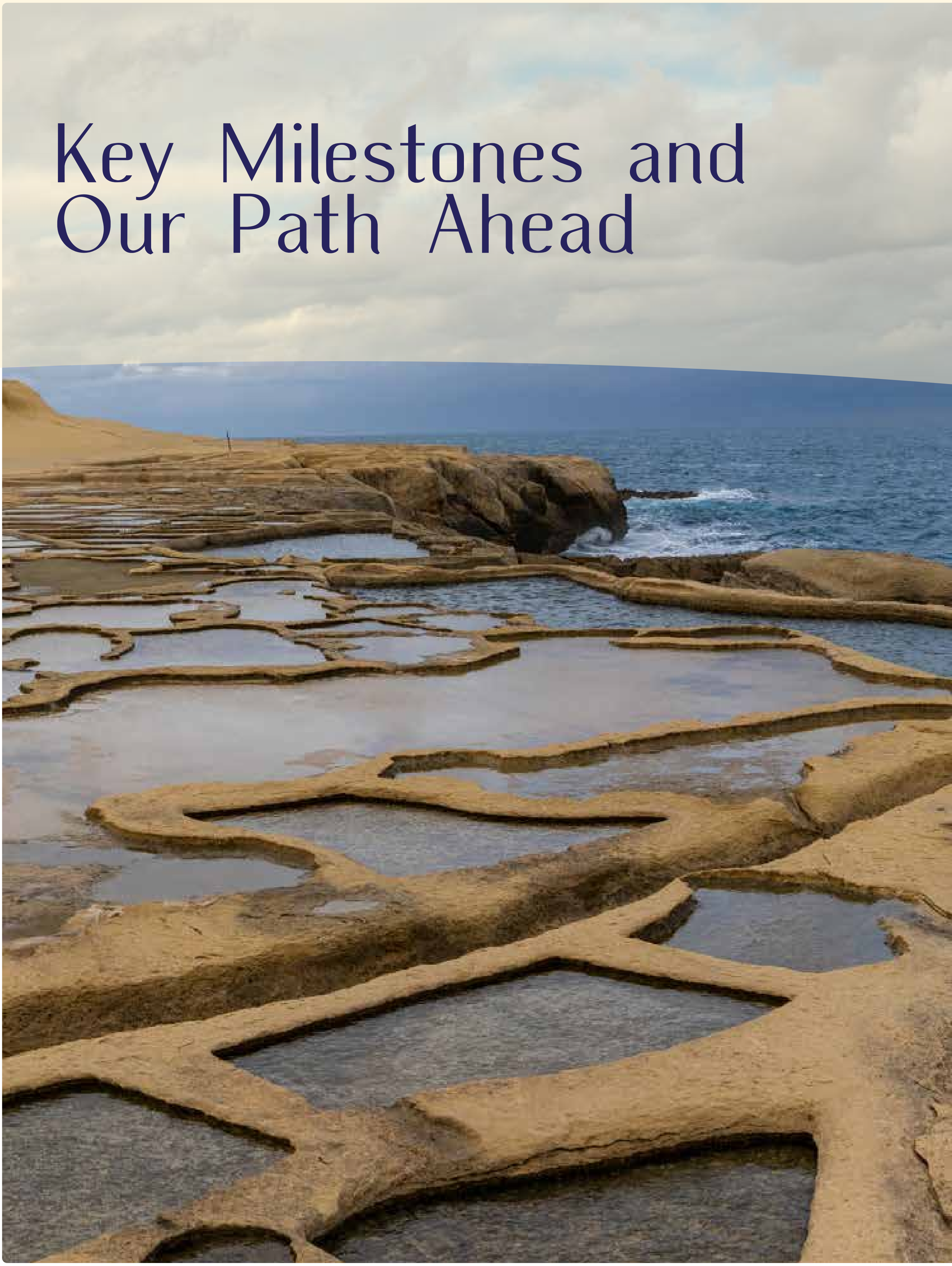
In the process, it has accumulated acute business acumen and operational experience.

Year-on-year, the Group continues to win prestigious global awards in hospitality and catering, positioning it at the forefront of the Maltese hospitality and leisure industry. This track record has enabled us to establish our very own unique brand, db Hotels + Resorts, driven by the fundamental principle of excellence in everything we do.

In due course, and prudently, the Group diversified its core operations, extending its market footprint to contract catering, healthcare, and property development. The next step was to diversify our operations in a drive to launch an international presence. We successfully kicked this off last year with the opening of our first overseas office, SDH Capital. During the first full year of operation, we have identified an opportunity to expand our renowned AKI restaurant brand outside Malta. It is set to open its doors in London in the beginning of 2025.

Our state-of-the art Healthmark Training Centre in Dubai has already completed a full year in operation, supporting numerous healthcare professionals with their training requirements. Discussions for the creation of a new hotel beyond our shores are also underway. We plan to continue fortifying our international drive of expansion with more projects which are in the pipeline for the coming years.

Key Milestones and Our Path Ahead



Key Milestones and Our Path Ahead

The financial year (FY) spanning 1 April 2023 to 31 March 2024 (FY24) was significant for the Group as several key milestones were achieved. The Group has continued to build on the success of previous years, with significant growth registered in the 12 months under review.

In this respect, **turnover increased by 25%** reaching **c.€89 million**, the highest turnover ever achieved by the Group. In addition, EBITDA increased by 21%, **factoring in at c.€37 million.**

As the Group continues to pursue further growth and diversification, below are some key milestones reached.

A fresh start for a bright future – our corporate rebranding

After more than four decades of dedicated strategic and successful growth the db Group rebranded itself with a fresh and modern corporate look, a move capturing our commitment to staying at the forefront of the industry but still reflecting the dynamic spirit of our family-run business. The decision to rebrand db Group is a testament to our readiness to embrace the modern world. Our chosen logo is more than just a design. It symbolises our hands-on corporate culture.

db Group is not just a business but also a family legacy. Mr. Silvio Debono, our visionary founder, started this remarkable journey from scratch, pouring his heart and soul into its success. Today, his children are carrying the torch with him. They are actively involved in shaping the future of the company, carrying forward the values, dedication, and passion that have been at the core of the Group since its inception.

With the industry constantly evolving and new opportunities on the horizon, we believed it was crucial to give our company the face it deserves.

Our new look represents our commitment to innovation, adaptability, and a forward-thinking approach.

We have also recently re-located our head office from Mellieħa to the Mrieħel Central Business District. The move makes us more easily reachable, increases operational efficiency and facilitates better interactions with clients.

We are now also setting our sights on transforming our hotels and resorts. Our aim is to align them with the rapidly evolving global industry standards as well as client expectations. This exciting endeavour will enhance the experience for our guests and elevate our offerings to new heights.

Clearly, our Group is poised for more growth and diversification. We're committed to continuing our tradition of excellence while exploring new and modern opportunities.

Works on db Group's St George's Bay project in full swing

Works on the db Group's mixed-use development in St. George's Bay St. Julian's started in June 2023 with excavation works on the former ITS site. The project will consist of three main components, namely a five-star Hard Rock Hotel, St. George's Mall and the ORA Residences.

ORA Residences will offer 179 luxuriously designed residences, combined with a suite of exclusive and top tier personalised services. Through an innovative club membership program, residents will have access to a wealth of high-end amenities, including private temperature-controlled wine cellars, private pools, housekeeping services, chauffeurs, 24/7 concierge services and more. All the apartments in ORA West (the first tower), have already been sold, while the second tower is set to be released to the market in October 2024.

The five Star Hard Rock Hotel, will pay architectural homage to the original 19th century British military accommodation quarters building and featuring 394 rooms, including 25 suites offering private pools.

Guests seeking to relax and retune will enjoy numerous private and public pools, a full-service Rock Spa, as well as a state-of-the-art Body Rock fitness centre set to be amongst Malta's largest.

The development will feature an array of high-end facilities including 5,000 sqm of open spaces, a large entertainment area, a 1,400 sqm supermarket, Malta's largest wellness centre including a Gym & Spa totalling 3,300 sqm and more than 12 restaurants which will include international brands including Hard Rock Cafe and EL&N, and a globally branded beach club.

The db Group is geared to complete construction in the shortest possible time period with utmost care and respect accorded to the neighbouring communities. In parallel, best practices and sensitivity to the environment shall be built into the building process.

Establishing our presence overseas

Since its inception in October 2022, SDH Capital, the Group's investment office in London, has undertaken several initiatives to develop the company's business overseas. SDH Capital's primary focus is to identify new international business opportunities and manage the Group's international interests. Further details of this office can be found at: https://www.sdhcapital.co.uk/

Throughout 2024 we secured two important franchises for Malta, GROM and EL&N, and others which are in the pipeline.

Plans to open our first high end restaurant outside Malta are on track, this being AKI, the group's flagship contemporary Japanese restaurant, set to open in London in early 2025.

Discussions are also underway to identify suitable locations outside Malta for our hotel operations. This would mark the first involvement of the Group in a hotel property overseas. Discussions are centred around our all-inclusive offering as well as our more recent entrance into the five-star sector along the lines of the Hard Rock Hotel Malta in St. George's Bay.

We anticipate that we will be able to make further announcements on other exciting international initiatives before the end of the year as we continue to evaluate opportunities across the EMEA region.

While the Group is seeking to grow internationally, it remains committed and determined to continue investing and growing its hospitality and catering operations in Malta.

AKI in London to open soon

AKI is a contemporary Japanese restaurant and lounge bar in Malta's capital city. In preparation for its global expansion, AKI's identity has been rebranded, embodying its haute Japanese cuisine.

AKI is set to open in London in the heart of the West End, at One Cavendish Square, in early 2025.

The first overseas AKI restaurant has been carved out of an imposing and exceptional listed building.

With a multi-million renovation of a former bank, it is being turned into a state-of-the art culinary experience featuring a glass and marble lobby, an 80-seat mezzanine dining room, a cocktail bar and a lounge.

AKI London is set to offer an immersive experience in the heart of London dining scene with close attention to every detail, from the wine list and Japanese sake selection to the minutiae of the design and decor.

AKI and LOA Malta recognized by prestigious bodies

Once again, the AKI restaurant in Malta has earned its place in the 2024 edition of the Michelin guide. It has also landed a two-fork rating from the Forbes Travel Guide Star Awards which recognizes the finest restaurants on the island.

Apart from AKI, our upmarket South American restaurant LOA has also been included in the Michelin guide of 2024, cementing a successful second year of operations. We are proud to have two of our independently-run restaurants consecutively recommended by the globally-recognised Michelin guide. These achievements are a testament to the Group's talented people who tirelessly work together as a team to deliver excellence in everything the Group does.

Healthmark Training Centre in Dubai – a year on

The **Healthmark Training Centre** commenced operations in the heart of Dubai Silicon Oasis in March 2023 as part of the Group's effort to continue attracting healthcare professionals and personnel to Malta.

The 250 sqm state-of-the-art training centre features a range of specialised facilities – a training room, a modern hospital simulation room with medical equipment, offices, meeting rooms and a recreation area.

For the past seven years, the Group has been recruiting healthcare staff hailing from various countries, including Bangladesh, Nepal, the Philippines, and India in order to meet local demand. The establishment of the Dubai Training Centre is a testament to the Group's dedication to provide employees with evidence-based training and to anticipate and address any clinical and cultural gaps. This level of support ensures that they are competent and well-prepared for their roles.

Throughout its first full year of operations the training centre has overseen a steady flow of carers and nurses detailed to our hospitals and care homes across Malta, supporting the group's recruitment and training initiatives. The centre aims to continue empowering international staff with the necessary coaching to ensure that they meet the rigorous quality standard requirements for a career in caring in Europe.

Our Centre is certified by the Knowledge and Human Development Authority (KHDA), the educational quality assurance and regulatory authority of the Government of Dubai, in the United Arab Emirates.

Healthcare service offering in Malta continues to grow

The Group's operations in the Maltese healthcare sector are expected to continue to flourish in line with past years. Our clear mission is to deliver high quality and agile support services to a range of government and private healthcare entities.

Testament to this is our headcount of more than 3,500 health professionals. The Group has also expanded the range of facilities and services it offers to the various distinct areas of the health sector.

18 Starbucks outlets across Malta and Gozo

Following the successful rolling out of six new outlets in FY2023, two others followed suit during FY24 at the new Shoreline Mall in Kalkara and at Centerparc in Qormi. This brings up the total number of Starbucks outlets across Malta and Gozo to 18.

The Group remains committed to growing the Starbucks brand in Malta with yet another outlet planned for St. Julian's.

Our outlets are evenly spread across the island to ensure that we are easily reachable to as many locals and tourists as possible. We will continue strengthening our brand success and consolidating our market position as Malta's leading coffee retailer.

Launch of the GROM brand in Malta

GROM is a highly acclaimed Italian gelateria franchise famous for its ice-cream that that has no additional aromas, food colourings or emulsifiers and is 100% gluten free. The db Group secured its franchising rights and opened its first outlet in May 2024 at Għadira Bay in Mellieħa.

GROM was initially founded in Torino way back in 2003 and has since rapidly expanded, boasting over 50 stores in Italy and establishing a global presence. With this introduction to the Maltese market, the db Group has elevated the local ice cream experience to a new level, offering a taste of authentic Italian gelato to accompany our annual 300 days of sunshine.

db Group brings EL&N London to Malta

EL&N London, the lifestyle brand and the most photographed café, is coming to Malta and will be opening a number of outlets across the island through a recently signed partnership with the db Group.

The brand was founded in 2017 by Alexandra Miller and has rapidly expanded from its first location in Mayfair, Park Lane, to numerous sites across London, Europe, East Asia, Dubai, and the MENA region. With over a decade of experience in luxury fashion, Miller has infused the brand with a passion for healthy living and high-end design.

One of the confirmed locations for EL&N will be the St' George's Mall, which is part of the dynamic db Group development at St George's Bay. The boutique coffee chain will serve an array of visually stunning and delicious patisseries alongside an all-day dining menu that features a selection of healthy and flavourful dishes. The café will also offer EL&N's signature specialty coffee, alternative lattes, mocktails, and other innovative beverages, perfect for any time of the day.

New collaborations and projects

While new restaurant openings were the mainstay of FY23, FY24 was focused on consolidating and enhancing the performance of these initiatives as well as reaching new heights in the local industry.

Concretely, we sought to elevate our offerings by forming new collaborations with worldwide renowned brands that bring their flare to the local scene and take the sector up a few notches.

Collaboration with the world's 50 Best Bars

To make the local mixology scene more exciting and put Malta on the global map of this market, we collaborated with some of the world's 50 Best Bars since March of 2023. The partnership list is nothing short of extraordinary:

- Drink Kong at AKI (March 2023)
- Baba au Rum at AKI (November 2023)
- Lucy's Flower Shop at Tora (December 2023)
- Paradiso at AKI (January 2024)
- Super Lyan at AKI (February 2024)
- Locale Firenze at LOA (March 2024)
- Limantour at LOA (April 2024)
- Wax On at AKI (May 2024)
- 1930 Cocktail Bar at Tora & Manta (July 2024)
- Röda Huset at AKI & LOA (September 2024)

Manta collaboration with Meraki

Situated in a stunning setting in Tigné and offering an unparalleled view of the Valletta skyline, Manta is a beautiful lido which was launched in June 2023. With its delightful Mediterranean fusion restaurant and sparkling pool, Manta offers an extraordinary dining experience that is unmatched in both beauty and quality.

In July Manta collaborated with the acclaimed Meraki culinary team, as they brought a taste of their global journey to Malta, having restaurants established in London, Mykonos and Riyadh.

Espiral

Based in the heart of Mellieħa, Espiral is a Spanish restaurant like none other which features a variety of traditional Spanish dishes that are not only delicious, but also visually stunning, with an emphasis on vibrant colours and contrasting textures.

At Espiral, we have recently collaborated with Nicholas Bezzina, the winner of MasterChef Malta Season 1. The talented Nicholas has curated an exclusive selection of Spanish-inspired dishes for our menu, instilling exquisite flavours and artistry in his creations.

Adeera Complex, launch of boat delivery

At our Adeera Complex we offer a number of culinary options ready to satisfy any craving. From the Blu Beach Club to Amami to Starbucks and to Grom plus the Pick&Go convenience store. We have also launched the Adeera Boat Delivery service at Għadira Bay for all the outlets in our Adeera Complex.

A record-breaking turnover in the last 12 months

Despite the rollercoaster global economic fortunes, the db Group still managed to perform positively. Our ambitious growth vision delivered and reinforced our already strong financial position. Indeed, the turnover set a new record.

Amidst the protracted period of uncertainty in which higher overall prices of goods and services dominated the market, coupled with salary increases, we adopted a bold strategic approach and mindset. Going forward we chose growth rather than minimising risk and expenditure.

Our approach evidenced long-standing experience in and deep knowledge of the local hospitality and leisure industry.

In FY24 the Group's revenue increased by **25%** over FY23, going from **€70.8** million to **€88.7** million. In parallel, EBITDA for FY24 evidenced the Group's positive financial position, registering a substantial increase from **€30.4** million in FY23, to **€36.8** million in FY24.

As a result of this strong performance, the Group consolidated its position as a market leader in Malta's hospitality, catering and healthcare services industry.

Hospitality

db Seabank Resort + Spa

The Melior Boutique Hotel

db San Antonio Hotel + Spa

Porto Azzurro Hotel

Property Development

db San Ġorġ Property

Siar Property Investments

Kika Construction Company Limited

Għadira Property Investments

Leisure

Lifestyle Group

Dining:

AKI
LOA
TORA
Amami
Espiral

Daylife:

Manta
Blu Beach Club
Nine Lives

Convenience store:

Pick & Go

Casual Dining:

Westreme
Amami Food Bar

Grab & Go:

Verani

Franchised Outlets

Hard Rock Cafe Malta

Starbucks

GROM

EL&N

Healthcare

Healthmark Care Services

Support Services Limited

Health Services Group

Contract Catering

Kore Air Services Ltd

Malta Healthcare Caterers

Seabank
San Antonio
Porto Azzurro
Melior Boutique Hotel
Hard Rock Cafe Malta
EL & N London
GROM
Akì
LOA
TORA
AMAMI
espiral
MANTA
Blū. Beach Club
nine lives
pick & go
WESTREME Kitchen + Bar
AMAMI Food Bar
VERÀNI
Healthmark
KORE Air Services
Malta Healthcare Caterers Limited
db Projects Ltd
db San Gorg Property Limited
KIKA Construction Company Limited
SIAR Property Investments Limited
GHADIRA Property Investments Limited

Financial Highlights

Financial Highlights

With 3,500 beds the db Group is the largest local hotel operator. The Group's full head count including its subsidiaries and associated companies amounts to 6,184 employees.

Group revenue including by individual associates for the year ending 31 March 2024

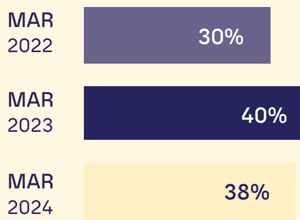
FY24 was characterised by strong performance of the Group across the different operational segments. The healthcare segment generated the most revenue.

-2%

CHANGE FY 2023/FY 2024

Hospitality and leisure

%



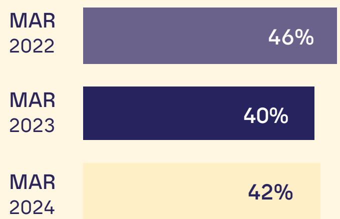
The reason for this decline in share is due to the fact that the turnover from healthcare and contract catering increased significantly, resulting in a shift in the % of group revenue by segment. This does not mean that there was a decrease in the performance of the hospitality and leisure section as in fact there was a considerable increase year on year.

+2%

CHANGE FY 2023/FY 2024

Healthcare

%

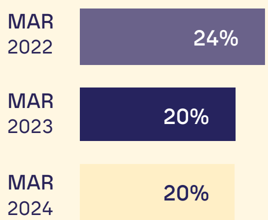


0%

CHANGE FY 2023/FY 2024

Contract catering

%

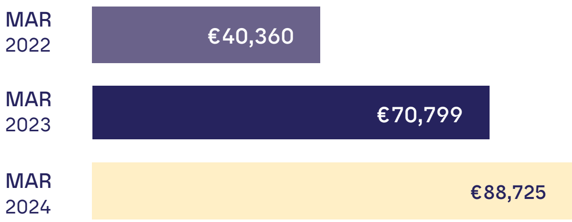


25.0%

CHANGE FY 2023/FY 2024

Revenue

€ 000's

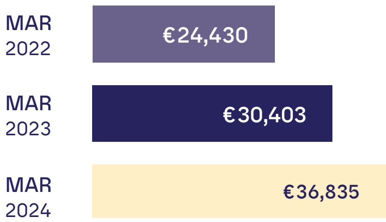


21.0%

CHANGE FY 2023/FY 2024

EBITDA

€ 000's

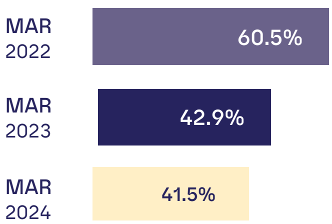


-1.4%

CHANGE FY 2023/FY 2024

EBITDA Margin

%

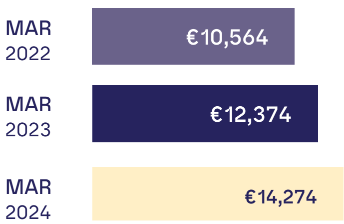


15.4%

CHANGE FY 2023/FY 2024

Profit after tax

€ 000's

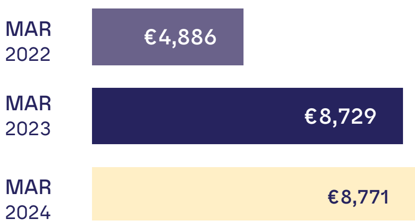


0.5%

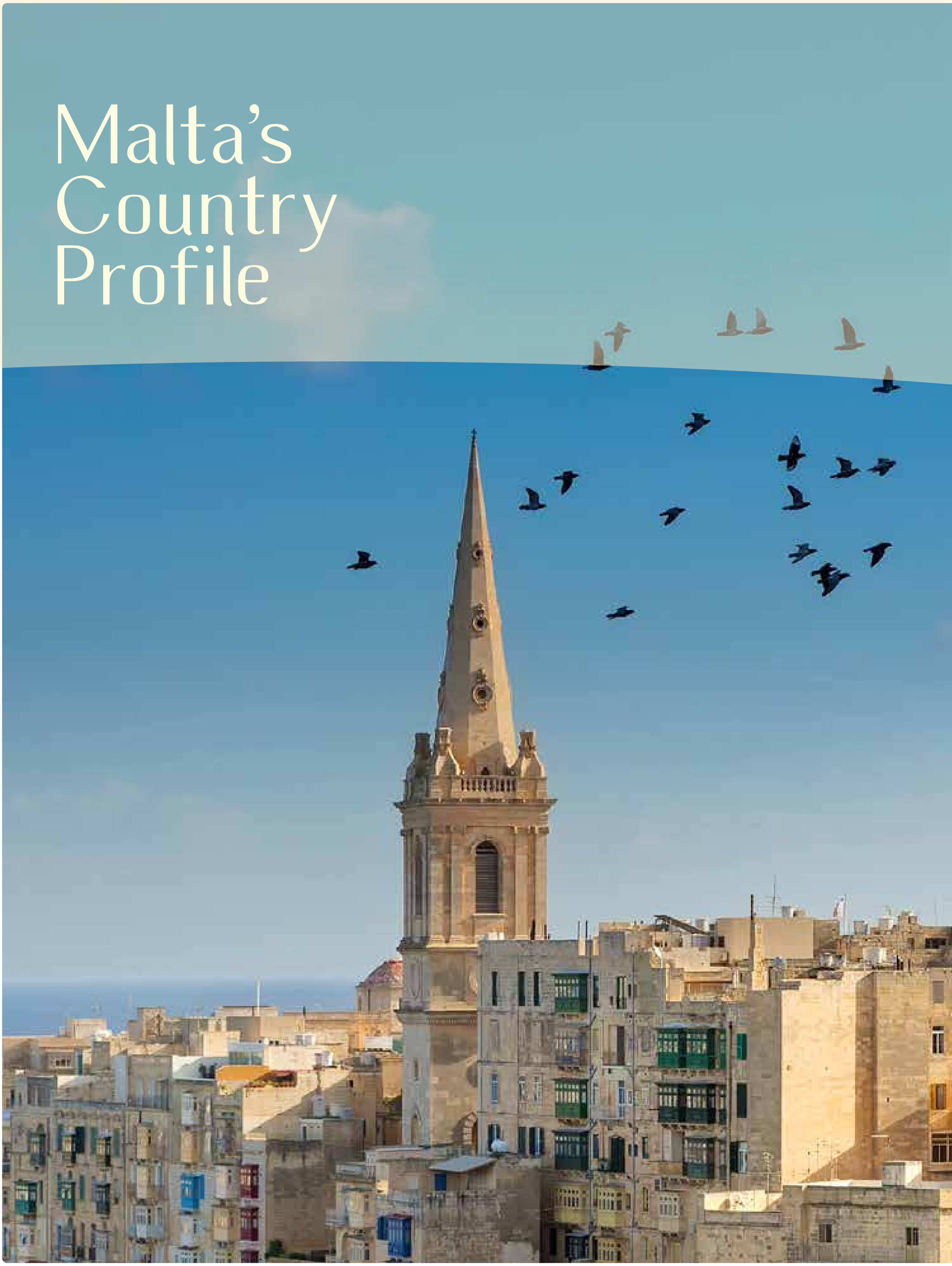
CHANGE FY 2023/FY 2024

Capital expenditure

€



Malta's Country Profile



Malta: Key Facts

The Maltese archipelago is situated in the heart of the Mediterranean and is directly accessible by air or sea from most key European commercial centres, the Middle East and North Africa. The country enjoys long-standing political stability, a high quality of life, and a relatively low cost of living.

VALLETTA
Capital city

316KM2
Area

271 KM
Shoreline

563,443
Population

1,783
Persons per square kilometre

40.1 YEARS
Median age of population

300
Days of sunshine per year

MEDITERRANEAN
mild, rainy winters; hot, dry summers
Climate

545MM
Annual rainfall

EURO
Currency

€28,400
GDP per capita

+356
International dialling code

MALTESE & ENGLISH
Official languages

HIGH INTERNATIONAL CONNECTIVITY
100 direct airline connections

GMT +1
Time zone

Malta's Benchmark Rating

Ratings of Malta's products, services and processes against those of other countries, both in the EU and globally:

Productivity:
21st globally

Represented by the total output volume (measured in terms of GDP) produced per unit of labour (measured in terms of the number of employed persons or hours worked). The ranking is based on OECD and the World Bank data.

SMEs with at least a basic level of digital intensity:
4th out of 27 EU Member States

As per the 2024 edition of the Digital Economy and Society Index (DESI), Malta enjoys a high share of ICT graduates (5.8% of graduates in Malta, versus 4.5% in the EU).

Human Development Index (HDI):
0.915, 25th out of 193 countries in 2022

Malta is categorised under the 'very high human development' group by the UNDP Human Development Report.

The HDI is a summary measure of a long and healthy life, education and a decent standard of living.[1]

Gini coefficient of equivalised disposable income
Malta has a coefficient of 33, ranking 4th highest in the EU

The Gini coefficient is defined as the relationship of cumulative shares of the population arranged according to the level of equivalised disposable income, to the cumulative share of the equivalised total disposable income received by them[3]. The higher the coefficient, the higher the inequality in the country.

Health
Malta has a health index score of 80.5, the 19th overall global ranking

based on Health and health systems ranking of countries worldwide in 2023, by health index score according to Statista. This is based on the health of the population and access to healthcare services.[2]

Skills
10th out of 31 countries in the European Skills Index (ESI) in 2024

Malta ranks in the middle-achieving group, with a poor score in skill development, but the second highest in comparison to EU countries in the skills matching pillar.

Unemployment rate:
3rd lowest in the EU and 32nd globally in 2024.

96% of recent graduates are currently employed in 2023.

Innovation capability:
25th out of 132 economies

This is based on criteria that include institutions, human capital and research, infrastructure, credit, investment, linkages; the creation, absorption and diffusion of knowledge; and creative outputs.

Corporate tax rate:
35% - upon the distribution of dividends

foreign shareholders may qualify for a refund generally equivalent to 6/7ths of the tax paid.

Sovereign ratings:
moody's ratings A2 stable outlook

S&P ratings A- stable outlook
Fitch ratings A+ stable outlook

Double taxation treaties:
81 signed conventions

[1] UNDP Human Development Reports
[2] Health and health systems ranking of countries worldwide in 2023, by health index score
[3] Eurostat

Malta:

The smallest EU economy, yet one of the fastest-growing and most resilient

Malta has been a member of the European Union (EU) for two decades, joining on May 1, 2004 and is now fully integrated in the broader European political and economic community. The country adopted the Euro as its official currency on January 1, 2008. Its free market economy, the smallest in the eurozone, relies heavily on trade in both goods and services, principally with Europe, and on human resources.

Since Malta's accession to the EU the country's opportunities and prospects expanded significantly. Between 2006 and 2019, Malta's real GDP increased from €6.8 billion to €13.2 billion, making it the third fastest growing economy in Europe following Ireland and Hungary.

Post-pandemic, the latest real GDP figures reached €15.6 billion as at the end of 2023, with Malta having the strongest economic recovery post-pandemic after Montenegro.

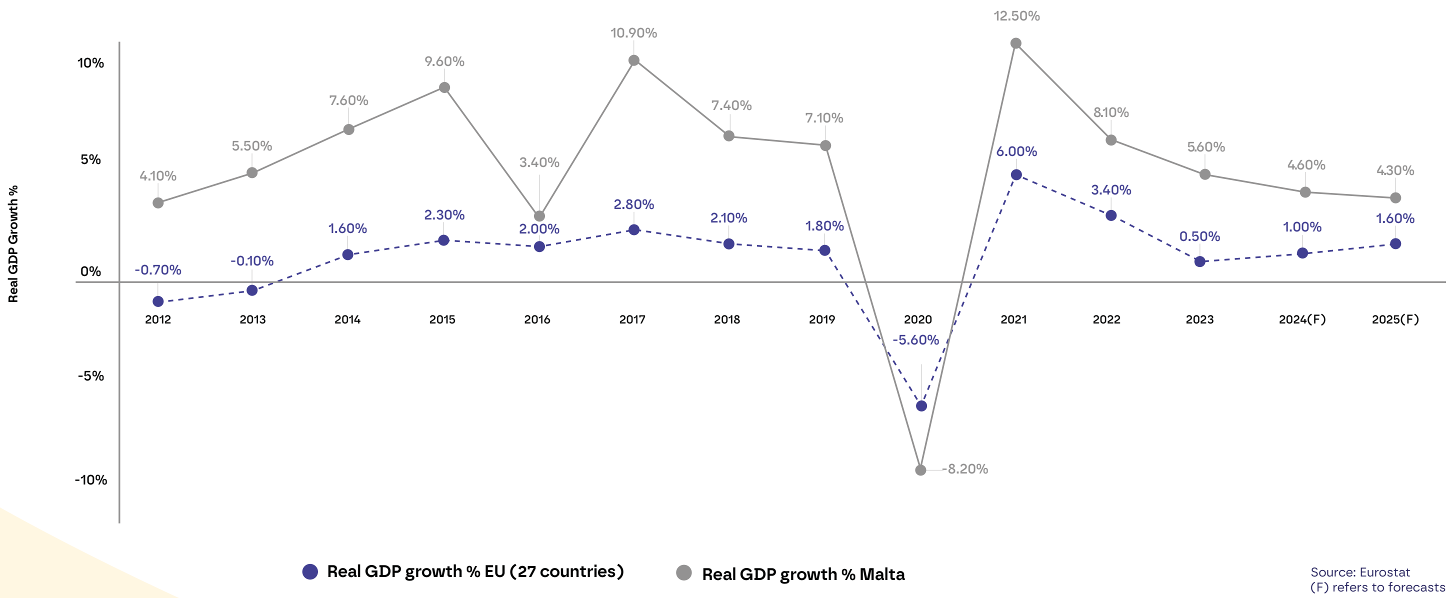
Malta's economy is strategically driven by financial services, tourism, real estate, iGaming and high value-added manufacturing. Other important sectors include pharmaceuticals and information technology. Human resources are crucial for Malta - education is therefore imperative in shaping them in accordance with labour market demands.

Malta's economy has consistently registered one of the highest GDP growth rates amongst the other EU-27 economies, yet appears to be converging to EU levels of growth, as most recent quarterly data points to a marginal slowdown in GDP growth rate.

In terms of real GDP growth, the Maltese economy has consistently outperformed the EU average since 2009, experiencing a harsher dip during 2020, the year of the pandemic, than other EU countries, but recovering at a very fast pace in the successive years. This growth has been driven by significant structural changes in the economy and by a large influx of migrants relocating to Malta in search of employment.

Following the significant economic disruption during the global pandemic, Malta's economy is once again outperforming the euro area average in terms of growth which is driven by domestic demand and net exports, in turn reflecting a strong tourism rebound. In fact, in 2021, the Maltese economy recovered faster than previously predicted. Strong economic performance continued to mark 2022 and 2023 with real GDP growth hitting 8.1% and 5.7% respectively. In 2024 and 2025, economic growth is expected to stabilise at 4.3% and 3.5%[4] , converging more closely to average growth rates expected in the to EU

Real GDP growth Malta and EU



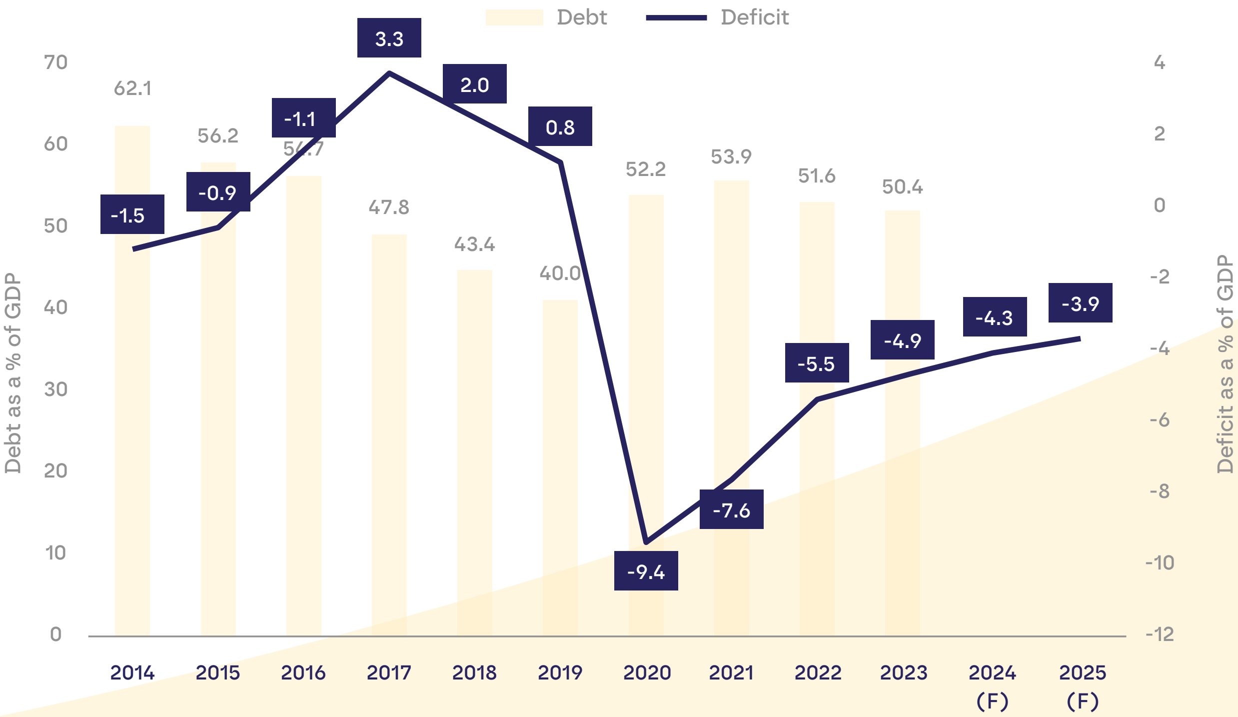
Source: Eurostat
(F) refers to forecasts

[4] Eurostat

Following the pandemic, Malta has been running high deficits, exceeding the 3% Maastricht Criteria

The large deficits that Malta's Government has been running since Covid-19, registering at 4.9% of GDP in 2023 and being amongst the higher cohort within the EU, has now led to the recommendation by the EU to impose an Excessive Deficit Procedure (EDP) due to it being above 3% of GDP for the past few years. In fact, the European Commission 2024 Spring forecast projects the general government deficit to remain above 3% of GDP in 2024 and 2025.

The government's aim is to reduce it to 3% over the medium term, driven by continued robust growth. However, this would need to be seen in the context of relatively large recurrent expenditure aimed to cushion the high cost of living pressures on society, especially the subsidies on energy which may need to be phased out if the Government is to commit to reducing its deficit. On the other hand, the Government's debt-to-GDP ratio, at 50.4%, remains below the 60% threshold.



Source: Eurostat
(F) refers to forecasts

Malta's economic growth attracts more expatriates

Malta's strong economic growth has increased labour demand, resulting in record low unemployment levels. The demand for labour in Malta would appear to substantially outstrips local supply, triggering a significant influx of foreign workers and driving population growth and density. In fact, according to most recent NSO statistics, Malta's population reached 563,443 residents by the end of 2023.

The size of the expat community increased exponentially to circa 136,409 in 2023, representing an increase of more than five times the share of foreign nationals since 2011, making up a quarter of Malta's population. In 2022, 96,970 foreign nationals were in active employment. EU nationals made up 45% of total foreign employment, while the remaining 55% were third country or EFTA nationals.

Inflation

In 2023, the Harmonised Index of Consumer Prices (HICP) remained elevated from a historical perspective, at 5.6%, compared to 6.1% in 2022. Inflation in Malta in 2023 was largely driven by the food & non alcoholic beverages and services components, which experienced inflation of 10.6% and 5.1% respectively. Food price inflation stemmed from both processed and unprocessed foods, while services price inflation was largely driven by price movements in hotels & restaurants and services relating to household maintenance.

Against this backdrop the government introduced a scheme targeting food price inflation given that the food and nonalcoholic beverages component was the largest contributor to headline inflation. This 'Stabbiltà fil-prezzijiet' scheme seeks to achieve a reduction on the retail recommended price (RRP) for a number of food products.

The HICP is projected to normalise in 2024. In fact, most recent NSO data indicates that inflation stood at 2.3% in May 2024.

Service Price Inflation

Service price inflation is forecasted to be the main contributor to HICP inflation when considering the significant weighting that this component is given. Whilst price inflation of goods is expected to start to ease in 2024, helping drive down the overall inflation rate projection, service price inflation may take longer to subside.

Food and Non-energy Price Inflation

In 2023, food & non-alcoholic beverages inflation stood at 10.6%, mainly resulting from processed food, whilst unprocessed food experienced fluctuations of highs and lows throughout the period. Food prices continued to show significant increases, though marginal compared to 2022.

Economic outlook

GDP growth forecasts

As anticipated by the European Commission (EC) and the International Monetary Fund (IMF) forecasts indicate that Malta's economy will continue to perform strongly in 2024 and 2025, albeit at a slightly reduced growth rate. Both institutions forecast a growth rate for Malta of 4.6% and 5.0% for 2024 and 4.3%[5] and 4.0%[6] respectively for 2025. However, these figures still favourably compare to EU forecasts for the same period, which are 1.0% and 1.1% for 2024 respectively.

GDP growth forecast	Region	2024P	2025P	2026P
Central Bank of Malta	Malta	4.3%	3.5%	3.5%
European Commission	Malta	4.6%	4.3%	N/A
	EU-27	1.0%	1.6%	N/A
	Euro Area	0.8%	1.4%	N/A
IMF	Malta	5.0%	4.0%	3.6%
	EU-27	1.1%	1.8%	1.7%
	Euro Area	0.8%	1.5%	1.4%

Most recent GDP data for Q1 2024 indicates that the slowdown in GDP growth appears to have started, with GDP increasing at 4.6% in this quarter, compared to an increase of 6.4% in the same quarter of last year.

Inflation forecasts

In line with global trends, forecasts indicate that Malta's economy will continue to be impacted by inflation above the historic average of 0.2-1.8% throughout 2013-2021. The EC and IMF predict that in 2024, HICP inflation in Malta will reach 2.8% and 2.9% respectively. Over the same time period, forecasts indicate that the EU's headline inflation will reach 2.7% (EC) and 2.7% (IMF) in 2024. Despite moderating, Malta's inflation rate is expected to be slightly higher than that of the EU and Euro Area averages.

Inflation forecast	Region	2024P	2025P	2026P
Central Bank of Malta	Malta	2.4%	2.0%	1.9%
European Commission	Malta	2.8%	2.3%	N/A
	EU-27	2.7%	2.2%	N/A
	Euro Area	2.5%	2.1%	N/A
IMF	Malta	2.9%	2.1%	2.0%
	EU-27	2.7%	2.4%	2.1%
	Euro Area	2.4%	2.1%	2.0%

[5] European Commission Spring 2024 Economic Forecast
[6] IMF World Economic Outlook (April 2024)

Malta's Unemployment

In line with increased economic activity, unemployment rates continue to decrease. This has led to a tighter labour market which cannot be fully serviced by the local workforce. At the end of May 2024, the unemployment rate reached 3.3%, slightly higher than 3.1% recorded in May 2023[7]. Unemployment is expected to remain stable for the next 3 years.

As of December 2023[7], the EU-27 unemployment rate average (based on seasonally adjusted figures as a % of the total working population) was 6.0%, whereas the local unemployment rate stood at 2.8%[8]. In this regard, Malta had the third lowest unemployment rate in the EU, only slightly higher than the Czech Republic, Poland and equal to that of Germany. However, it must be noted that nominal wages were growing at relatively weak rates during last year as the largest expansion in employment happened in the low wage sectors, in fact driving a negative per capita real wage growth.

Unemployment forecast	Region	2024P	2025P	2026P
Central Bank of Malta	Malta	3.1%	3.1%	3.1%
European Commission	Malta	3.1%	3.0%	N/A
	EU-27	6.1%	6.0%	N/A
	Euro Area	6.6%	6.5%	N/A
IMF	Malta	2.5%	2.5%	2.5%
	Euro Area	6.6%	6.4%	6.4%

[7] NSO: Unemployment Rate: May 2024 NR111/2024,
[8] Eurostat: Harmonised unemployment rates (%) - monthly data

Malta's Residential Property Market

The Maltese real estate market has always been strong. It registered capital appreciation for three consecutive decades, even withstanding the global economic crisis of 2009 and the pandemic.

Following the pandemic-driven slowdown in 2020, the local real estate market bounced back to record volumes in 2021. However, this increase could be attributed to a backlog of contracts that were halted by the pandemic year and were eventually finalised in 2021. The number of property transactions completed in 2022 was comparable to that of 2021 and slightly above 2019 figures, showcasing the robustness of the local residential property market.

During the first quarter of 2024, the Property Price Index (PPI) stood at 184.3, representing an increase of 6.7% compared to the corresponding quarter of 2023.

Provisional figures indicate that the main driver of the increase was the Apartments Price Index (181.9), registering an annual increase of 7.9%. Along with the economic recovery, population growth spiked demand in the local residential property market.

Sales to non-nationals tend to be concentrated in larger, new developments (typically in Special Designated Areas [SDAs]) whereby the conditions of acquisition are the same for Maltese and foreign residents. Furthermore, non-EU nationals are eligible to purchase more than one property in an SDA. Other nationals who come on a temporary basis in search of employment tend to rent property. The rental property market in Malta has been growing, with active registered contracts increasing by 23% in 2023 over the previous year.[9]

[9] Housing Authority

Economic agility, diversification and stability

In recent years, Malta distinguished itself across a range of sectors, particularly the financial, maritime, aviation, digital and high-end manufacturing ones. Indeed, during the years preceding the pandemic Malta nurtured a truly robust and resilient economy, with consistently high rates of GDP growth, record unemployment lows and multiple years of fiscal surpluses.

The decision of high-profile companies to invest in and move their operations to Malta is a strong indicator of the country's status as a profitable business hub. HSBC, BNF Bank, French maritime line CMA CGM, Microsoft, Lufthansa Technik, Playmobil and Toly amongst others, have all made Malta their business home.

The solid economic foundations put in place during this period of growth provided the Maltese government with the tools to help sustain the economy and withstand the challenges posed by the pandemic. These foundations facilitated a fairly rapid economic turnaround and the recovery process began in earnest once restrictions were lifted.

Malta's Economic Vision 2021-2031, which sets out the overall direction and mission to ensure Malta's future success, highlights this reality. The vision emphasises community vitality, virtualisation and innovative solutions. The focus will be on five overarching pillars:

1. **Sustainable economic growth** - Safeguarding current growth industries while cultivating and creating a culture of innovation for new niches and engines of growth which lead to substantial quality-of-life improvements;

2. **High quality infrastructure and investment** - In an increasingly globalised economy, Malta strives to develop a world-class, sustainable infrastructure across road, air and sea transportation, while creating a vibrant investment environment for domestic and foreign entrepreneurs, as well as becoming a regional hub for start-ups;

3. **Education and employment** - To provide the necessary educational conditions for the acquisition of the necessary knowledge and skills to build the economy of the future, create high-quality and well-paying jobs, and ensure that Malta remains a natural home for global talent;

4. **The environment** - To ramp up to a smooth transition towards a circular and sustainable economy across all sectors of economic activity, while embracing new alternative energy solutions to achieve carbon neutrality by 2050; and

5. **High standards of accountability, governance and rule of law** - To continue to enhance and promote good governance across every sphere of public life, key institutions and decision-making authorities, affirming the country as a trustworthy, transparent and efficient economic partner on the global sphere.

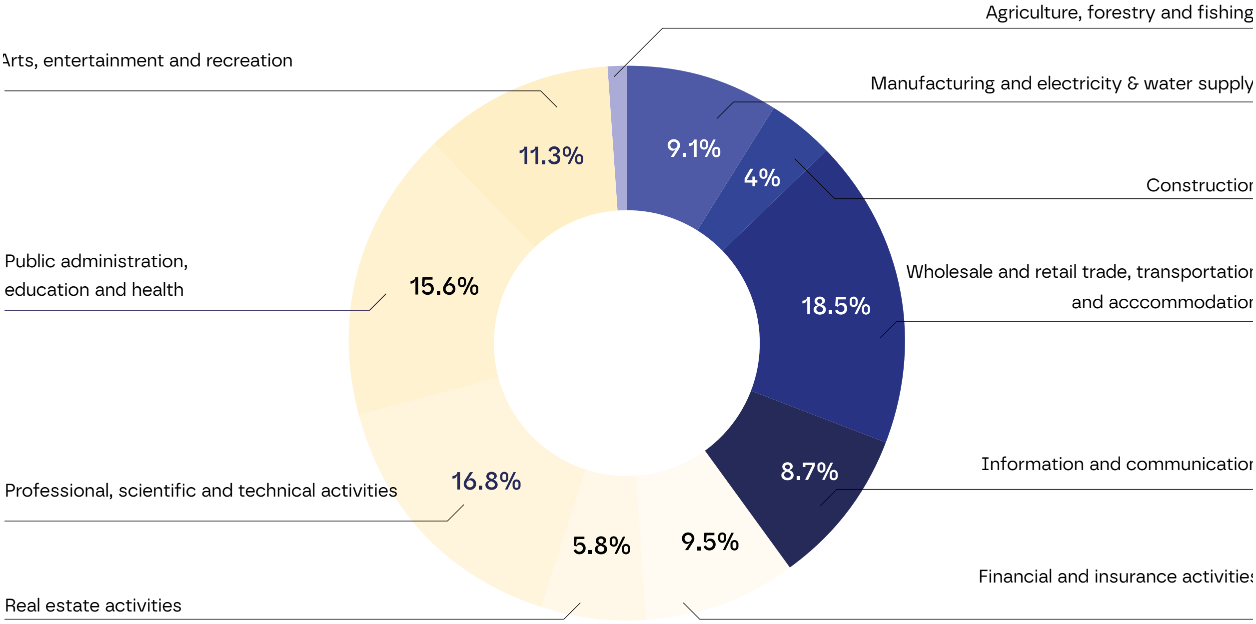
This long-term economic vision for Malta was set out to be aligned with European priorities, facilitating the hooking up of national, sectoral and thematic strategies into available European Commission funding streams. Malta will be eligible for a total of €2.25 billion in EU funding through the Multiannual Financial Framework (MFF) over the period 2021-2027, which will provide:

- €934 million for Cohesion Policy;
- €327 million for COVID-19 stimulus;
- €276 million for Migration, Borders, Security, Education and Fisheries;
- €316 million for Recovery & Resilience, Single Market and European Values;
- €191 million for Agriculture; and
- €162 million for Strategic Investment, Research and Innovation and the Environment.

To continue on this positive trajectory, a key driver of Malta's future economic growth is to further nurture the health and sustainable growth of Malta's financial sector, whilst adhering to the highest levels of good governance.

Diversification in new niches of economic activity is at the forefront of Malta's economic vision and will be essential to create a compelling value proposition for innovative businesses to base their operations here. Malta intends, and is capable of, making full use of the country's size, EU membership and location to position itself as a leading global test bed to pilot new initiatives and solutions.

A primary ambition is to establish Malta as a global leader in research, development, and innovation. The government aims to double its spending on R&D, mainly through increased private sector investment in parallel with that of government, academia and policy levers involving both supply-side and demand-side measures. In this respect, artificial intelligence (AI) and the Internet of Things (IoT) are high on the country's agenda. Other key focus areas include health and wellbeing, digital education technology and services (EdTech), technology driven regulatory solutions (RegTech), autonomous marine vessels, public sector blockchain solutions, green solutions such as carbontech, and international arbitration.



Source: NSO: Gross Domestic Product: 2023 NR039/2024

Malta's key economic sectors

High-value manufacturing

Several foreign corporations have relocated their manufacturing divisions to Malta to benefit from a skilled, multilingual workforce, as well as advantageous regulations. In order to maintain its competitive edge, Malta is moving away from labour-intensive industries and focusing on automated and high value-added activities.

Gaming

In 2004, Malta was the first EU Member State to regulate online gaming, gaining a significant competitive edge over its EU counterparts. The country is also exploring an e-sports strategy, a promising industry, one of the fastest growing in the world. It is projected to globally grow beyond the €1 billion mark. As Europe's iGaming capital, Malta is home to the world's largest operators and hosts circa 350 iGaming companies. As the first EU country to license online gaming, Malta boasts almost two decades of uninterrupted growth in this sector. Due to the efficient and stringent licensing process, a Maltese license provides real value and is held in high esteem.

More recently, eSports (electronic sports) is becoming an increasingly important facet in Malta's gaming industry. Esports involves multiplayer video game competitions and tournaments, often mimicking traditional sports by using similar tournament formats and regulations. Local interest has grown, and the industry has experienced a steady growth in popularity thanks to numerous competitions and events.

Maritime

Traditionally, the marine and maritime sector played an important role in the local economy. The country now has one of the largest ship registers in the world. It is well connected and set up for sea transportation, offering various berthing, ancillary and other services to private vessel and superyacht owners. Furthermore, as a neutral state Malta offers both economic and political stability along with a cost-effective jurisdiction for ship registration. The country has also dedicated resources to position itself as a leader in new emerging activities such as aquaculture, marine biotechnology, renewable energy and e-maritime services.

To provide more efficient regulatory practices to internal operators, improve customer relations and administration for a such a nationally vital economic sector, Malta's Recovery and Resilience Plan allocated part of the €55 million – earmarked to foster a digital, smart and resilient economy - to the digitalisation of the Merchant Shipping Directorate within Transport Malta. This investment will support the development of IT systems that will include the digitalisation of 15,000 physical shipping files, the vessel management system, a digital maritime interface, an improved seafarers management system and maritime analytics tools.

Financial Services

Malta has become a long-standing, reputable international financial services hub with several big players already on the island, including many insurance firms. The core pillars of Malta's financial sector are represented by domestic and international institutions including Credit & Financial, Investment Funds & Asset Management, Insurance & Reinsurance, Private Wealth, and more recently Fintech companies.

Fintech has expanded its portfolio into profitable niche areas such as pensions, payments and securitisation as well as opening its doors specifically to Fintech entrepreneurs. Given Malta's ambition to become an innovation hub, the global Fintech sector is finding it attractive to relocate here due to the wealth of local talent, both in the technological and financial fields.

Healthcare

Malta's public healthcare is among the best in Europe and is provided to residents free of charge. Referred to by some as "*The Hospital of the Mediterranean*", the country's reputation serves as an insight into the high level of care provided across the country.

Malta's vision for the future is to continue to offer, high-end and efficient healthcare, including better amenities and quality services as well as a plan to become a reputable health-tourism hub.[10]

To this end, one of the main components outlined in Malta's Recovery and Resilience Plan is to strengthen the built-in adaptability of the health system through policy reforms and investments focusing on prevention measures, improvement of quality medical treatment, digitalised services, and further bolstering of the workforce. This component of the Recovery and Resilience Plan has been allocated a budget of €50 million.[11]

Digital Strategy

The Maltese government has taken a clear and proactive stance on technological innovation. ICT is identified as a crucial facilitator in the development of the nation's economy, asserting the country's aspiration to become a disrupter. In line with this commitment, Malta has firmly established itself as a leader in new, up-and-coming areas such as distributed ledger technology (DLT). In terms of ICT infrastructure[12] Malta ranks 25th in the world.

The country has now set out to establish itself in the field of Artificial Intelligence as well as fostering a digital, smart and resilient economy. This has been outlined in the "Strategy and Vision for Artificial Intelligence in Malta 2030" which includes plans to revolutionise many industries from tourism to gaming to financial services. "Malta's Recovery and Resilience Plan" has been allocated €55 million to fast track digital transformation. The goal is to strengthen the national policy framework, including two policy reforms that will facilitate the further digitalisation of services in public administration and regulatory bodies and four areas of investment that will support both the public and private sectors in digitalisation and the improvement of overall security and efficiency.

The Malta Digital Innovation Authority has set aside €4.1 million for a plan to launch six new artificial intelligence programs covering transportation, energy, health, education, tourism, and online government services in Malta. The plan will target Malta's aspiration of becoming a hub for AI technology development, testing and implementation.[13]

Education

All public education up to the tertiary level is of high quality, free and receives public funding. There is currently only one public Maltese university, the University of Malta (UoM) which offers a wide range of degrees and diplomas, including new courses in AI and micro- and nano-technology. The Barts Medical School, based at the Gozo General Hospital, was opened in 2019. This private university offers degrees in medicine and dentistry. The American University of Malta (AUM), which was inaugurated in early 2019, offers students a mix of undergraduate, graduate and doctorate programs in areas of business, engineering and technology, and arts.

In recent years Malta's education system benefitted from investments in solid ICT infrastructure, offering students access to crucial technology which has enabled enhanced digital learning as well as facilitating online learning.

Construction

During the pandemic, the Maltese construction sector continued to grow albeit at a slower rate, demonstrating the resilience of the local construction sector during difficult economic times. While the construction industry continued to grow in 2021, after nearly a decade of remarkable growth, 2022 and 2023 saw a notable dip in the GVA of the construction sector. In 2022, it decreased by 5.6%, c. €659 million to c. €696 million. In 2023, the growth slowed down to 2.6% reaching c. 714 million. Data for the first quarter of 2024 shows that this sector is picking up, with an increase of 7.6% over the same quarter of last year.

Nevertheless, the construction industry continues to be an important sector in the local economy, accounting for roughly 3.9% of the total GVA of the economy.

[10] Malta's Recovery and Resilience Plan
[11] Malta's Recovery and Resilience Plan
[12] Global Innovation Index 2023
[13] economy.gov.mt

Tourism

The tourism sector is a significant contributor to the local economy, with the island attracting millions of visitors year on year. One of Malta's main strengths as a tourist destination is its rich history and cultural heritage. The island boasts several UNESCO world Heritage sites, including Valletta, the Ħal-Saflieni Hypogeum and the Megalithic Temples. These sites along with other historic sites around the island such as Mdina, Rabat, the 'Three Cities', and Gozo, allow Malta to attract a number of cultural tourists.

Malta is also known for its warm sunny Mediterranean climate with a number of beautiful beaches and diving spots around the island. In 2022, 12 beaches around the Maltese islands were awarded the blue flag award, which recognises the quality, cleanliness and sustainability of the island's beaches. Popular beaches include the Blue Lagoon in Comino, Paradise Bay, Mellieħa Bay and Ramla il-Ħamra in Gozo.

Prior to the COVID-19 health crisis, the Maltese tourism industry grew significantly year on year. Understandably, the pandemic wreaked havoc on the sector, facing a number of restrictions and intermittent disruptions.

However, the local tourism industry showed significant improvements in 2022 with c.2.3 million tourists visiting the island during the calendar year. This is equivalent to c. 84% of 2019 levels. In 2023, Malta's tourism arrivals reached c. 2.9 million, exceeding pre pandemic levels.

Due to considerable growth in tourist arrivals over the last decade, in recent years there has been a significant investment in supply-side projects, which are expected to come to fruition in the next few years, increasing the available bed-stock in Malta. The private accommodation bed-stock, through aggregators such as Airbnb, has also grown exponentially in recent years. All of this has led to concerns over the sustainability of the local tourism industry.

In this regard, a recent study commissioned by the MHRA highlighted that if the possible increase in bed stock exceeds the expected growth in demand, then this could impact the financial sustainability of the tourism accommodation sector. Such a scenario could potentially lead to lower occupancy rates which could result in a price war between competitors, impacting the long-term profitability of collective accommodation providers.

Aviation

The local economy offers all the services required for aircraft operations. Aircraft manufacturers, operators and ancillary service providers are based in two dedicated aviation parks. In agreement with Malta Enterprise and INDIS Ryanair has announced an investment of €20 million[14] a new three bay, heavy maintenance hangar facility at Malta International Airport. The investment is expected to create over 250 highly skilled jobs.

In January 2023, Malta launched its first national aviation policy - *"A Civil Aviation Policy for Malta 2023-2030".*[15] The policy identifies five key strategic pillars, which include:

1. Capacity building;
2. Optimising economic benefits;
3. Increasing stakeholder participation;
4. Revising regulations and legislation; and
5. Sustainability.

These five strategic pillars also include 24 policy objectives which need to be achieved by 2030. These objectives are expected to result in an overall improvement of local human resources and skills in the aviation sector, creating a path to work towards Malta's decarbonisation goals whilst maintaining Malta's key connectivity and competitiveness. Moreover, the policy seeks to develop and support emerging niches such as drones and eVTOL (electric vertical take-off and landing) aircraft.

[14] Stqarrija mill-ufficcju tal-Prim Ministru, Government of Malta (2022)
[15] A Civil Aviation Policy for Malta 2023-2030

Reasons to invest in Malta

Malta's economy has emerged as one of Europe's best performing ones with high GDP growth, low unemployment and agile resilience throughout the pandemic. Characterised by its pro-business attitude, cutting-edge technology, competitive labour costs and a strategic location, Malta proved to be alluring to foreign professionals and international companies in a range of sectors, including finance, maritime and digital industries.

Malta ranks 25th among 132 economies listed in The Global Innovation Index (GII). The GII ranks world economies according to their innovation capabilities. Meanwhile, Malta's global innovation output ranks 17th, highlighting strong knowledge and technology-based and creative product outputs. Infrastructure, business sophistication and creative outputs all rank in the top 30 amongst 132 other economies.[16]

Geography

Malta's strategic location in the middle of the Mediterranean makes it an ideal stepping stone or intermediary for any organisation to branch out and expand both in Europe and Africa. EU membership also allows legal bodies incorporated in Malta freedom of movement throughout the EU.

Political stability and economic performance

Malta is a democracy based on the Westminster model and enjoys long-standing political stability. In turn, this is reflected in its solid economic performance. The country also scores highly on all quality-of-life aspects.

Business-friendly environment

The country is an internationally-recognised financial services hub and is fast becoming a regional centre of ICT expertise. Malta has a business-friendly environment with a sound infrastructure and favourable tax rates for corporations and individuals. As per the Global Talent Competitiveness Index in 2023, Malta ranked 21st among 134 countries in terms of attracting, developing and retaining talent.

Ease of access

At the height of the pandemic, a number of airlines had to cancel some or all of their routes to and from Malta. Nevertheless, a number of major international airlines continued to operate here - Emirates, Lufthansa, British Airways, Qatar Airways, Ryanair, EasyJet, Wizzair, Alitalia, Air France and Turkish Airlines.

As identified in Malta's national aviation policy, following the loss of connectivity, the Maltese government together with key local stakeholders have prioritised investment in rebuilding and growing Malta's air connectivity and seat capacity.

Furthermore, in December 2020, the Malta International Airport officially set the ball rolling for 'Apron X', a multimillion project which focuses on transforming the airport into a cutting-edge facility to meet growing passenger demand and boost tourism. In February 2022, the Malta International Airport board of directors gave the €40 million project the go-ahead.[17] The initial part of the project is expected to be complete by 2024, with completion earmarked for 2026. Apron X will be able to accommodate up to seven additional medium-sized aircraft or three larger ones.

Being an island, Malta is also fully accessible by sea. Currently there is a fast RoRo ferry service operated by Virtu ferries between Valletta and Pozzallo, Sicily and Catania. Additionally Valetta's Cruise Port had close to 900,000 passenger movements in 2023 an increase of 65% y-o-y from 2022.

Infrastructure

Substantial investment in both the public and private sectors is being made to increase the residential and tourist capacity, office and retail space as well as to improve and modernise the quality of life. Due to Malta's growing population, the infrastructure has been struggling to keep pace, mainly due to the increasing number of cars on the road. As of 2024 Q1, the total of licensed motor vehicles reached 439,398.[18]

As a result of overcrowding, the government has invested heavily in new roads, as well as increasing and upgrading junctions in key traffic nodes. Such ventures include the Marsa flyover project, which was completed in April 2021, the Central Link project completed in January 2022, as well as the airport road infrastructure project which is nearing completion. The 2023 national budget allocated €700 million towards greening projects with the purpose of creating community spaces and an inclusive environment.[19]

Workforce

The labour force is productive, highly educated, speaks English, is flexible, and has an excellent work ethic. The country has a good pool of professional, managerial and technical human resources and a ready supply of top graduates. However, due to the surge in economic growth in recent years, the country's biggest challenge is to attract the right fit skilled human resources and to curtail skills mismatches.

[16] Global Innovation Index 2023

[17] https://maltairport.com/e40-million-investment-in-new-apron-given-the-green-light-by-malta-international-airports-board-of-directors/

[18] NSO: Motor Vehicles: Q1/2024

[19] PRESS RELEASE BY THE MINISTRY FOR TRANSPORT, INFRASTRUCTURE AND CAPITAL PROJECTS
A budget which builds on the vision of Malta that we want to leave for our children

Start-ups

The Maltese Government has recognised the key role that new entrepreneurs, innovators and disruptors play in the economy. Research shows that seed investment can last five times longer in Malta than in other, more costly, jurisdictions. Attractive initiatives for start-ups include tax benefits as well as less burdensome audit and administrative requirements. “Start in Malta” is a governmental initiative aimed to stimulate the Maltese start-up conditions to become the home turf for many more successful start-ups.[20]

Containment

Malta’s size and population allows its market to be used strategically for pilot testing and adjustments prior to scaling up to international markets. Additionally, the country’s size diminishes commuting times.

Climate and energy

Malta enjoys at least 300 days of sunshine annually, making it an enjoyable destination for travel and work, and offers great potential for renewable energy generation.

History and activities

Malta has a 7,000-year-old history and is home to the oldest free-standing structures in the world. The country is a treasure trove of architectural, artistic and cultural remnants of Phoenician, Arab, Roman, Knights of Malta, and British origins.

Foreign Direct Investment (FDI)

Foreign direct investment in Malta continues to rise , with Germany leading as the largest investor, followed by Italy and the United Kingdom. Additionally, investment from strong economies such as the United States, China and India are contributing to this trend. Apart from maintaining excellent relations with the US, China and the UK, Malta relies on its diligent workforce and is free of foreign debt.

The Maltese government regularly updates and implements policies and incentives to enhance the island’s appeal to FDI. The country already stands out as an appealing destination for start-ups, particularly in the digital, technical and manufacturing sectors. Malta Enterprise is the country’s economic development agency, tasked with attracting new foreign direct investment which also facilitates the growth of existing operations. The island’s favourable FDI environment is further enhanced by its strategic location and size, English being spoken by everyone , and the availability of enticing packages designed to support the growth and success of start-ups. Not surprisingly, Malta has witnessed the emergence of multiple successful start-ups, testament to a supportive ecosystem. These promising factors highlight Malta’s attractiveness as an investment destination.

FDI in June 2023 increased by €36 billion from June 2022 with financial and insurance activities recording the largest share of 97.6% of FDI stocks.

[20] Department of information Malta: Press Release - PR230066

Maltese citizenship by naturalisation for exceptional services by direct investment

The 'Maltese Citizenship by Naturalization for Exceptional Services by Direct Investment' provides for the granting of a certificate of naturalisation as a citizen of Malta to any foreign individuals and their families who contribute to an economic development fund and meet certain statutory requirements.

Conditions for eligibility in terms of the Regulations include, inter alia, that the individual:

- provides proof of residence in Malta, for a period of 36 months, which may be reduced to a minimum of 12 months in cases of exceptional direct investments;
- makes a contribution of €750,000 or €600,000 (depending on whether the individual opts for a 12-month or 36-month residency, respectively) and an additional €50,000 for each additional dependent;
- provides proof of a residential address in Malta with a minimum value of €700,000 or an annual rent of at least €16,000; and
- makes a donation of at least €10,000 to a registered philanthropic, cultural, sport, scientific, animal welfare or artistic non-governmental organisation.

The number of successful main applicants shall not exceed 400 per annum and the scheme is terminated once a maximum of 1,500 successful applications are reached.

Malta's Permanent Residence Programme

Furthermore, an individual may obtain permanent residency rights in Malta through the Immigration Act under the Malta Permanent Residence Programme (MPRP), subject to the fulfilment of certain criteria.

The MPRP enables third country nationals and their dependents willing to invest in Malta to obtain a Maltese residence permit and may reside, settle, and remain in the country indefinitely, as well as travel in the Schengen area without the need to apply for a visa, for a period of 90 days in a 180-day period.

The main applicant must satisfy the following five criteria:

- pay a non-refundable administrative fee of €40,000;
- purchase property with a minimum value of €350,000 (or €300,000 for a property situated in Gozo or the South of Malta) or annual rent of at least €12,000 (or €10,000 for a property situated in Gozo or the south of Malta);
- pay a government contribution of €28,000 if purchasing a property or €58,000 if leasing one, and an additional €7,500 for each additional adult dependent (except for the spouse and children);
- make a donation of €2,000 to a local philanthropic, cultural, scientific, sport, animal welfare or artistic non-governmental organisation; and
- show that s/he has capital assets more than €500,000, out of which a minimum of €150,000 must be financial assets.

Tax incentives for foreign investors

Malta offers various incentives to foreigners, a policy which has been instrumental to attract a significant number of expatriates.

A long-standing, full tax system has existed in Malta since 1948. Although the corporate taxation rate stands at 35%, upon the distribution of dividends, foreign shareholders may qualify for a refund generally equivalent to 6/7ths of the tax paid. This results in an effective tax rate of 5%. Furthermore, through fiscal unity, the 5% effective tax rate may be achieved immediately without having to distribute a dividend or file a claim for a tax refund.

With regards to personal taxation, individuals, as a rule, are subject to progressive tax rates. Having different rating scales for different categories, the system has a 35% ceiling. The general rule is that expats are taxed on income and certain local capital gains as well as foreign income remitted to or received in Malta. Foreign funds of a capital nature are not taxable, even when received in Malta. However, remittances to Malta for ordinary expenses such as living expenses are presumed to be remittances of income, unless proved otherwise. Furthermore, there are no property, wealth, or inheritance taxes (other than stamp duty).

One may opt to be taxed on gross rental income from residential or commercial property at a flat rate of 15% (subject to certain conditions).

Expatriates, who meet certain criteria, may now be subject to a minimum tax of €5,000, before double tax relief.

In addition, the country offers various tax programmes to high-net-worth expatriates, pegging an attractive flat tax rate of 15% on foreign income received in Malta. In order to qualify for one of the below special tax programmes certain criteria must be satisfied. Amongst others, the individual must hold a 'Qualifying Owned Property' worth not less than €275,000 (or €220,000 if situated in Gozo or the south of Malta) or lease a 'Qualifying rented property' for at least €9,600 per annum (or €8,750 for a property situated in Gozo or the south of Malta) and must not reside in any jurisdiction other than Malta for more than 183 days in a calendar year.

For an individual qualifying under the Global Residence Programme (for non-EU/ non-EEA/ non-Swiss nationals) or the Residence Programme Rules (for EU/EEA/ Swiss nationals) all foreign sourced income, which is remitted to Malta, is taxed at 15%, subject to a minimum tax payment of €15,000, after double tax relief.

The Malta Retirement Programme Rules apply to expatriates (EU/EEA/Swiss and third country nationals) who are not in employment and who receive a pension as their regular source of income, all of which must be received in Malta and constitute at least 75% of the beneficiary's income chargeable to tax in Malta. An individual qualifying under this programme will be subject to a tax rate of 15% on chargeable foreign income received in Malta, subject to a minimum income tax of €7,500 and an additional €500 per dependent per annum, after double taxation relief. In order to qualify for this special status, the individual must physically stay in Malta for at least 90 days a year averaged over 5 years.

The United Nations Pensions Programme (UNPP) is available to expatriates in receipt of a UN pension or a Widow's / Widower's Benefit of which at least 40% is received in Malta. UN pension or widow's / widower's benefit income received in Malta is exempt from local income tax. Other foreign income received in Malta is subject to income tax at a flat rate of 15%, subject to a minimum tax of €10,000, after double tax relief. In the case of a married couple both of whom are in receipt of a UN pension, the total minimum tax for the couple increases to €15,000, after double tax relief.

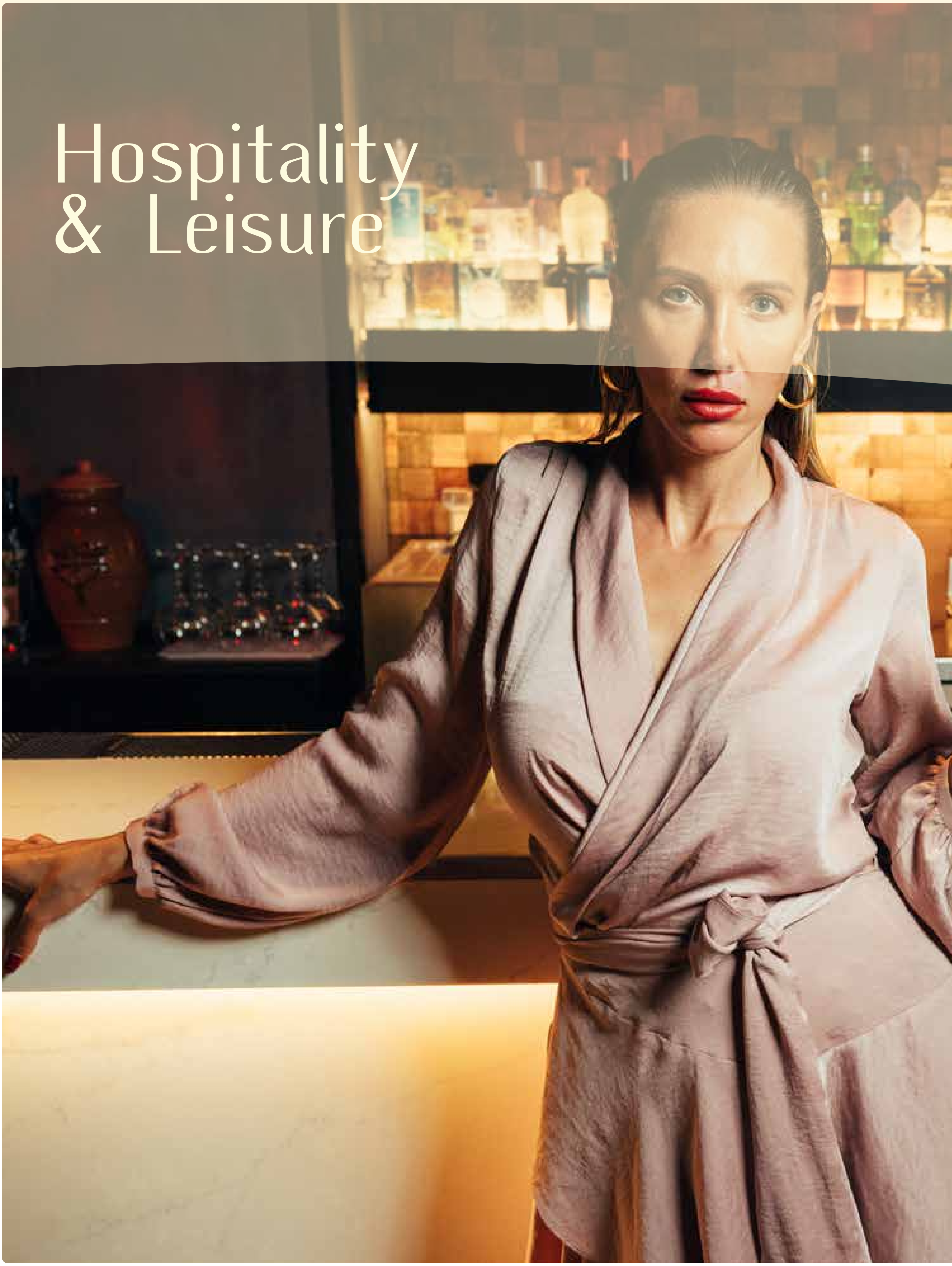
Malta also offers tax programmes to attract highly qualified foreign individuals to work in specific economic sectors. Under the Highly Qualified Persons Rules, expatriates satisfying certain requirements and employed in an eligible office, may opt to be subject to tax on such employment income at a flat rate of 15%, on condition that they do not claim double tax relief or any other deductions of credits. Companies which qualify include those licensed and/or recognised by the Malta Financial Services Authority, the Malta Gaming Authority or with an undertaking to hold an air operator's certificate or with the Office of the Chief Medical Officer to Government earning income payable from a 'qualifying contract of employment'.

Beneficiaries of the said Rules may benefit from the reduced tax rate for a period of 5 years in the case of EU / EEA and Swiss nationals and for a period of 4 years in the case of third country nationals. Furthermore, any person who is eligible to qualify under the said Rules shall be eligible for two further extensions of the qualifying period, provided that the maximum qualifying period does not exceed a consecutive period of fifteen years (in the case of EU/EEA/Swiss nationals) or twelve years (in the case of third country nationals). After December 31, 2025, no new decisions about eligibility under these Rules will be made.

Similar programmes are also available: the Qualifying Employment in Maritime Activities and the Servicing of Offshore Oil and Gas Industry Activities (Personal Tax) Rules and Qualifying Employment in Aviation (Personal Tax) Rules and The Qualifying Employment in Innovation and Creativity Rules. Individuals who are established in a field of excellence and return as ordinary Maltese residents may opt to have their income from employment in Malta taxed at a rate of 15%, subject to certain terms.

The aforementioned incentives and schemes are having a multiplier effect on the Maltese economy and leading to an increased demand for upmarket property in the country.

Hospitality & Leisure



Hospitality & Leisure

Tourism is one of the main pillars of the Maltese economy, significantly contributing to Malta's overall GDP and job opportunities. In 2019, just prior to the pandemic, Malta attracted 2.8 million tourists. Given that Malta's population is just over half a million, the number of tourist arrivals is substantial.

Between 2015 and 2019, arrivals increased by a compounded annual growth rate of over 8.9%[1], which is significant when compared to EU averages. In 2020 and 2021, the pandemic driven travel restrictions dramatically lowered arrival numbers.

In 2022, Malta experienced a strong rebound in arrivals, with the total reaching nearly 2.3 million. In 2023, pre-pandemic levels were exceeded and a record high for Malta was achieved, hitting almost the 3 million mark. The local tourism industry is not just back but returned stronger than ever. Data for the first half of 2024 indicates that another record will be set by the end of the year, with 1.6 million inbound tourists visiting, an increase of 23% over the same period of last year.

Main Indicators for Inbound Tourism for Malta 2019-2023

	2019	2020	2021	2022	2023	% change 22-23
Inbound tourists, not including overnight cruise passengers (thousands)	2,753	659	969	2,287	2,976	+30%
Tourist guest nights (thousands)	19,350	5,230	8,390	16,608	20,242	+22%
Average length of stay (days)	7.0	7.9	8.7	7.3	6.8	-6%
Tourism expenditure (€ millions)	2,200	455	871	2,012	2,671	+33%

Source: National Statistics Office, Inbound Tourism: December 2023

Typically, May through to October are the peak tourist months with August being the busiest. In 2023, tourists coming from the EU accounted for around 68% of all visitors. Over 2023, Italy was Malta's main source market, accounting for 18.4% of annual arrivals. The UK had previously been the main source market for a number of years, but was marginally edged out by Italy, with 18.1% of tourists visiting from the UK. Around 9.6% of tourists come from France and followed by German visitors, accounting for approximately 7.3%[2].

Over the years, Malta's tourist profile has shifted from a *'sun and sea'* focus to a more varied and cosmopolitan one, embracing history, culture, entertainment and business travel requirements – meetings, incentives, conferences, and exhibitions, diving, sports, and English language learning. The majority of tourists are aged between 25 to 44 years[3].

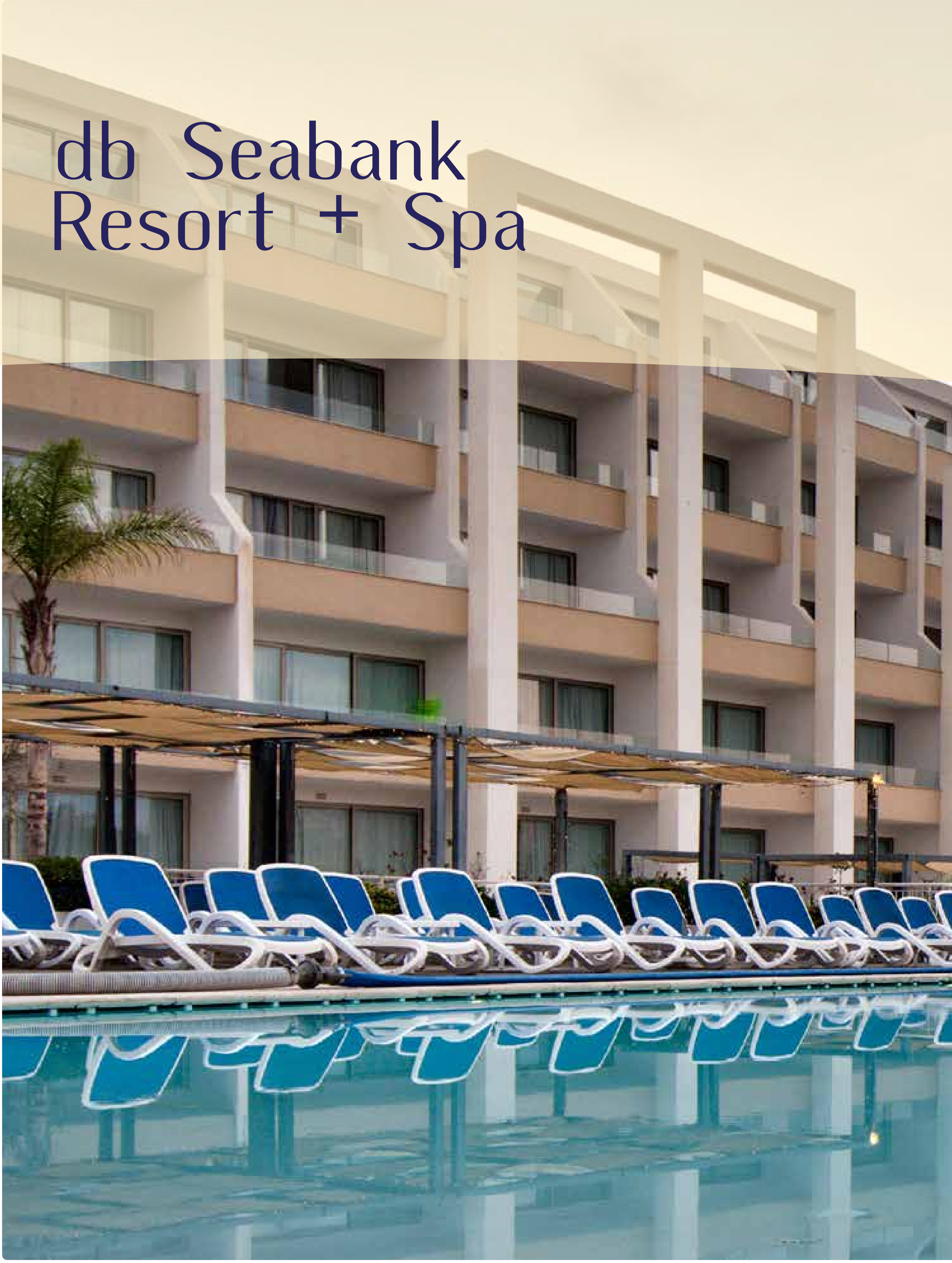
As at Q1 2024, the number of hotels in Malta and Gozo stood at **145, amounting to c. 40,000 beds**.

The majority are 4- and 3-star establishments, housing 20,064 and 10,705 beds respectively. During the first quarter of 2024, 49% of non-resident hotel guests stayed at 4-star hotels, 31% stayed at 3-star ones and 18% opted for 5-star[4]. In addition to the hotels, there were another 159 collective accommodation establishments with a total of c. 6,300 beds. This segment includes guest houses and boutique hotels, amongst other small establishments.

As Malta registered its highest number of tourist arrivals in 2023, the Group's operations benefitted from this increase, registering a strong performance during FY24 in its hospitality sector. These results are the fruit of bold financial investment decisions we took, demonstrating our resilience in the face of a challenging period of global economic turbulences. Over the course of FY24, we are satisfied to see the hotels and restaurants perform at a healthy and competitive pace as indicated by the financial results presented below.

[1] National Statistics Office, Inbound Tourism: December 2023
[2] National Statistics Office, Inbound Tourism: December 2023
[3] National Statistics Office, Inbound Tourism: December 2023
[4] National Statistics Office, Collective Accommodation Establishments: Q1/2024

db Seabank Resort + Spa



db Seabank Resort + Spa

1984

Silvio Debono and his brothers acquire a small guesthouse in Mellieħa, expanding and embellishing it in subsequent years.

1992

The guesthouse is eventually converted into an 80-room hotel and inaugurated as the Seabank Hotel.

1996

Major structural modifications are carried out and new amenities added as the number of rooms is doubled to reach 160.

2001

Seabank Resort + Spa is expanded further, and the number of rooms is increased to 251.

2005

Seabank Resort + Sp
a major refurbishme

TIMELINE

With an investment of over €40 million, the db Seabank Resort + Spa is converted into a 540-room all-inclusive hotel.

2012

Periods of closure due to COVID-19 are used to refurbish hotel rooms and different sections of the hotel.

2021

As part of the Group's continuous investment for the future, in 2023 the Group invested in new digital technology leading to the Group launching a comprehensive mobile application. The brand-new hotel app revolutionised the guest experiences and enhanced the hotel's services.

The db Hotel brand commenced on a rebranding journey, embracing a fresh new identity that reflects our evolving vision and values.

2023

pa undergoes
ent overhaul.

2018

With a capital injection of €1.5 million the pool area is renovated, and the service offering is enhanced with more guest facilities. The events area is revamped to accommodate three new entertainment spaces, including an indoor hall for events.

2022

Upgrades are made in the hotel restaurants, with Tramun Tagħna and Pellicola receiving a full overhaul and rebranding, now known as Salia and Levant, respectively.

db Seabank Resort + Spa

The db Seabank Resort & Spa is a 538 room 4-star all-inclusive hotel located in Mellieħa Bay. It has been in operation since 1992 and is Malta's first fully all-inclusive resort. It offers superior service and enjoys spectacular and unobstructed sea views. The hotel sits on approximately 23,000 square metres of land, 19,000 square metres of which are landscaped, and employs over 420 staff from 27 different countries.

In 2012, with an injection of €40 million, the resort was renovated and extended to a 540-room facility. The hotel houses seven themed restaurants, 3 bars, Malta's largest hotel pool, a state-of-the-art fitness centre, and a spa with a heated indoor pool offering panoramic views. In 2015, a new entertainment complex including three restaurants, a bowling alley, a sports bar, and a teens and kids club were inaugurated on its grounds.

Year on year, the Group has continued to invest in developing and upgrading the hotel, with excellence as a priority at every step of our guests' sojourn with us. Between 2021 and 2022, the Group utilised periods of closure due to the COVID-19 pandemic as an opportunity to upgrade and refurbish a number of hotel rooms and areas. As a result, today the Group is able to welcome guests to a modern, attractive and good quality hotel.

The db Seabank Resort + Spa offers guests a total of ten varied food and beverage establishments to choose from. Over the years, the Group has kept up with consumer trends by frequently updating the hotel's offering through reinvestment and renovation. We have commissioned new restaurants and updated their offerings which showcase our deep understanding of market demands as well as the Group's extensive experience in the hospitality and catering industry. Through constant re-investment and refurbishments, the Group ensures that we are able to provide new exciting experiences for both resident and non-resident guests.

Over the years, the hotel has been awarded a number of prestigious awards by leading tour operators and certification bodies:

LIST OF AWARDS

2024

- Traveller's Choice Award by Tripadvisor
- 2023 Zero Waste HoReCa Champion Award
- Quality Award by Jet2Holidays
- Top Hotel Partner 2023 by Schauinsland Reisen
- Top Hotel Performer Award 2023 by MTS Globe Malta & Robert Arrigo & Sons

2023

- Traveller's Choice Award by Tripadvisor
- Traveller's Review Award by Booking.com
- 2023 KAYAK Travel Awards
- Top Hotel Partner 2022 by Schauinsland Reisen

2022

- Traveller Review Award by Booking.com
- Traveller's Choice Award by Tripadvisor
- Forbes Travel Guide "Sharecare VERIFIED"

2021

- Traveller Review Award by Booking.com
- Traveller's Choice Award by Tripadvisor
- Recommended Hotel by HolidayCheck

2019

- Traveller's Choice by Tripadvisor 2018
- Traveller's Choice by Tripadvisor 2017
- Traveller's Choice by Tripadvisor
- Top-rated All-inclusive Hotel for the year by Hotels.com

2016

- Certificate of Excellence by Tripadvisor
- Traveller's Choice by Tripadvisor
- Loved by Guests Award
- Guest Review Award by Booking.com

2015

- Certificate of Excellence by Tripadvisor
- Traveller's Choice by Tripadvisor
- Hall of Fame Award by Tripadvisor
- Excellence Award by Booking.com
- Quality Award by Jet2holidays

2014

- Certificate of Excellence by Tripadvisor
- Traveller's Choice by Tripadvisor
- Most Popular Hotel in Mellieħa by HolidayCheck.com
- Gold Award Accessible Tourism by Travelife

2013

- Top 25 All-Inclusive Resort in Europe by Tripadvisor
- Certificate of Excellence by Tripadvisor
- Traveller's Choice by Tripadvisor
- Quality Selection Certificate by HolidayCheck.com

2012

- Certificate of Excellence by Tripadvisor

2011

- Certificate of Excellence by Tripadvisor

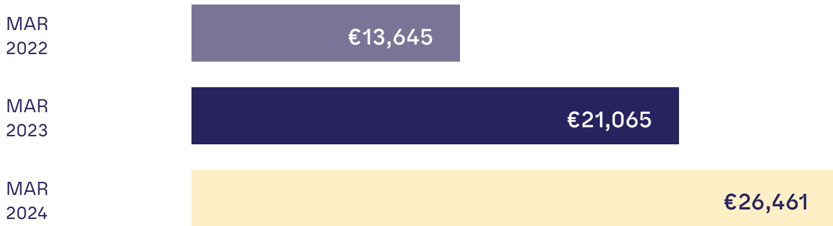
FY24 RESULTS AND KPIs

The db Seabank has performed positively during FY24, generating €26.5 million in revenue, an increase of 25.6% over FY23. A re-adjustment was made for the past financial year to show better comparability between Hotels as Seabank Head office was incorporated within Seabank Figures. Occupancy levels increased by 2% and the average achieved room rate increased by 14% as tourism reached a new record high in 2023. The reported Gross Operating Profit (GOP) improved to reach €11.6 million, with a higher GOP margin of 44%.

25.6%

CHANGE FY2023/FY2024

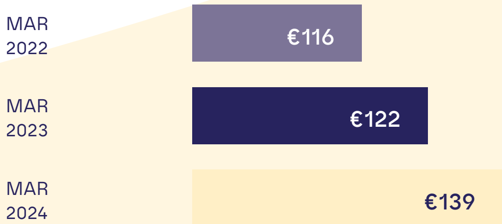
Revenue
€ 000's



13.9%

CHANGE FY2023/FY2024

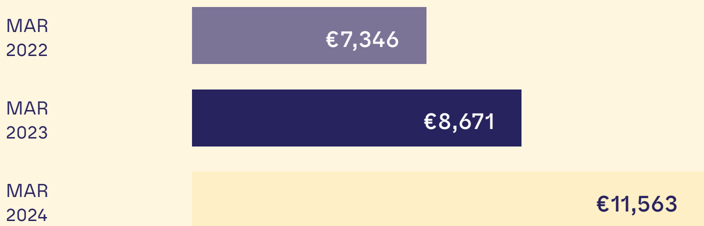
Average achieved room rate
€



33.4%

CHANGE FY2023/FY2024

Gross operating profit
€ 000's



6.2%

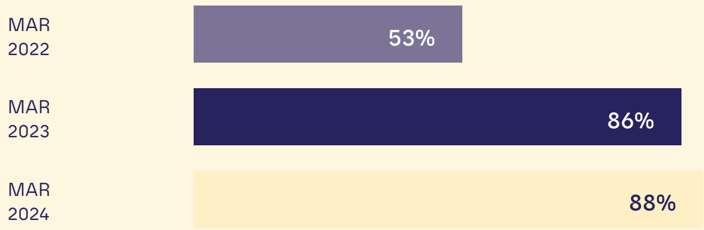
CHANGE FY2023/FY2024

Gross operating profit margin
%

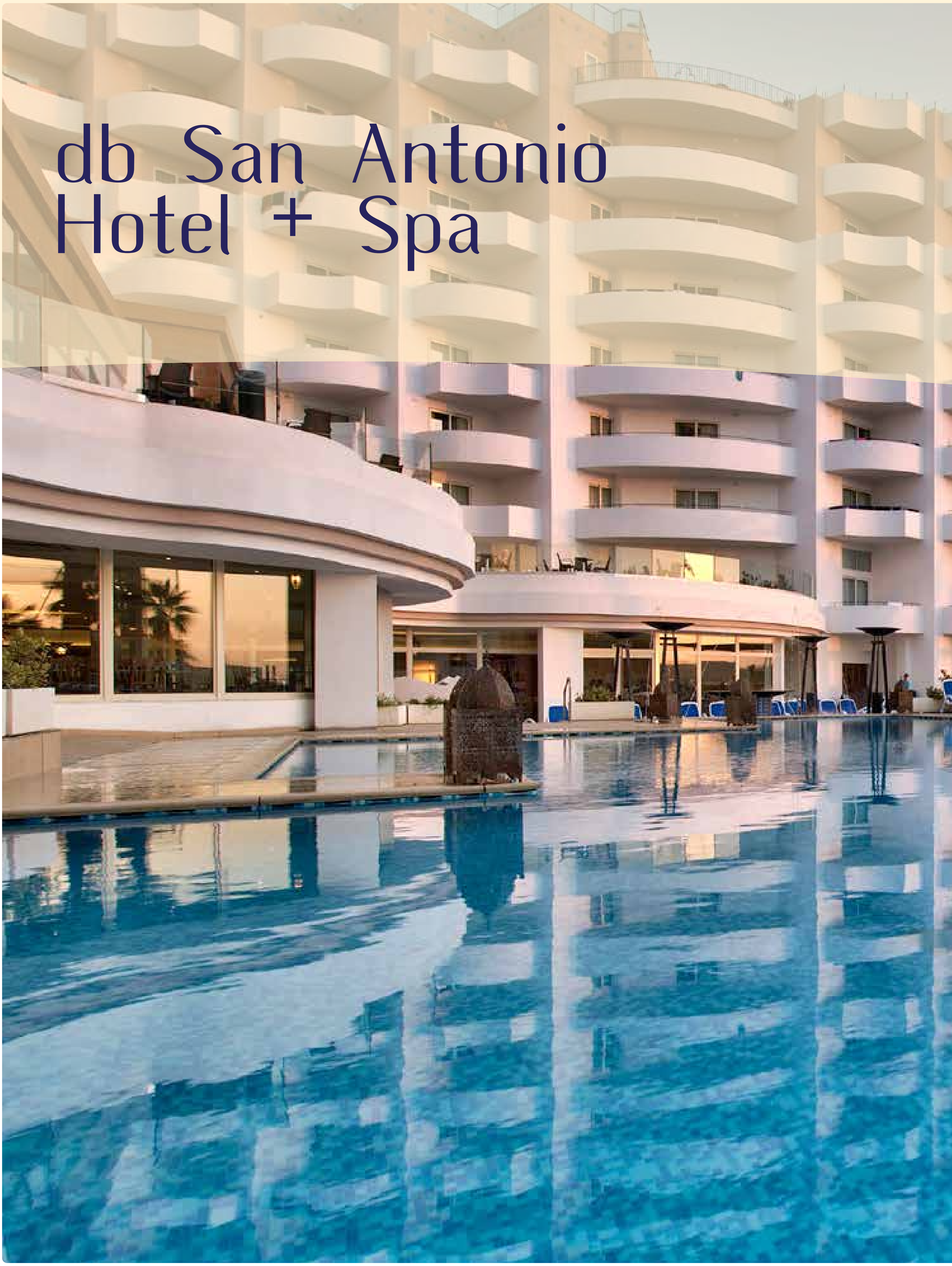
2.2%

CHANGE FY2023/FY2024

Occupancy
%



db San Antonio Hotel + Spa



db San Antonio Hotel + Spa

The Group acquires 50% of the San Antonio Hotel + Spa.

2000

The Group acquires 100% ownership of the db San Antonio Hotel + Spa.

2013

2002

Following extensive renovations and an investment of €28 million, the 300-room San Antonio Hotel + Spa is inaugurated.

2015

With an investmen
San Antonio Hotel
converted into a 5
hotel as the Group
its chain of hotels

TIMELINE

nt of €33 million, the db
l + Spa is refurbished and
300-room all-inclusive
p launches the db brand,
and resorts.

2021

Periods of closure due to COVID-19 are used to refurbish hotel rooms and the spa. In the latter alone, €360,000 were invested.

2022

The periodic closures driven by the pandemic are used to renovate and rebrand the Saboroso- Comadia Latina restaurant at the hotel.

2023

As part of the Group's future-oriented strategy, in 2023 the Group invested in new digital technology leading to the Group launching a comprehensive mobile application. The brand-new hotel app revolutionised guest experience and enhanced hotel services.

The db Hotel brand is overhauled, embracing a fresh new identity that reflects our evolving vision and values.

db San Antonio Hotel + Spa

The 4-star all-inclusive db San Antonio Hotel + Spa forms part of the db hotel chain brand. Located in St Paul's Bay, it is built in a Moorish style and has 500 rooms spread over ten floors. The hotel has over 400 staff from 41 countries. It includes seven themed restaurants, two bars, indoor, outdoor, and rooftop pools, a fitness centre, a Hammam spa, and extensive conference facilities.

Operating since 2002, db San Antonio Hotel + Spa was substantially upgraded in 2015. With an investment of €33 million, the number of rooms was increased from 300 to 500. In addition, a number of apartments are also offered on a long-term accommodation basis. In line with this upgrade, the hotel was converted into an all-inclusive hotel destination.

Periods of closure due to the pandemic provided the Group with the opportunity of carrying out further work and investment at this hotel as well. Most of the rooms and public areas were refurbished and a further €360,000 was invested in the upgrading of the spa which now has a total of seven treatment rooms, a hammam, ayurveda room and sultan's bath. The indoor pool including the hydro bath area has also been refurbished and upgraded. The result of this investment was that guests arriving over the past year could enjoy a range of new and improved facilities, ensuring that the hotel offers an all round excellent accommodation experience.

Furthermore, due to new restrictions imposed by the government during the course of the pandemic, periods of lower demand were used to fully renovate and rebrand one of the hotel restaurants, now called Saboroso- Comida Latina. The restaurant became fully operational in May 2022.

Over the years, the hotel has been awarded a number of prestigious awards by leading tour operators and certification bodies:

LIST OF AWARDS

2024

- Traveller's Choice Award by Tripadvisor
- 2023 Zero Waste HoReCa Champion Award
- Top Hotel Partner 2023 by Schauinsland Reisen
- Top Hotel Performer Award 2023 by MTS Globe Malta & Robert Arrigo & Sons

2023

- Traveller's Choice Award by Tripadvisor
- 2023 KAYAK Travel Awards
- ECO Certification by MTA
- Traveller Review Award by Booking.com
- Top Hotel Partner 2022 by Schauinsland Reisen

2022

- Traveller Review Award by Booking.com
- Forbes Travel Guide "Sharecare VERIFIED"

2021

- Traveller Review Award by Booking.com
- Traveller's Choice Award by Tripadvisor
- Recommended Hotel by HolidayCheck

2019

- Certificate of Excellence by Tripadvisor

2018

- Certificate of Excellence by Tripadvisor

2017

- Traveller's Choice by Tripadvisor
- Certificate of Excellence by Tripadvisor
- Guest Review Award by Booking.com
- Recognition of Excellence Award by HotelsCombined
- Top Local All-Inclusive 2017 by Hotels.com
- Top Producer for Package Room Nights in the 4 star category by Expedia
- Outstanding Service Award by GoHotels.com
- Best Hotel in Malta by Travel Republic Blog

2016

- Certificate of Excellence by Tripadvisor
- ECO certified by the Malta Tourism Authority
- Guest Review Award by Booking.com
- Recommended Hotel Award by HolidayCheck

2015

- Traveller's Choice by Tripadvisor
- Certificate of Excellence by Tripadvisor
- Top Bargain Hotel by Tripadvisor
- Certified by Lufthansa Holidays
- Bronze Award Winner by Zoover
- Quality Award by Jet2Holidays
- Top Producer Package Rooms by Expedia.com
- Sunny Heart Silver Award by Thomas Cook UK

2013

- Certificate of Excellence by Tripadvisor
- Recommended Hotel by Zoover
- Top Overall Ratings by venere.com
- Top Clean Award by venere.com

2012

- Certificate of Excellence by Tripadvisor

2011

- Certificate of Excellence by Tripadvisor

2010

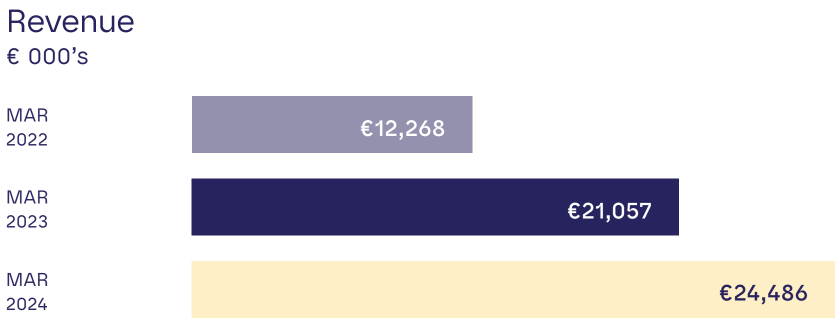
- Best Hotel in Qawra by Zoover

FY24 RESULTS AND KPIs

db San Antonio Hotel & Spa also had an improved performance as the hospitality sector reached new highs. Annual revenue for FY24 increased by 16.3% to reach €21 million. The average achieved room rate also increased from €118 in FY23 to €130 in FY24. Occupancy rates increased to a very strong 91% from 84% in FY23. The hotel reported a GOP of €10.67 million and a GOP margin of 44%.

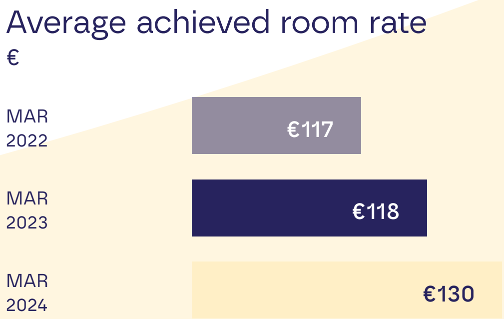
16.3%

CHANGE FY2023/FY2024



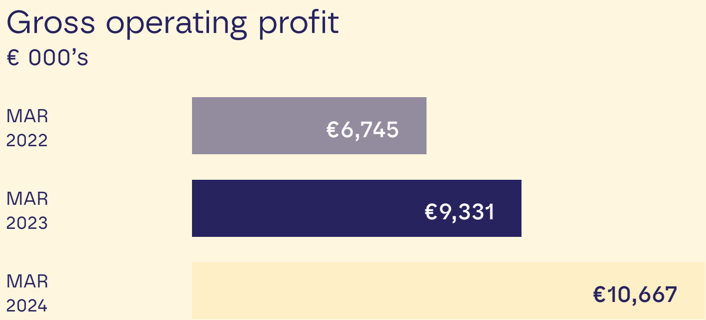
10.2%

CHANGE FY2023/FY2024



14.3%

CHANGE FY2023/FY2024

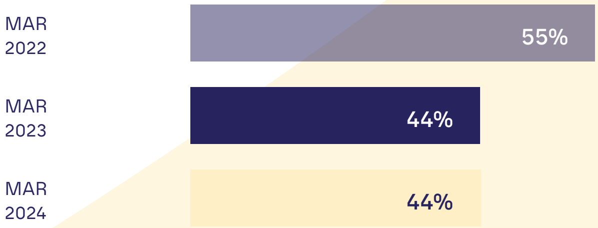


-1.7%

CHANGE FY2023/FY2024

Gross operating profit margin

%

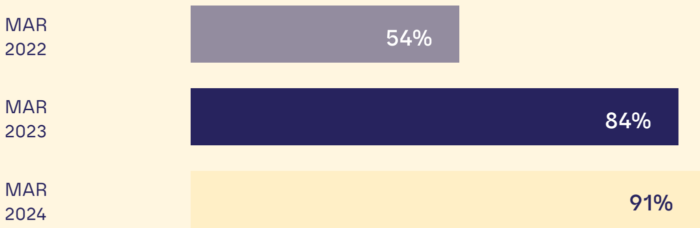


8.3%

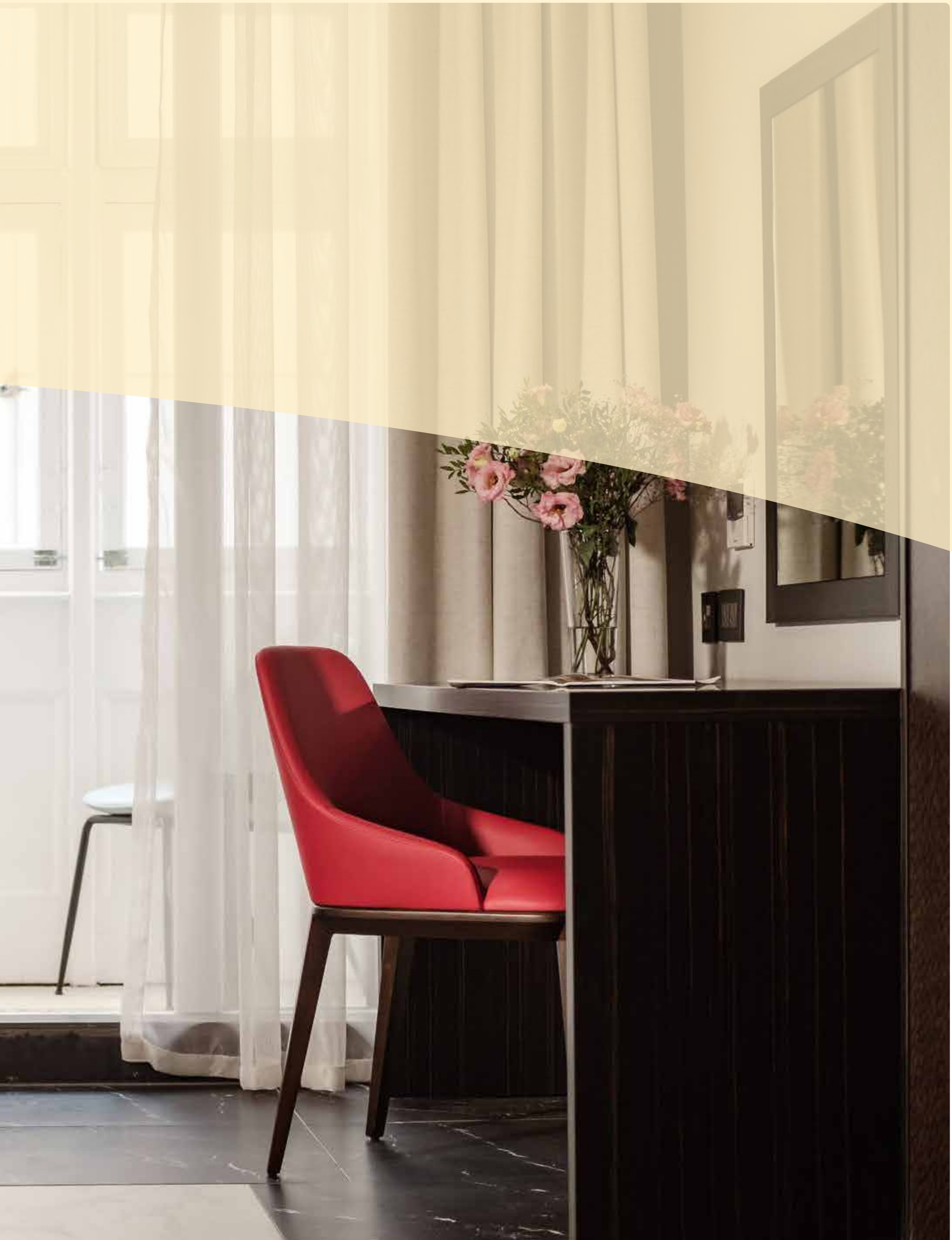
CHANGE FY2023/FY2024

Occupancy

%



The Melior Boutique Hotel



The Melior Boutique Hotel

Situated in the heart of Valletta, the Melior Boutique Hotel opened its doors at the start of 2022, along with the on-site Starbucks Reserve Bar, located directly below the hotel. This boutique hotel houses 18 stylish rooms and suites designed thoughtfully to provide guests with the ultimate level of comfort and convenience.

The renovations embraced elements and aesthetics of Maltese culture, carefully designed to complement the existing architecture and finishes of the original building. An exhibition of specially commissioned wall murals and art pieces from local Maltese artists adds to the overall experience. The iconic address at 300, Republic Street means that guests are offered many of Malta's must-see sites and attractions right at their doorstep.

The Melior Boutique Hotel opened its doors in the midst of some of the most turbulent times, January 2022, the last 9 weeks of FY22. It was a move that may have seemed unusual to most, but offers insight into the powerful strategic vision that db Group deploys. Choosing to grow, rather than retrench operations during the pandemic, the Group's unique awareness of its operational environment is crystal clear.

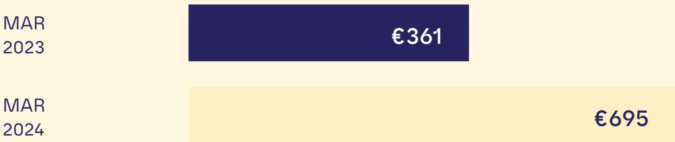
After two years in operation, the Melior Boutique Hotel has established its position in the market and was successful in attracting guests. It has gone from an occupancy rate of 43% in FY23 to 71% in FY24. It has been highly rated on various websites which showcase its quality and success in the local market. Revenue figures have nearly doubled, growing by 93% over the previous year. The average room rate registered during FY24 was equal to €149, increasing by 36%.

92.5%

CHANGE FY2023/FY2024

Revenue

€ 000's

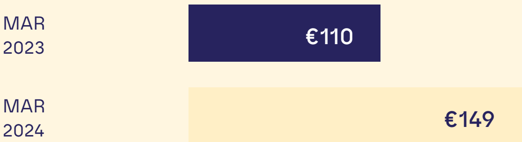


35.7%

CHANGE FY2023/FY2024

Average achieved room rate

€

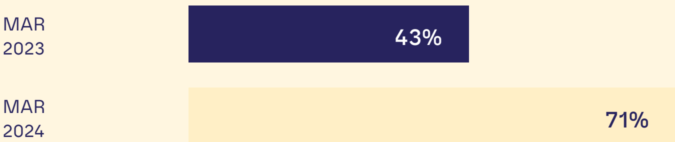


65.7%

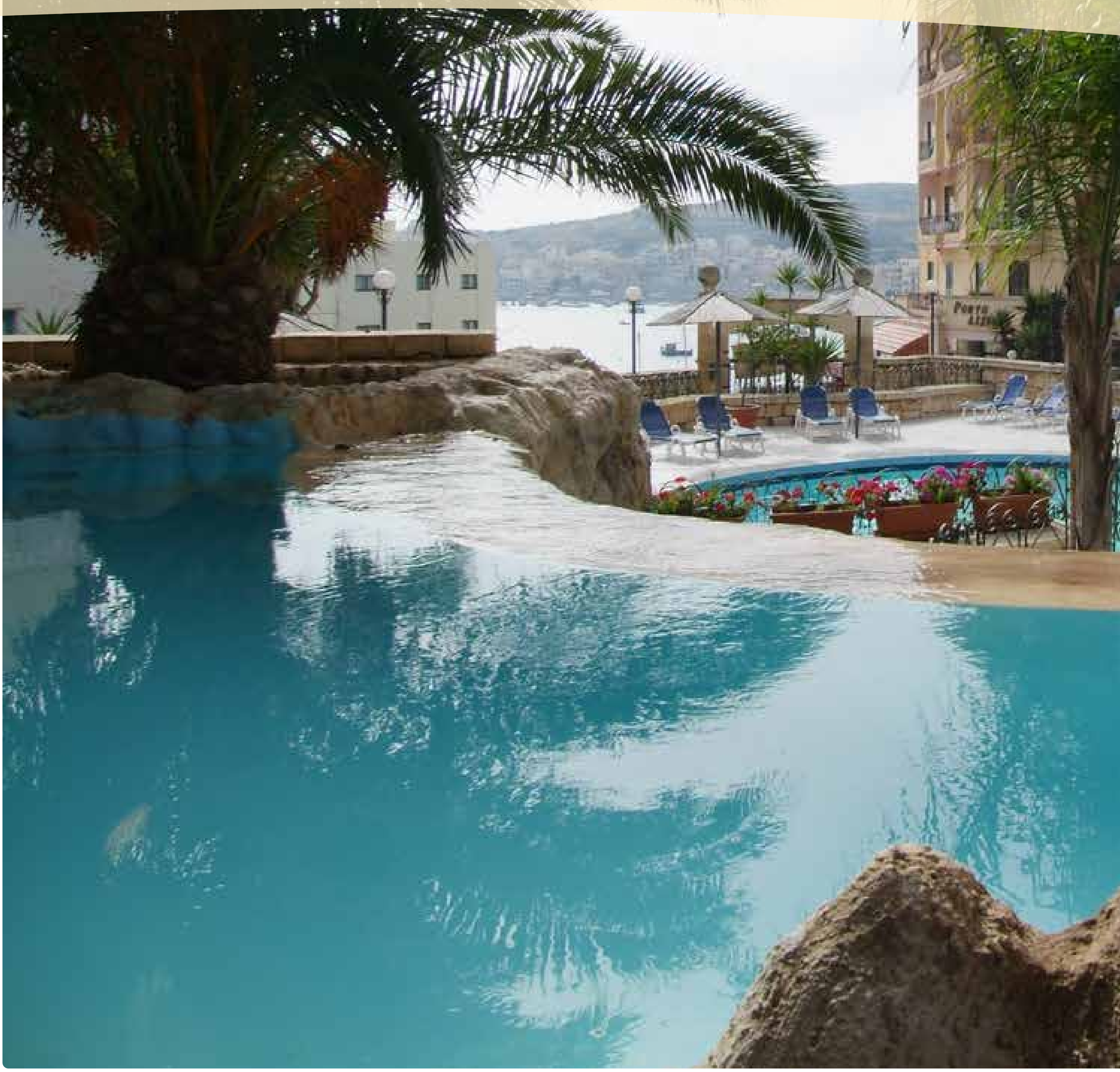
CHANGE FY2023/FY2024

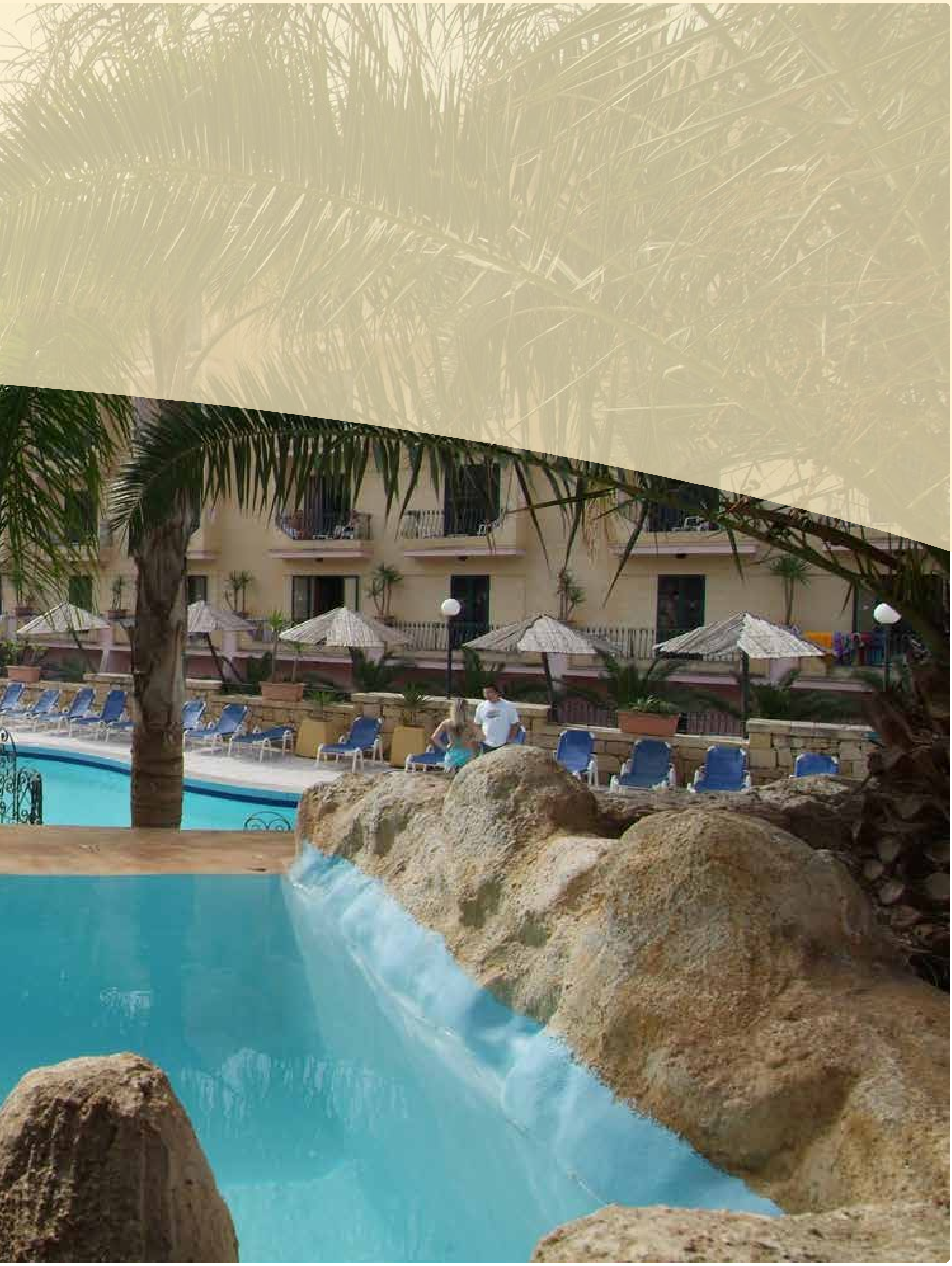
Occupancy

%



Porto Azzurro Hotel





Porto Azzurro Hotel

1995 The Group acquires a third of the Porto Azzurro Complex, an 80-room aparthotel which was refurbished and opened in the following years.

1998 25 new hotel rooms are added to the Complex.

Porto Azzurro is a 3-star, 125-room aparthotel situated on the coast of Xemxija Bay, St Paul's Bay. The rooms and apartments are stylish and comfortable, with ensuite bathrooms, air conditioning, fully equipped kitchenettes and other amenities. The hotel has a 24-hour reception, wi-fi connectivity, an internet café, a launderette, a mini-market, a dedicated restaurant and a pizzeria. Leisure facilities include outdoor/indoor and children's pools, a whirlpool, a jacuzzi, a fitness centre and a games room.

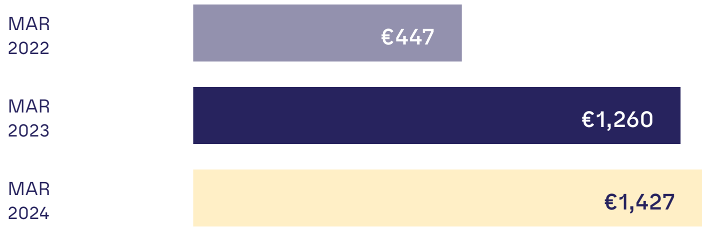
Porto Azzurro had a positive performance during FY24 in terms of revenue generated which went from €1.26 million in FY23 to €1.43 in FY24. The average achieved room rate rebounded to €53 in FY24 after suffering a slight decline in FY23. The occupancy rate marginally declined from 73% to 67%. The hotel reported a GOP of €353,000, declining by 31.7%.

13.3%

CHANGE FY2023/FY2024

Revenue

€ 000's



24%

CHANGE FY2023/FY2024

Average achieved room rate

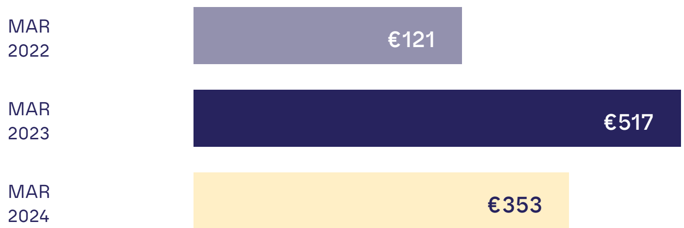
€

-31.7%

CHANGE FY2023/FY2024

Gross operating profit

€ 000's

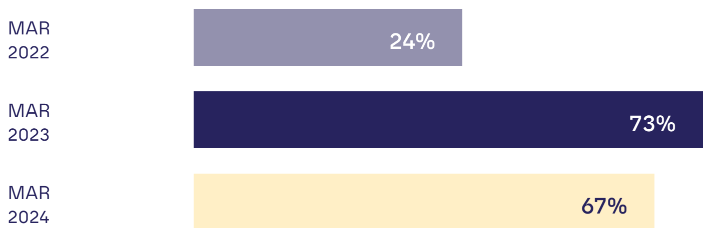


-8.2%

CHANGE FY2023/FY2024

Occupancy

%



Hard Rock Cafe Malta

Hard Rock Cafe Malta

In 2000, the db Group obtained the franchise to open Malta's first Hard Rock Cafe and today operates two outlets:

Malta International Airport

The Hard Rock Bar, is situated in the departures lounge of the Malta International Airport and is the first Hard Rock Bar in an airport in the world.

In Q1 2023, the venue underwent a substantial refurbishment of the back of the house and the Rock Shop. Following this investment, table service has been introduced as the seating capacity and visibility have been increased. As a result, revenues exceeded budgeted figures and closed off to a record of over €3 million.

Valletta

Hard Rock Cafe at Valletta Waterfront has a seating capacity of 140 and includes a cocktail bar, restaurant and Rock Shop. Centrally located along the promenade of the Valletta Cruise Port, it enjoys stunning views of the Grand Harbour and is a favourite destination for locals and tourists. During the previous financial year, Hard Rock Cafe Valletta Waterfront registered over €2.4 million in revenue, surpassing budgeted figures.

Hard Rock Hotel, St. Julian's

Plans are well underway for the Group to open another Mediterranean Hard Rock Hotel at the planned db Group project in St. Julians. The Hard Rock Hotel earmarked for St. George's Bay will pay homage to the original 19th century British military accommodation quarters. Hard Rock is contributing €2 million towards the €300 million ITS project.

Over the years, the restaurants have won a number of prestigious awards:

2023

Certificate of Excellence by Tripadvisor

2021

- Closure of the Hard Rock Cafe at Bay Street Complex in St. Julians in November 2020 in preparation of a new outlet to open within the Hard Rock Hotel at the db Group project, also in St. Julians.

2019

Hard Rock Cafe Malta

- Certificate of Excellence by Tripadvisor

2014

Hard Rock Bar, Valletta

- Certificate of Excellence by Tripadvisor

2004, 2007 & 2010

Hard Rock Cafe Malta

- Top of the Rock Award

2007

Hard Rock Cafe Malta

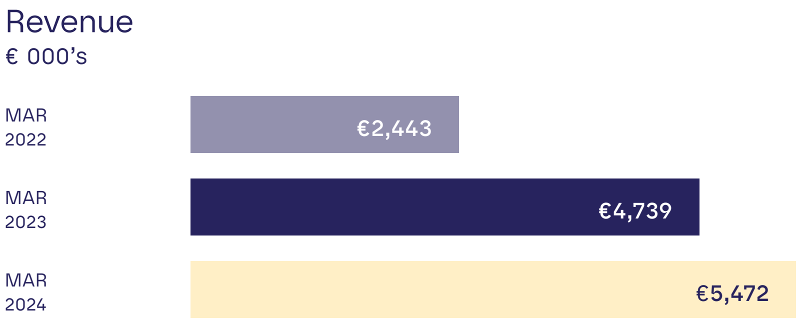
- Best Franchise of the Year Award

FY24 RESULTS AND KPIs

During FY24, Hard Rock Cafe generated €5.47 million in revenue, representing a significant increase of 15.5% on its FY23 revenue, amounting to €4.7 million.

15.5%

CHANGE FY2023/FY2024



Starbucks
Malta

Starbucks Malta

Since 1971, the Starbucks Coffee Company has been committed to ethically sourcing and roasting high-quality arabica coffee. Today, with more than 30,000 stores around the globe, Starbucks is the premier roaster and retailer of specialty coffee in the world. Through its unwavering commitment to excellence and guiding principles, the unique Starbucks Experience is brought to life for every customer, one cup at a time.

In 2018, db Group announced a licensed exclusive partnership to operate and develop a number of Starbucks stores across the Maltese islands. As Starbucks' 80th global market, the first Maltese store opened its doors at Vault 15 at the Valletta Waterfront. It was featured in the international press as one of four Instagram-worthy outlets to visit globally.

Despite the challenges brought about by the pandemic, the Group continued to invest in the Starbucks brand. Not only did the outlets continue to hold their head above water during an acutely disruptive time period, but the Group persevered with the store roll-out plan, opening several new outlets during the pandemic.
The introduction of the Starbucks Reserve Bar outlet in Valletta during January 2022 further highlights the level of trust the world-renowned Starbucks brand has in the Group's ability to deliver excellence.

2018 The Group announces a licensed exclusive partnership to operate and develop a number of Starbucks stores across Malta and Gozo. The db Group expresses its pride to have introduced another global franchise to Malta, bringing the iconic American coffeehouse experience to the island.

2019 The first Starbucks store opens its doors at Vault 15 at the Valletta Waterfront. As the brand's 80th global market, this store was designed to marry our vibrant Mediterranean culture and aesthetics with a touch of Starbucks' own mercantile roots in Seattle's historic Pike Place Market. This outlet is featured in the international press as one of four Instagram worthy outlets to visit. The second outlet opens in Mellieħa, in June 2019, at the Group's seaside complex in Għadira Bay, overlooking Malta's largest sandy bay.

2020 As the Starbucks brand quickly gains traction, the third and fourth outlets open their doors - at the bustling Piazzetta Business Plaza on Tower Road, Sliema, and on the equally busy Islet Promenade in Buġibba which opened its doors in May 2020 when partial lock-down measures and operational restrictions were already in force.

2021 Even though 2021 proves to be an extremely difficult year, particularly for the leisure and hospitality sector, the db Group does not halt its investment plans. It goes ahead with the planned store openings - an outlet at the Strand in Sliema in June 2021, the second in this town in a year.

2022 In January 2022 the Group opens the unique *Starbucks Reserve Bar* in Valletta. It becomes part of a series of global cafes and roasteries that sell rarer, higher-quality coffees that are more carefully selected than traditional Starbucks coffee. This was a significant achievement which reaffirms the level of trust shown in the Group's ability to deliver exceptional quality.

2023 db Group pursues its strategy further by opening six additional outlets in key locations and further consolidates its position in the local market.

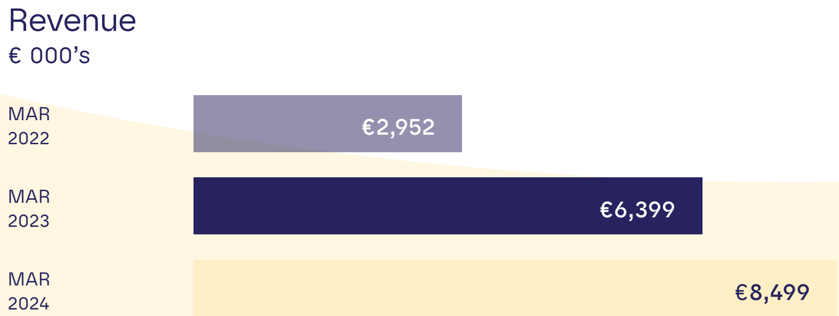
2024 Two new outlets are opened at well frequented shopping destinations, that is Centerparc in Qormi and the newly opened Shoreline mall in Kalkara. To date the Group operates eighteen outlets, with a further outlet in the pipeline planned to open in the next 12 months.

FY24 RESULTS AND KPIs

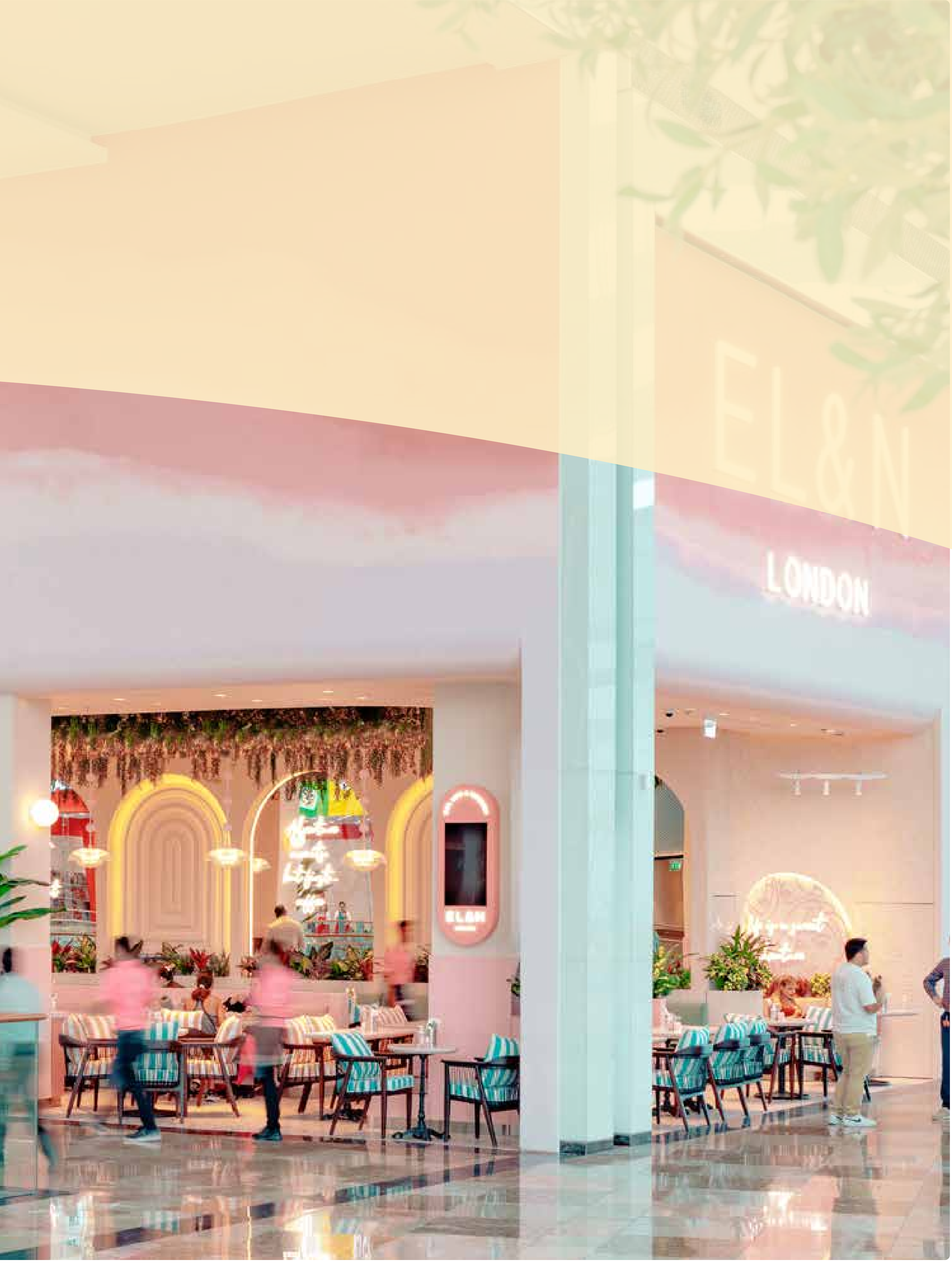
Following the additional outlets opened in the 12 months under review, Starbucks generated €8.5 million in revenue for FY24, representing an increase of 32.8% compared to FY23, demonstrating the positive position and significant growth of the Starbucks brand in Malta.

32.8%

CHANGE FY2023/FY2024



EL&N
London


EL&N
LONDON

EL&N London

EL&N London is the latest top brand we signed a partnership with to bring over to Malta. EL&N is a boutique coffee chain that will serve an array of visually attractive and delicious pastries alongside an all-day dining menu that features a selection of healthy and flavourful dishes.

The brand was founded in 2017 by Alexandra Miller and has rapidly expanded from its first location in Mayfair, Park Lane, to numerous sites across London, Europe, East Asia, Dubai, and the MENA region.

The lifestyle brand will be opening a number of outlets across the island, with the first confirmed location set to be at the St. George's Mall, part of the db Group's development at St George's Bay.


EAT, LIVE & NOURISH
EL&N
LONDON


Lifestyle
Group


TORA

Lifestyle Group

Lifestyle Group is one of Malta's largest hospitality businesses operating various restaurants around the island. Lifestyle Group has a diverse portfolio of well-known and much-loved brands each with its own unique and differentiated offering, but all with great hospitality at their core. The portfolio of brands provides something for everyone's lifestyle.

In recent years, Lifestyle Group has established itself as a leader in the local catering market, providing a number of highly successful and award-winning culinary experiences. It's offer includes twelve unique culinary concepts, many of which have achieved high ratings and various prestigious awards.

The Lifestyle Group encompasses the following brands:

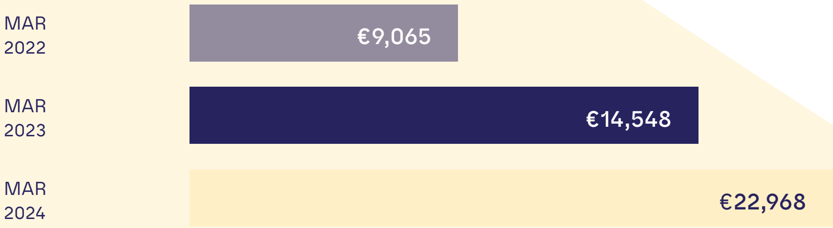
Akì · LOA · TORA · AMAMI · espiral · MANTA · Blû · nine lives · WESTREME KITCHEN + BAR · AMAMI FOOD BAR · VERÀNI

FY24 RESULTS AND KPIs

Lifestyle Group generated a turnover of €22.97 million during FY24, an increase of 57.9% over the previous year, whilst EBITDA reached €5.5 million. This showcases a strong performance for our F&B segment, with a wide range of culinary concepts that cater for a variety of tastes.

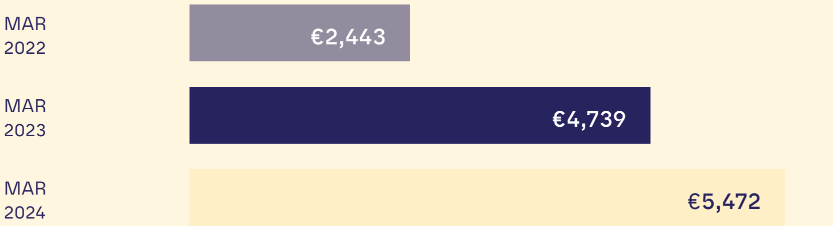
57.9%
CHANGE FY2023/FY2024

Revenue
€ 000's

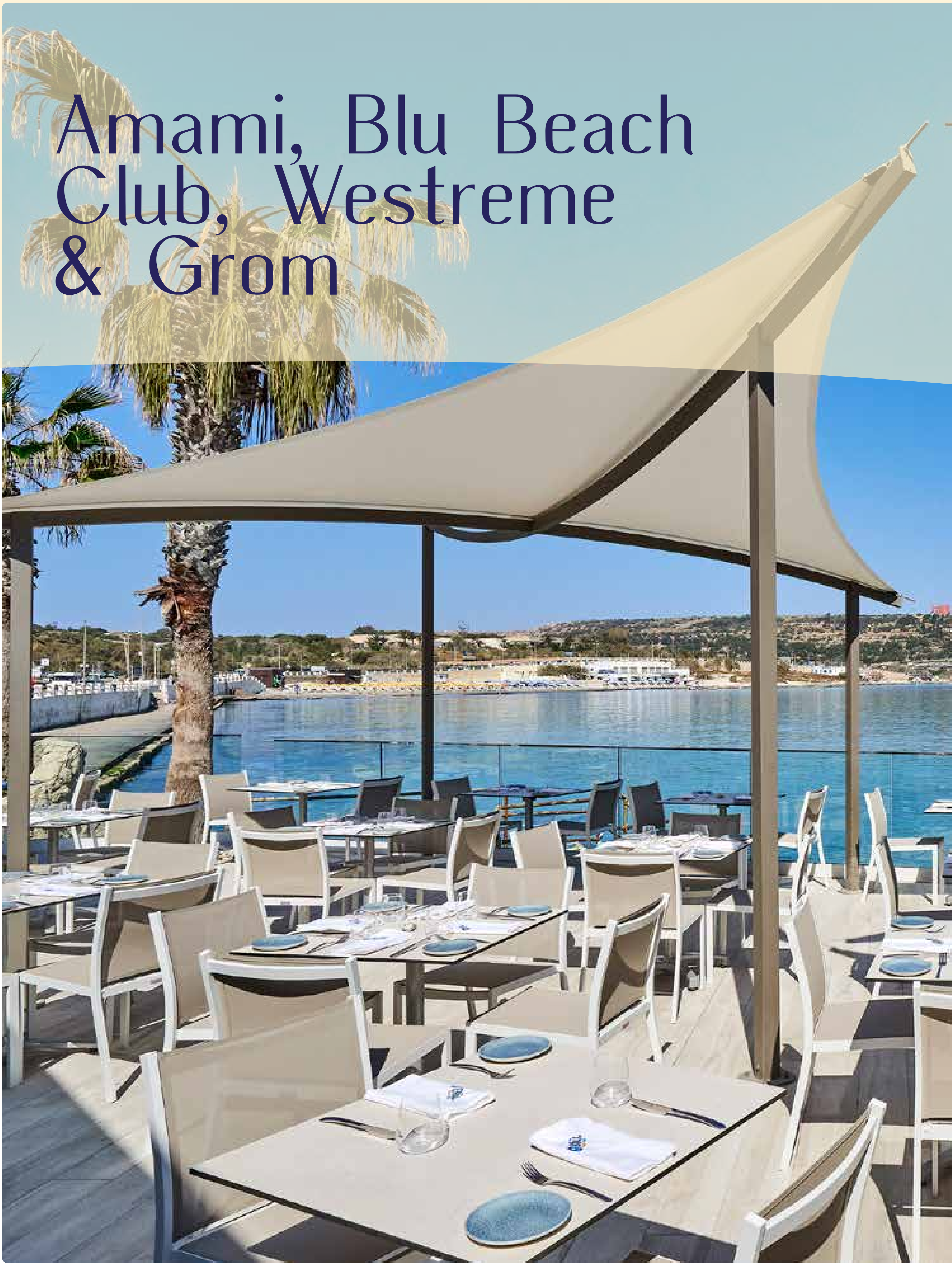


15.5%
CHANGE FY2023/FY2024

EBITDA
€ 000's



Amami, Blu Beach Club, Westreme & Grom



Amami, Blu Beach Club, Westreme & Grom

AMAMI

Amami is a Japanese and Asian haute cuisine located at the complex. Dishes are prepared by an expert team of international chefs who make use of authentic techniques such as a robatayaki grill, a traditional form of fireside cooking. Guests can enjoy magnificent, unobstructed views of Malta's most picturesque bay located in Mellieħa.

BLU BEACH CLUB

The Blu Beach Club is set right at the water's edge of Għadira Bay, Malta's largest sandy beach. The lido has all it takes to offer patrons the ultimate in seaside leisure. Great attention is given to every detail – from the comfortable sun loungers to the sublime menu, from the carefully selected summer cocktails to the relaxing décor and interior design.

WESTREME

Westreme is a family restaurant offering an extensive and well-priced menu. Patrons enjoy the spectacular and tranquil views of the Mellieħa Bay while children have fun in the dedicated play area right in the restaurant, making it the perfect family outing.

GROM

GROM is a highly acclaimed Italian gelateria franchise famous for its ice-cream that does not contain any artificial flavours and colours. The first GROM outlet opened its doors in Malta in May 2024 at Għadira Bay in Mellieħa. GROM was initially founded in Torino in 2003 and has since rapidly expanded, boasting over 50 stores in Italy and beyond it.

1993 The Group acquires the Tunny Net Complex at the water's edge in Għadira, some 200 metres away from the db Seabank Resort + Spa.

1995 The Tunny Net Complex is demolished and reconstructed to include a restaurant, pub, club, beach lido and water sports facilities.

2014 A complete refurbishment is carried out.

2018 Another, more extensive renovation is carried out with an investment of €3 million. The complex now houses three restaurants, a beach lido and a convenience store to service tourists.

2019 Malta's second Starbucks outlet opens its doors in the complex.

2024 GROM, an authentic Italian Gelateria franchise opens its doors in the complex.

Nine Lives

Nine Lives

The Nine Lives beach club opened its doors in June 2019. With an investment of €2.5 million, the Group developed a cool, sophisticated and yet casual ambiance at a carefully curated space - the perched beach in St. Paul's Bay.

The club offers a one-of-a-kind chill out, swimming, and dining experience right at the water's edge with spectacular views of St. Paul's islands. In between dips in the Mediterranean sea, guests can bask in the sun and enjoy gourmet food. In the evening, music becomes an integral part of the seaside, tropical atmosphere, with regularly scheduled events.

A refurbishment was carried out during the first quarter of this year to ensure that guests are offered the best experience in its fifth year of operations. It has established itself as a destination of choice amongst locals and tourists alike.

Aki

Aki

In February 2020, with an investment of €1.2 million, the db Group opened AKI, a restaurant and lounge bar in Valletta offering a unique gastronomical experience.

AKI offers a delicious and sophisticated spin on familiar Japanese flavours and dishes, serving Haute Japanese cuisine. Guests can sample from carefully prepared signature Japanese-inspired dishes with flavours to satisfy contemporary plates. At the lounge area, guests can choose from an array of AKI cocktails. It is a cocoon where the music and sophisticated décor complement the perfect setting to relax and unwind.

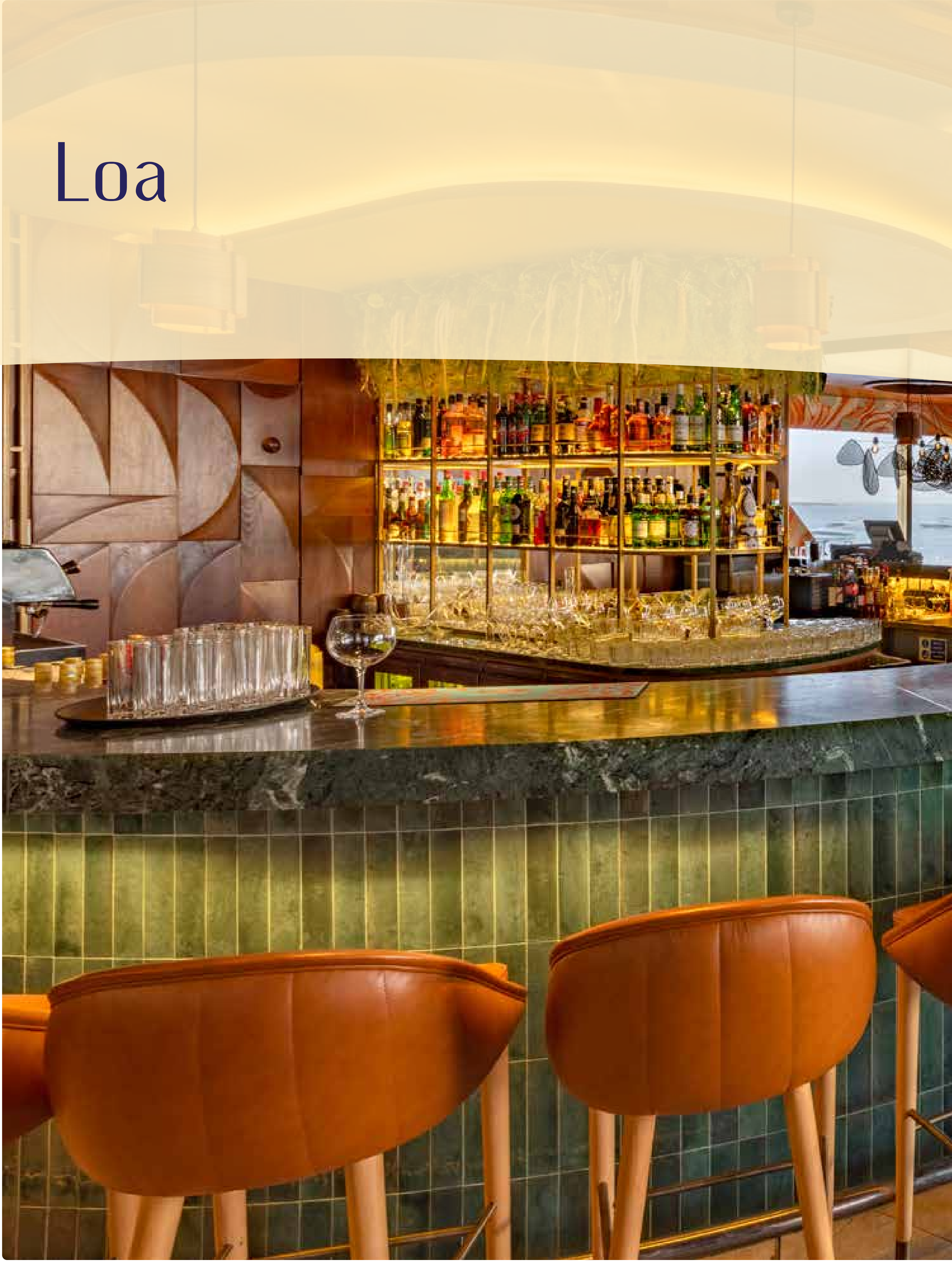
AKI was created with the aim of diversifying the db Group's extensive portfolio of restaurants, building on the experience gained over the three decades. Highly specialised interior and lighting designers were engaged to deliver the concept and ambience envisioned by the Group. London-based Jestico + Whiles, an international architecture studio, designed the interiors and the lighting was entrusted to Into Lighting Ltd, a leader in lighting design with four decades of experience. During FY24, the bar and interior area were refurbished, ensuring that the perfect setting is in place to offer guests a unique ambiance.

Now in its fourth year of operation, AKI had a positive performance. It is often fully booked on weekends from days in advance and sales figures are solid.

In 2022, AKI was included in the Michelin guide for the first time, evidencing the high quality of the all-encompassing experience provided by the restaurant. This success was repeated in 2023 and 2024 when AKI successfully retained its prestigious position on the Michelin guide, reaffirming its reputation as a culinary destination of exceptional quality. In 2024, AKI was also recognized by the Forbes Travel Guide, earning a Two Fork rating.

AKI is set to become international as we aim to open an outlet in London in early 2025. Works on this multi-million project are well underway, transforming a former bank into a state-of-the-art contemporary restaurant.

Loa

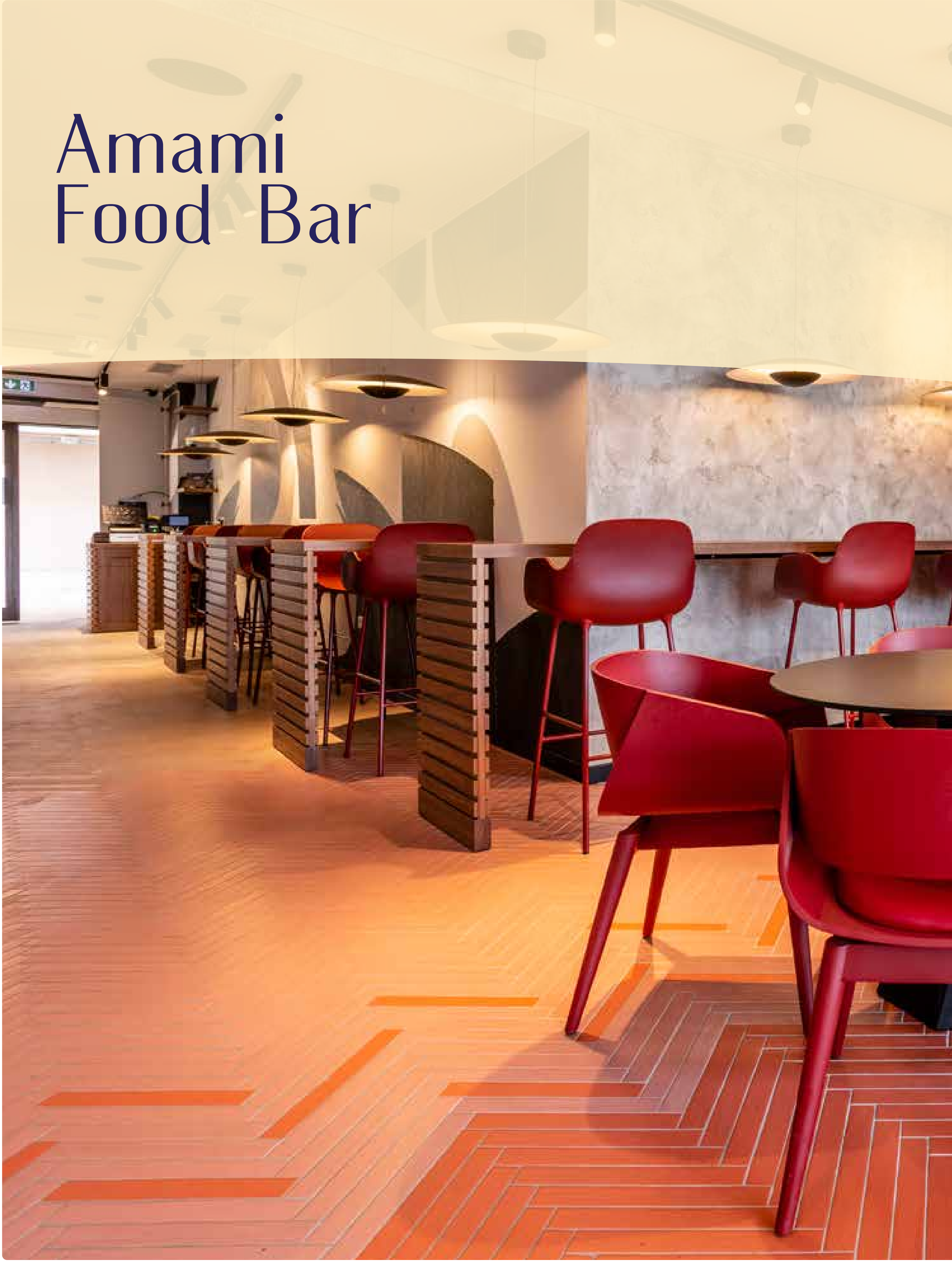


Loa

LOA is an upmarket South American restaurant and lounge bar which is contributing to the gentrification of the area around the Sirens Aquatic Club. Nestled right under the historic Wignacourt Tower in St. Paul's Bay, LOA offers patrons unobstructed views of some of the most pristine waters in Malta. In culinary terms, it showcases the best of Nuevo Latino cuisine, fusing traditional Latin flavours with some of the latest global palate trends.

The restaurant opened its doors in April 2022. In LOA's first year of operation it enjoyed a solid performance and was well received by both locals and tourists. In 2023, LOA was included in the 2023 Michelin Guide for the first time and was re-affirmed with this status in 2024. This represents the Group's second restaurant to be included in the Michelin guide, further highlighting the Group's ability to offer high-quality dining experiences.

Amami Food Bar



Amami Food Bar

The Amami Food Bar was introduced in July 2022 and is nestled in the University Campus Hub which is frequented by thousands of students. The introduction of the Amami Food Bar showcases the Group's understanding of the local food and entertainment market. As the sister restaurant of Amami, it has been designed to integrate the lifestyle of students, keeping their tight schedule in mind. The Amami Food Bar offers a unique experience, including a cool working space along with a fast, on-the-go service, that students can make use of between classes.

Veràni

Veràni

Veràni is a fast-casual food outlet in the departure lounge of the Malta International Airport. It caters specifically for travellers, offering an enticing array of popular cuisines ranging from traditional Maltese baked goods, to popular dishes from other cuisines including Japanese, Spanish and Mexican dishes. One distinctive feature offered by Veràni is an "Inflight Picnic", which includes a freshly prepared meal and drink for travellers to enjoy during their flight.

Veràni opened its doors at the start of the previous financial year, that is in April 2023. In its first year of operation, the restaurant registered an outstanding performance, surpassing budgeted figures and expectations, and was well received by all travellers.


HAVE
A BAGEL
MORNING
GET THE
PARTY
STARTED

Tora

Tora

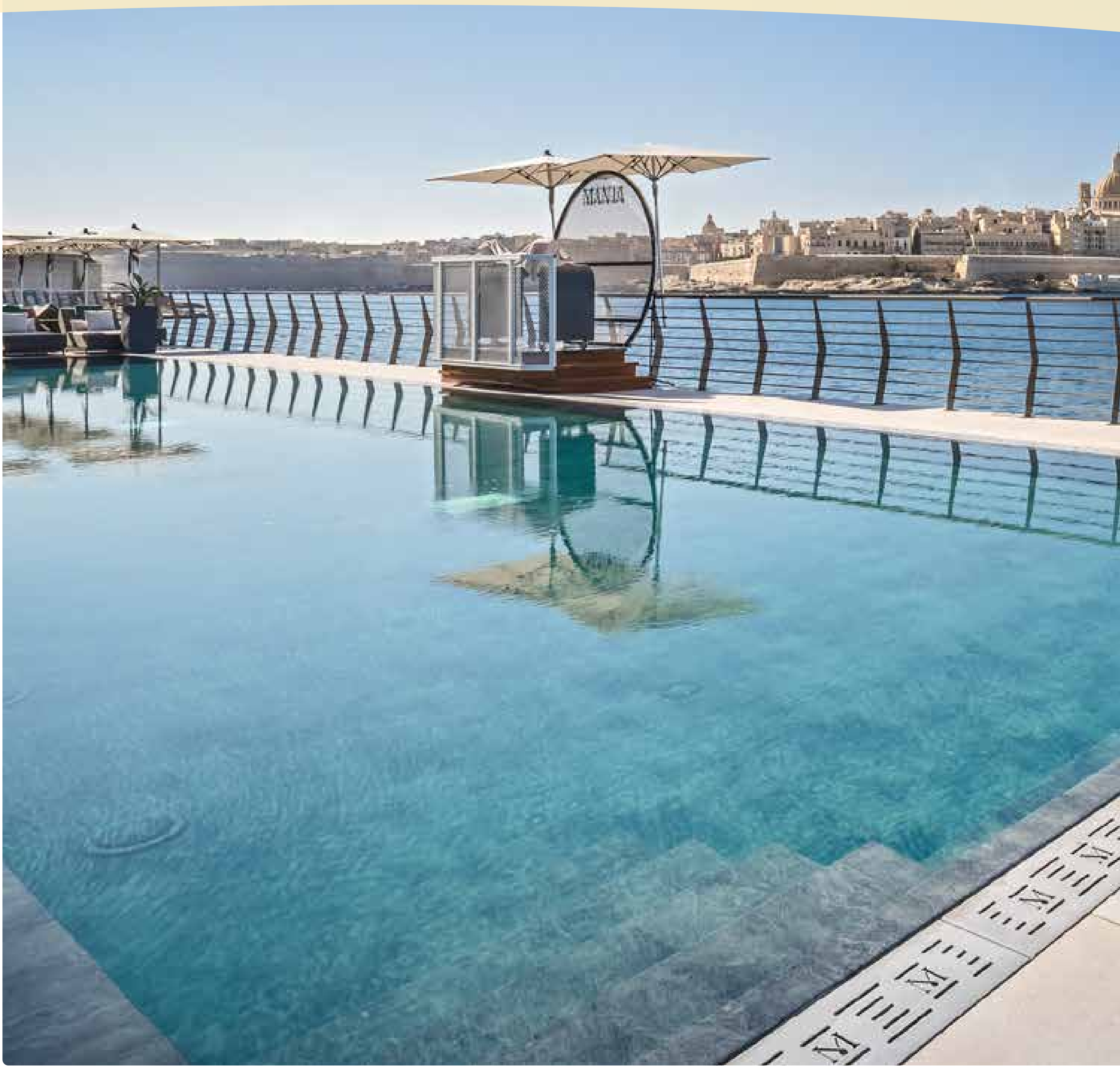
Located in a bustling destination in Sliema, Tora marries oriental cuisine with innovative cocktails. Situated on the water's edge, Tora's prime location offers breathtaking views of Valletta and sets the stage for a romantic evening, a family gathering, or a night out with friends.

Tora pays homage to the traditional Oriental cuisine but with a contemporary twist. Tora's skilled chefs craft an array of dishes - from delectable dumplings to flavourful stir-fries and its popular signature Peking Duck. Guests can complement their meal with one of Tora's signature cocktails, inspired from the Orient and skillfully crafted by Tora's very own mixologists.

The name, Tora, derives from the Japanese word for "tiger," which symbolises power, strength, and courage in the East. These qualities are embodied in Tora's dishes, drinks, and hospitality.

Tora was successfully opened in May 2023 and has already generated significant interest and excellent reviews. After a year in operation, Tora is one of the best rated restaurants in Malta according to TripAdvisor ratings.

Manta



Manta

Perched in a stunning seaside setting, Manta is a gorgeous lido that takes its inspiration from the grace and elegance of the majestic manta ray. With its delightful Mediterranean fusion restaurant and sparkling pool, Manta offers an extraordinary dining experience that is unmatched in both beauty and quality.

Whether one seeks to unwind in the warm embrace of the Mediterranean sun or revel in vibrant nightlife after it sets, Manta is the perfect place to relax, let loose and enjoy the finest dishes, cocktails and live entertainment. With an in-house DJ, percussionist and dancers, Manta is a true celebration of art, culture and life, having now completed a full year of operations after opening its doors in June 2023.


MOËT

Espiral

Espiral

The goal of our Spanish restaurant is to create a truly immersive dining experience that awakens all the senses. We aimed to create a multi-sensory atmosphere that goes beyond just the taste of the food, but also includes sights, sounds, smells and texture.

From the moment our patrons walk through the door, we want to transport them to Spain. The contemporary decor, music and scents create an atmosphere that truly captures the spirit of the country. The menu features a variety of traditional Spanish delicious visually stunning dishes with an accent on vibrant colours and contrasting textures. Our restaurant also features a carefully curated wine list, featuring wines from Spain and around the world. Our goal is to create a memorable and enjoyable experience for our clients through all their senses.

The restaurant opened its doors in late 2023.

Healthcare

Healthcare

Background

The public sector is the main service provider of healthcare in Malta, supplying near universal coverage to all residents through social security legislation or humanitarian exemption. The public sector is complemented by a private one which mostly delivers primary healthcare services. Over the past decade Malta has registered one of the largest per capita increases in health expenditure in the EU, despite being the smallest Member State. The increase has been relatively consistent year on year. The global pandemic and the subsequent pressures impacting the Maltese healthcare system have led to dramatic increases in public expenditure in this sector.

To foster stability, Malta's Partnership Agreement with the EU envisioned an overarching strategy rooted in three funding priorities, one of which is health and well-being improvement through locally financed investment in the sector's infrastructure [1]. As a result, the trend in year-on-year increases in expenditure on healthcare is expected to continue.

Long-term Care

Long-term care for the elderly in Malta is provided by the state, the Catholic Church and the private sector.

Projected expenditure on this type of care is predicted to increase by 1.9% of GDP, reaching 3.0% by 2070. This trend reflects the demands of an ageing society and an increased life-expectancy at birth, part of an overarching trend stretching back six decades[2].

Due to the ever-increasing demand for long-term care facilities, the government has been investing in the construction and management of a number of residences and nursing homes. In search of the best model to develop and run these institutions, the government has signed various contracts with the private sector.

Although waiting lists for residential care have grown substantially, public-private partnerships served to shorten them to some degree[3]. In the beginning of 2024, it was indicated that around 1,600 persons were on waiting lists for admission to elderly homes.

According to the European Commission's joint report on healthcare and long-term care systems, one of the challenges faced by the Maltese system is the shortage of licensed beds in retirement homes. A relief solution being pursued is the encouragement of more home care. Accordingly, Malta has introduced the Care at Home scheme through which the beneficiary receives a maximum amount of up to €7,000 a year to help support those citizens who employ a home carer of their choice.

Nursing and Elderly Home Pressures

The old-age dependency ratio is a measure of the age structure of the population. It computes the number of individuals dependent on the support of others in their day-to-day life, to those capable of providing support. Globally, an increase in old-age dependency ratios is projected to significantly contribute to a higher demand for public spending on health, long-term care and pensions. The global increase projected on long-term healthcare ranges between 3.5% to 6% of total GDP[4].

In Malta, the old-age dependency ratio increased considerably, from 20% in 2008 to 27% in 2023. Simultaneously, the share of the population aged 65 and over increased from 14% to 19%. The pressure on long term care provision, as measured by the share of potential dependents in the total population, is therefore set to increase from 3.2% in 2019 to 3.8% in 2030 and 4.6% in 2050 of total GDP.

In view of these trends, coupled with a growing population, demand for long-term care is set to continue growing, adding further demand-pressures to a sector already facing supply issues. This could lead to a longer waiting period for those in imminent need. In this respect, the government is envisaging to embark on more public-private partnerships (PPPs) to meet current demands and shorten waiting lists.

[1] Update of Stability Programme 2022 - 2025
[2] The world bank- Life expectancy at birth, total (years) - Malta
[3] Long-Term Care of Older Adults in Malta: Influencing Factors and Their Social Impacts Amid The International Financial Crisis
[4] 2021 Long-Term Care Report- Trends, challenges and opportunities in an ageing society

Healthmark Care Services Limited

2014

Through its partnership in Malta Healthcare Caterers Limited, the Group acquires the two largest healthcare companies in Malta and sets up Healthmark Care Services Limited (Healthmark). The key objective is to supply healthcare workers to public hospitals and clinics, as well as provide home care and support services.

2015

Through its partnership in Malta Healthcare Caterers Limited, the Group acquires land to develop a 300-bed home for the elderly in Santa Luċija, as well as a historic building in Mtarfa which was subsequently converted into a 150-bed residence for elderly dementia patients. The service offering in this area significantly increases when the Group takes over operations from what used to be the MMDNA.

2016

Service offering is expanded to include domiciliary care for the elderly.

2017

Through a PPP, Malta Healthcare Caterers Ltd and James Caterers Ltd are awarded the concession for the construction and operation of an additional 490 beds at SVPR, a care residence for the elderly. Through the same PPP, and with an injection of an additional €36 million, Malta Healthcare is also tasked to set up an onsite, fully-equipped kitchen as well as provide daily catering services to residents.

2020

Four new blocks to accommodate an additional 490 residents are successfully completed, meeting the project timelines.

2021

All four new blocks at SVPR with a bed capacity at 504 become fully operational at 95% capacity. Additionally, during the pandemic Healthmark provides support across the country through the provision of nurses and carers in key areas such as swabbing and vaccination centres.

2023

The incorporation of *Healthmark Training FZE* leads to the successful establishment of a new training centre in Dubai, known as the Healthmark Training Centre. The 250m^2 premises houses a training room, a hospital simulation room with medical equipment, offices, meeting rooms and a recreation area.

Healthmark is one of Malta's leading independent providers of health and social care services, with a focus on hospitals and the community more broadly. Over the years, the venture grew considerably, increasing the number of staff substantially. Today it has a pool of 501 professional nurses, 248 staff members providing domiciliary care to the elderly and over 2,774 trained care assistants.

Healthmark operates in nursing homes, long-term care facilities and hospitals. It currently provides carers to over 12 healthcare institutions in both Malta and Gozo. It also provides five government hospitals with nursing services as well as care, support, nursing, home help and clerical services to various government, corporate and private clients.

For almost two decades, the company has also been the service provider of care and support workers to Mater Dei Hospital, the country's main public hospital. In the local community, Healthmark provides home care and support services to seniors and to persons who need help at home due to illness or disability.

Such support ranges from morning and night-time assistance, personal care, medication support, laundry, cleaning, meal preparation and other household tasks. Healthmark's care services also include specialized ones such to those living with dementia and palliative care.

In 2017, a consortium made up of Malta Healthcare Caterers Ltd and James Caterers Ltd, was awarded a concession on a PPP arrangement for the provision of services at SVPR. Malta Healthcare constructed four new blocks to accommodate an additional 504 residents at SVPR and provides nursing, caring, housekeeping, and catering services, amongst others, for the additional 504 beds under a 15-year agreement. In 2021, the blocks were fully completed ahead of schedule, despite challenges posed by the pandemic. They are now fully operational, registering a 97.6% occupancy as at 31 March 2024.

Our Clients

Carers		Nurses
In government homes	**At hospitals**	
• St Vincent de Paul • Floriana home • Mellieħa home • Mosta home • Mtarfa home • Dementia centre Gozo • Night shelter Gozo • Dar il-Fjuri Gozo	• Mount Carmel hospital • Mater Dei Hospital • Sir Anthony Mamo Oncology centre • Karin Grech Hospital	• Mount Carmel hospital • St Vincent de Paul Long Term Care Facility • Mater Dei Hospital • Sir Anthony Mamo Oncology centre • Karin Grech Hospital

In 2023, in an effort to reinforce the quality of its services, Healthmark Training FZE was set up as a company based in Dubai Silicon Oasis, United Arab Emirates (UAE), leading to the opening of the Healthmark Training Centre. The 250m² training centre features a training room, a hospital simulation room with medical equipment, offices, meeting rooms, and a recreation area. The academy is certified by the Knowledge and Human Development Authority (KHDA), which is the educational quality assurance and regulatory authority of the Government of Dubai, in the UAE. Each group consists of 20 to 30 students with 2 trainers to teach clinical and non-clinical content, with courses held on a weekly basis.

Over the past financial year, Healthmark has built on its existing quality care and support for the Maltese community, making significant strides in enhancing service quality and expanding its reach both in Malta and beyond its shores.

In 2024, the companies constituting the Group's healthcare division, including Healthmark Care Services Limited, Health Services Group Limited and Support Services Limited achieved the following results:

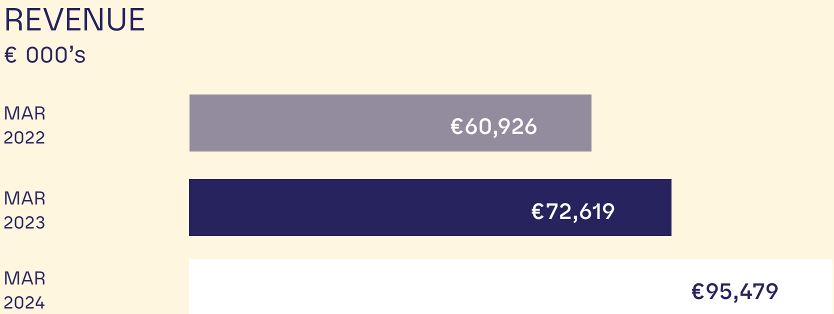
FY24 RESULTS AND KPIs

During FY24, Healthcare's revenue generation overtook the Hospitality and Leisure segment, accounting for 42% of the Group's revenue. This is testament to our ability to identify opportunities, as the pandemic left the Maltese healthcare industry exposed to supply shortages, to which we reacted by intensifying our efforts.

Revenue for Healthmark for FY24 was €95.5 million, an increase of 31.5% on FY23.

31.5%

CHANGE FY2023/FY2024



Contract Catering


9
6
KORE GROUP

Contract Catering

Overview of the Contract Catering Market

Over the last few years, the local contract catering sector has grown substantially, with the highest demands coming from the healthcare and catering sectors, as well as detention centres.

The demand for catering services in healthcare is requested by state and privately-owned hospitals, as well as care and retirement homes for the elderly. In line with Malta's growing and ageing population, demand from this sector has been steadily increasing over the last few years.

In the aviation industry, the demand for inflight catering services has finally recovered from the negative effects suffered as a result of the pandemic. Demand for inflight meals has increased in line with the rebound in global tourism.

2006 As part of its partnership in Sky Gourmet Malta Limited, the Group wins the in-flight catering contract of Air Malta, the country's national airline.

2007 Through its partnership in Malta Healthcare Caterers Limited, the Group enters the contract catering market, supplying meals to Malta's public sector hospitals.

2012 Through the same partnership, the Group starts supplying meals to Gozo's Acute Care Hospital.

2017 Under a 10-year catering agreement, Malta Healthcare Caterers Ltd and James Caterers Ltd are awarded the continued supply of meals to 1,100 beds at Saint Vincent de Paul Residence.

2022 In September 2021, Air Malta issued a call for tenders for the provision of services to its inflight catering operations. The db Group partnered with James Caterers Limited to submit a competitive proposal and was later selected as the preferred bidder.

2023 Together with its partner, the Group begins its new operations under the new branding of *Kore Inflight Services Limited* and *Kore Air Services Limited*.

Key Contracts

Malta Healthcare Caterers Limited

Malta Healthcare Caterers, a joint venture led by the db Group, provides hospital catering to all public hospitals in Malta. The company uses state-of-the-art technologies and computerised regeneration trolleys to serve over 6,000 cook-chill meals a day, making it the largest operation of its type in the country.

The company has been successfully providing such a service to Mater Dei, St Luke's and Sir Paul Boffa hospitals since 2007, as well as to the Gozo General Hospital since 2013 and to Saint Vincent de Paul Residence since 2014. The company also started providing meals to the oncology hospital which started operating in September 2015.

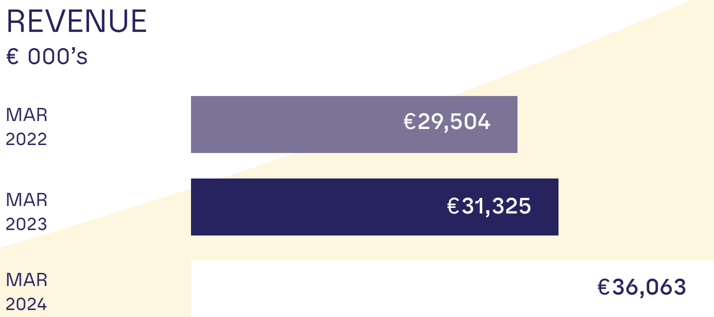
In 2017, under a 10-year catering agreement, Malta Healthcare Caterers Ltd and James Caterers Ltd were awarded the continued supply of meals for residents at Saint Vincent de Paul and entrusted with the setting up of an onsite, fully equipped catering centre.

FY24 RESULTS AND KPIs

Revenue in FY24 hit the €36.1 million mark, compared to €31.3 million in FY23, which amounts to an increase of 15.1%.

15.1%

CHANGE FY2023/FY2024



Kore Air Services Limited

The Group and its partners have proudly serviced Air Malta, our national airline, for over 17 years. Since then, the business has widened its market footprint and successfully serviced international airlines such as Emirates, Turkish Airlines, Lufthansa German Airlines and Ryanair on both a regular and hoc basis.

The company has served up to 2 million airline meals and snacks a year on average over the years. In addition, it also provides Air Malta with commissary and transport services for on/off loading of meals. The pandemic resulted in a drastic reduction of flights and passengers, with a predictable negative knock on effect on our business.

Post-pandemic, during FY24 we have seen a return to the growth trajectory that was on course in 2019, as demand has exceeded pre-pandemic levels and flights are operating more frequently.

In recent years, the Group's inflight catering business unit has experienced significant growth in the ad-hoc flight service segment, providing a number of catering options for chartered flights and private jets.

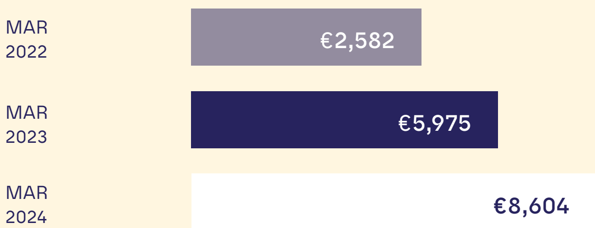
FY24 RESULTS AND KPIs

During FY24, Kore Air exceeded pre-pandemic revenue figures as the tourism industry bounced back stronger than its 2019 levels. Revenue for Kore Air in FY24 was €8.6 million, an increase of 44.0% over FY23.

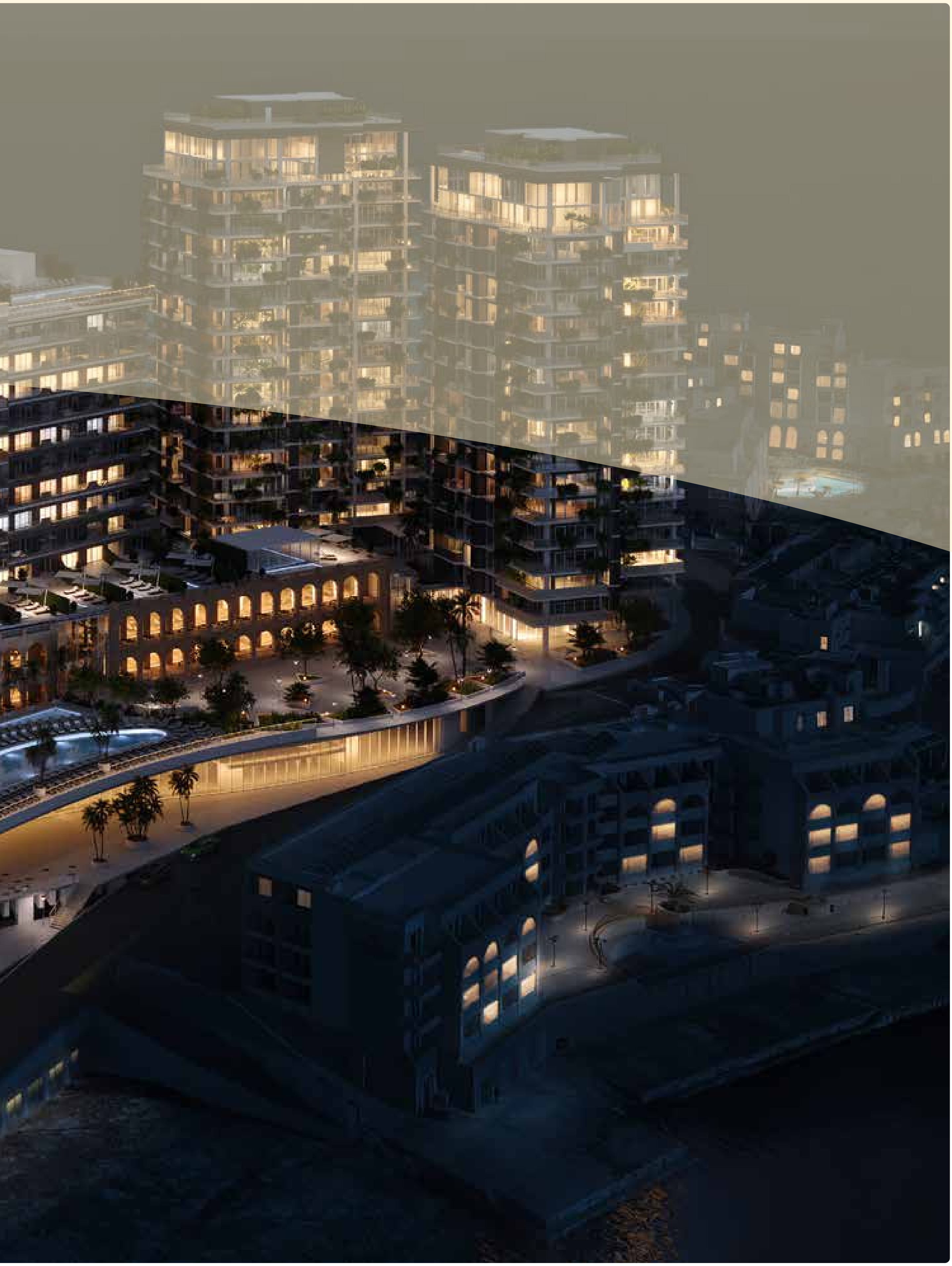
44.0%

CHANGE FY2023/FY2024

REVENUE
€ 000's



Property Development



Property Development

Malta's property market

Malta is the third most densely populated country in Europe and is visited by nearly 3 million tourists a year. These dynamics, together with the scarcity of land, make the local property market relatively unique – it has just experienced a decade-long strong run, with significant year-on-year growth across the industry. This was the result of various underlying demand drivers, mainly the significant increase in our resident population - largely the result of an ever-growing expat community.

1991 Kika Construction Limited is set up to oversee the construction of the Seabank Hotel.

2009 A block of upmarket apartments in St Paul's Bay is completed.

2012 The db Group completes the extension of the db Seabank Resort + Spa in a record 8-month timeframe.

2015 A block of luxury apartments in Mellieħa Bay is completed.

2017 The Group signs a contract to build a mixed-use development project in St George's Bay, Paceville with an investment of €250 million.

2020 Updated plans for the mixed-use development project are completed, focusing on preserving the historical heritage found on site and ensuring that the project is more sensitive to the environment and the communities in the vicinity.

2023 The Group kick-starts preparatory work on the mixed-use development in St. George's Bay, St. Julian's.

Overview of projects carried out

Initially, the Group entered the property development market as a strategic move - to develop its own projects. Eventually, it expanded its operations to include other real estate ventures.

Kika Construction and Kika Developments were set up in 1991 and 1995 respectively in order to oversee the construction and upgrading of the db Seabank Resort + Spa extension projects. This latest extension project, with an investment of €40 million, was completed in a record 8-month period.

Additionally, Siar Property Investments Limited was later set up in order to develop and sell luxury apartments, a thriving market in Malta. Furthermore, the Group continued to develop luxury apartments in Għadira and Mellieħa, leading to the formation of Għadira Property Investments Limited. The Group was also involved in the development of a block of 16 high-end apartments in St Paul's Bay.

Project Pipeline

The Group's flagship project is the mixed-use development in St. Julian's, one of Malta's prime seaside hospitality and entertainment destinations. It is right across St George's Bay, a blue flag urban beach.

Works are currently underway to build two towers, including sky villas and a rooftop pool, in St.George's Bay. The mixed-use development will also feature a luxurious 5-star Hard Rock Hotel, residential units, a shopping mall, the largest wellness center in Malta, a number of world-famous bars, restaurants and retail brand outlets, and almost 5,000 square meters of public space.

The ORA Residences have been designed with the help of Dr. Laura Gatti, an award-winning landscape designer. She was behind the greenery of the world-renowned development known as the Vertical Gardens in Porta Nuova, Milan. The development is LEED certified, meaning that it features a Leadership in Energy and Environmental Design.

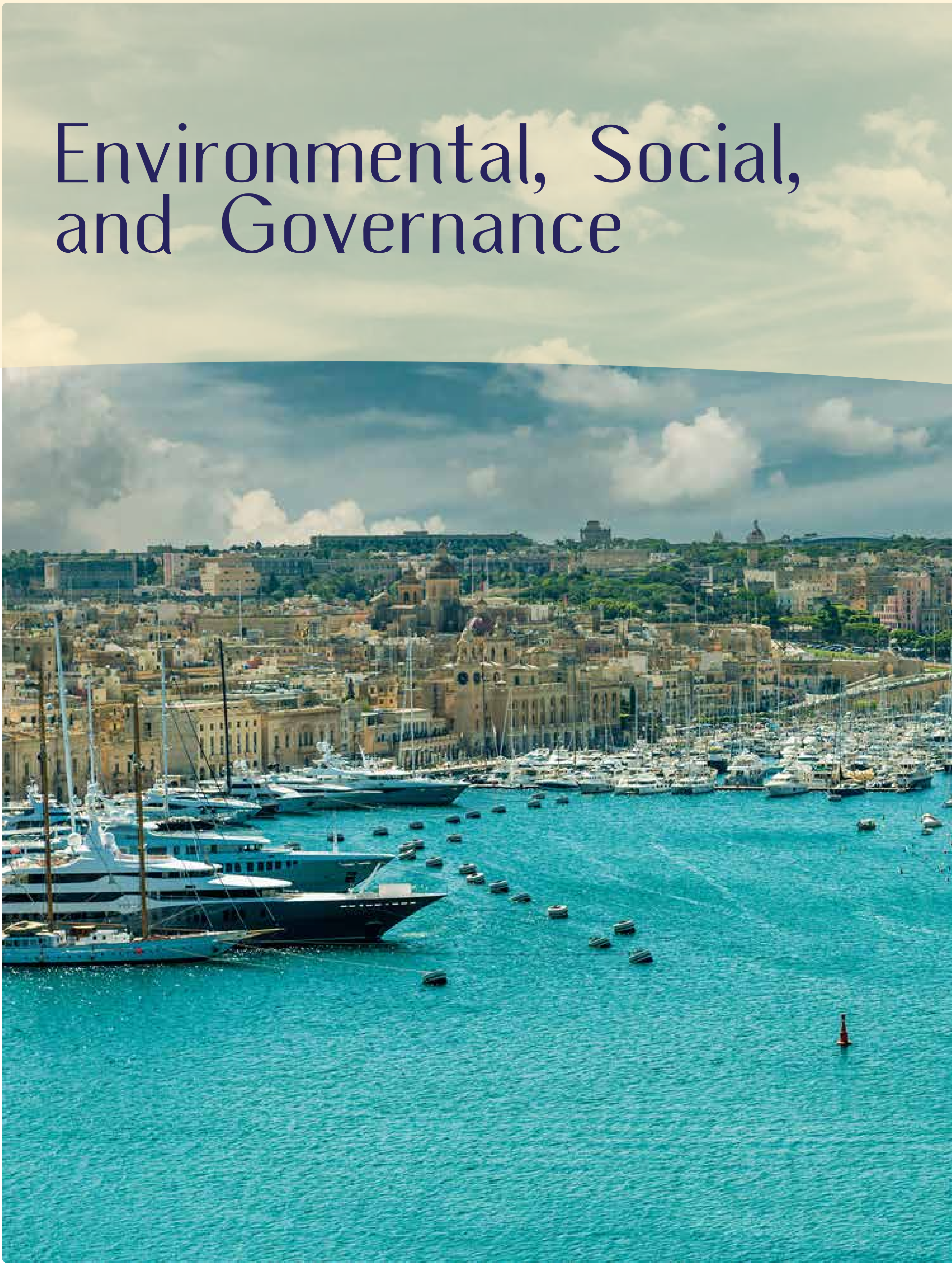
Residential units are meant to be sold fully furnished with a choice of 3 styles of finishing, featuring security front doors, designer intelligent lighting, insulation in all walls and sound mats in all floors. The ORA Residences are expected to be completed mid-2026, bringing a unique luxury and style of living to the Maltese islands.

The Hard Rock International brand is currently present in more than 240 locations in over 68 countries. The brand's mission is to spread the spirit of rock n' roll by creating authentic experiences for its customers. Some of the greatest stars in the world - Ringo Starr, Jon Bon Jovi, Eric Clapton and Rihanna, to name a few - actively associate themselves with the Hard Rock Brand. Hard Rock is also closely partnered with Microsoft, Nobu, Fender, Starbucks, MTV and Universal Studios.

From Ibiza to Chicago to Bali, Hard Rock Hotels already dot the globe. Architecturally, they aspire to be monuments of local architectural heritage. In the next five years, there are contracts signed to build many more Hard Rock Hotels around the world, ranging from Canada to Brazil to Malta. Europe currently has six Hard Rock Hotels, these include hotels in Davos, Ibiza, Tenerife, Madrid, and Marbella.

> ***The db Group is recognised as one of the most established hospitality companies on the island with more than 30 years of experience, which includes the ongoing management of Malta's existing Hard Rock Cafes***
>
> *MARCO ROCA Executive Vice President of Global Hotel Development at Hard Rock International*

Environmental, Social, and Governance



Environmental, Social, and Governance (ESG)

Sustainability is becoming a key priority for businesses and individuals alike. It means focusing on meeting the needs of the present without compromising the ability of future generations to meet their own needs. The db Group recognises its significant influence on sustainability through its operations, supply chains and community engagements.

In an era wherein corporate responsibility extends beyond mere financial performance, the db Group continues to champion the cause of Environmental, Social, and Governance (ESG) matters. Our commitment to ESG principles remains unwavering. We believe that our dedication to them is not only integral to our long-term sustainability but also a testament to our resilience and adaptability in the face of unprecedented challenges.

Over the past year the Group has made significant efforts to improve our sustainability standing. We continued to embed the values of sustainability into our operations, driving positive change across our value chain and enhancing our impact on the communities we serve. Our ESG strategy, underpinned by our commitment to continuous improvement, has allowed us to make significant strides in various areas, from environmental conservation to employee well-being and diversity to corporate social responsibility.

Our approach to environmental stewardship is holistic, encompassing a wide range of initiatives aimed at minimising our ecological footprint. With this vision, we made significant investments in energy and water efficiency, demonstrating our commitment to resource conservation. Moving forward, the introduction of new measures and improved monitoring practices paved the way for the implementation of more sustainable practices.

In the realm of social responsibility, we have continued to place our employees, guests and communities at the heart of our commercial and strategic vision. We launched several initiatives aimed at promoting employee well-being and diversity, recognising the invaluable contributions of our large workforce. Our charity foundation has continued expanding to reach more individuals. Our corporate social responsibility has also grown, reflecting our commitment to giving back to the communities we serve.

On the governance front, we continued to uphold the highest standards of performance, ensuring transparency, accountability and fairness in all our dealings. Our robust governance framework and internal controls have ensured that we operate in a manner that is consistent with our values and compliant with relevant laws and regulations.

In the following sections, we delve deeper into our ESG initiatives, providing a detailed account of our activities, achievements and future plans in each area. We invite you to join us on this journey as we continue to strive for a more sustainable and inclusive future.

Excellence remains our guiding principle even when it comes to ESG.

Environmental Matters

In our ongoing commitment to environmental stewardship, our Group sought measures to further minimise the ecological impact of our operations. Our focus remains not only on reducing our direct footprint but also on fostering a culture of environmental consciousness among our clients and staff.

Water and Energy Consumption

While occupancy rates have increased this year, our total water and energy consumption, our efficiency in terms of consumption per bed night improved significantly, particularly at the San Antonio Resort & Spa. At the Seabank Resort & Spa, while energy efficiency improved slightly (5%), water efficiency decreased from last year to this one.

Seabank Resort & Spa

Year	Bed Nights	Water Consumption (m^3)	Water Efficiency (m^3/bed night)	Energy Consumption (KVAH)	Energy Efficiency (KVAH/bed night)
2022	241,232	4,185,500	17.34	4,580,900	18.98
2023	404,150	6,461,000	15.98	5,527,800	13.67
2024	423,043	21,826,660	51.59	5,491,700	12.98
YoY % change	+4.7%	+237.8%	+222.8%	-0.7%	-5.0%

San Antonio Resort & Spa

Year	Bed Nights	Water Consumption (m^3)	Water Efficiency (m^3/bed night)	Energy Consumption (KVAH)	Energy Efficiency (KVAH/bed night)
2022	174,440	1,777	0.01	3,507,669	20.10
2023	284,046	9,405	0.03	5,659,810	19.92
2024	347,903	1,645	0.004	5,657,645	16.26
YoY % change	+22.5%	-82.5%	-86.7%	-0.03%	-18.4%

At San Antonio, we have managed to reduce both our water and energy consumption, where water efficiency improved by 86.7% and energy efficiency improved by 18.4% in 2024 compared to 2023.

These figures demonstrate our commitment to improving our operational efficiency and reducing our environmental impact. We have made these improvements through a combination of measures, including the installation of new energy-efficient systems and ongoing monitoring to ensure optimal performance.

Resource Consumption

With respect to resource consumption, a total of 2,498,000 kg of waste was generated by the Group's Hospitality and Leisure segment during FY24. The waste disposed of came from the following sources; 87% of mixed waste, 9% of organic waste, 3% of glass waste and 1% of separated waste. Targets are being set internally to improve the performance of these consumption metrics.

New Measures and Monitoring

In 2024, we introduced new measures at both Seabank and San Antonio to increase efficiency and safeguard the environment. These included investing in new reverse osmosis units featuring the latest technology. At the beginning of 2024, all lamps in rooms were replaced to the latest LED ones. After the installation in rooms of new Building Management System (BMS) in 2023, upgrades are also being done on our Revenue Management System (RMS).

Both hotels have been awarded the Malta Tourism Authority's Eco Certification, a national scheme for ensuring the environmental, socioeconomic, and cultural sustainability of hotels and farmhouses on the Maltese Islands. It is a certificate which has been recognised by the Global Sustainable Tourism Council. Both hotels have also been awarded the Zero Waste champion award during the past financial year.

These initiatives reflect our commitment and mindfulness to continuous improvement and innovation in our environmental practices. We believe that by investing in state-of-the-art technology and adopting best practices we can make a significant contribution to environmental conservation.

In the next section, we delve into our social initiatives, highlighting our efforts to promote employee well-being and diversity, and strengthen our commitment to corporate social responsibility.

Social Matters

At the db Group we believe that our social responsibility extends beyond our business operations to the communities we serve and the people we employ. In 2024, we continued to strengthen our commitment to social matters, focusing on Corporate Social Responsibility (CSR) and employee well-being and diversity.

Corporate Social Responsibility

Our CSR initiatives this year were diverse and impactful, reflecting our commitment to making a positive difference in our communities.

We have helped various animal entities, whereby we collected money and donated it to voluntary organizations that look after cats and dogs, demonstrating our support of animal welfare. In October, the month of breast cancer awareness, we collected and donated money to the cause.

During the Christmas season, we visited sick children in the hospital, bringing them gifts and spreading a little festive cheer in what is for them a challenging time. In March, a special donation was given to a child seeking financial support.

These initiatives reflect our belief in the importance of giving back to our communities and using our resources to make a positive impact.

db Group Charity Foundation

The db Group Charity Foundation is the philanthropic heart of the Group, seeking to create meaningful change in the lives of individuals and communities facing social, environmental, educational and health challenges. The foundation is governed by a dedicated Board of Administrators who meet regularly to implement the Foundation's strategic direction.

In 2023 Sandra Sladden was appointed as Chairperson together with its administrators Alan Debono, Luke Azzopardi and Gianluca Bezzina. The db Group Charity Foundation operates autonomously as a non-profit, non-commercial, and voluntary outfit, adhering to the highest standards of governance.

This past year has been one by strong outreach and impactful change. Our mission to support anduplift the most vulnerable in our society has guided every decision. The Foundation has been fortunate to collaborate with incredible organisations and individuals to make a tangible difference in our community.

The db Group Charity Foundation expanded its network of partnerships to include collaborations with both large-scale NGOs and grassroots organisations that struggle to secure financial assistance. Through this drive the quality of life of these individuals is improved, especially those who are marginalized for one reason or another. These partnerships have been instrumental to extend our reach and increase our impact.

In 2024, the Foundation continued to expand its reach and deepen its impact across various sectors, including social welfare, education, healthcare, mental health, arts, culture, and sports. We not only maintained our support to established NGOs but have also ventured into new partnerships and initiatives that align with our mission to uplift society's most vulnerable.

This year, our Foundation supported several key initiatives, only a few of which will be mentioned. We offered continued financial assistance to major Maltese NGOs such as the Community Chest Fund, Malta Trust Foundation, Hospice, Caritas, and the Richmond Foundation. Our partnership with Caritas on the Employee Assistance Program has had a profound impact on the mental health and well-being of db Group employees, providing them with essential support during challenging times whilst offering our ongoing financial support to Caritas itself. We contributed to the organisation of the Special Olympics Malta, to be held in September 2024. The Foundation also offered financial support to exhibitions featuring renowned Maltese artists, fostering the growth of local arts and culture.

One of our most successful initiatives this year was the charity dinner held in July, in collaboration with the MasterChefs finalists at our Loa restaurant. The event was a resounding success, raising significant funds that will enable the Ursuline Sisters in their tireless commitment to care for children from disadvantaged backgrounds.

The foundation's primary source of income remains corporate contributions from db Group together with fundraising events whereby all proceeds are channelled directly and entirely to a charitable cause.

As we look to the future, our goal is to continue broadening our support network, reaching even more individuals and organisations in need. We plan to further develop our partnerships, particularly in the areas of child welfare. We are proud of the impact we have made and are committed to continuing our work in the year ahead. Together, we have laid the groundwork for a better tomorrow.

The Foundation extends its deepest gratitude to the db Group for its ongoing support and whose generosity makes our work possible.

Employee Well-being and Diversity

Our employees are our most valuable asset and we are committed to promoting their well-being and celebrating their diversity. In 2024, we introduced several initiatives aimed at recognising and rewarding our employees.

Currently the Group employs 6,184 full-time equivalents. We provide an inclusive workplace for all employees, regardless of gender, age, nationality, religion, sexual orientation, disability, or other aspects of diversity. This year, our workforce comprised of employees from more than 40 different nationalities (including Maltese).

To ensure that we are meeting the needs of our employees, we conducted a Climate Employee Survey. This survey provided valuable insights into our employees' experiences and helped us identify areas for improvement.

The db Foundation partnered with Caritas on an Employee Assistance Programme which will create a safe space for employees of the db Group to seek counselling or social work assistance freely and in total confidence. Through the programme, db Group employees can anonymously seek support, which is then paid for by the db Foundation. The partnership also includes psycho-social education through talks and workshops which help foster a culture of empowerment and understanding across the organisation.

The Group is dedicated to fostering a culture of continuous learning and development. We believe that investing in our employees' growth through comprehensive training and development initiatives is crucial for both the Group's and our staff's personal and professional advancement. This year employees received regular performance and career development reviews, ensuring that equal opportunity is given to all employees. Throughout FY24, 42,025 hours of training were provided to our employees. Training relating to areas such as communication, health & safety, service standards, teamwork and on-the-job related activities was given to our employees.

Employees by segment:

Seabank	**421 employees**
San Antonio	**407 employees**
The Melior Hotel	**3 employees**
Lifestyle Group	**480 employees**
Hard Rock Cafe	**117 employees**
Starbucks	**167 employees**
Healthcare	**4,127 employees**
Catering	**265 employees**
Head office & administration	**197 employees**

Governance Matters

At the db Group, we understand that strong governance is the bedrock of a sustainable business. In this area we are committed to upholding the highest standards ensuring transparency, accountability, and fairness in all our dealings.

In 2024, we took our governance practices a notch higher. Our framework is designed to protect the interests of our stakeholders, including our staff, guests, and shareholders. It provides clear guidelines on decision-making processes, risk management and ethical conduct. This ensures that we operate in a manner that is consistent with our values and compliant with relevant laws and regulations.

Our Board of Directors plays a crucial role in our governance structure. They are responsible for overseeing our strategic direction, monitoring our performance, and ensuring that we meet our legal and ethical obligations. Our Board is composed of individuals with diverse backgrounds and expertise, ensuring a broad range of perspectives in decision-making processes.

The Group has set up a team focusing specifically on sustainability, underscoring our dedication to integrating sustainable practices across all facets of our business. The dedicated team has incorporated sustainability risks into our Group Risk register, ensuring that potential environmental and social impacts are identified and managed proactively.

The first task on the team's agenda is to set up a Corporate Sustainability Policy which will be aligned with the ten principles delineated in the UN Global Compact, reflecting our commitment to human rights, labor standards, environmental protection, and anti-corruption. The Policy will also have targets aligned with such principles.

Training has been given to all executives and employees at the management level to clarify each individuals' responsibilities for integrating sustainability into their daily operations and decision-making processes. Their roles include identifying sustainability opportunities, implementing best practices, and contributing to our overall sustainability goals.

We also have robust internal controls in place to manage risks and protect the integrity of our financial reporting. These controls are regularly reviewed and updated to reflect changes in our business environment and regulatory landscape.

In addition, we are committed to maintaining open and transparent communication with our stakeholders. We regularly disclose information about our performance, strategies, and ESG initiatives, ensuring that our stakeholders have a clear understanding of our business and can make informed decisions.

Our commitment to strong governance underpins all our activities and is integral to our vision of becoming a more sustainable and socially responsible organisation. As we look ahead, we will continue to enhance our governance practices, ensuring that we remain accountable to our stakeholders and true to our values.

CSRD reporting requirements

In the past year, our company has made significant strides towards enhancing its sustainability reporting and compliance with the Corporate Sustainability Reporting Directive (CSRD). We engaged external third-party consultants to conduct a preliminary double materiality assessment. It served as a foundational step in our CSRD reporting journey. This assessment also included an ESRS gap analysis which identified the specific actions and data requirements necessary for compliance.

Moving forward we are now entering the next phase of this initiative, focusing on bridging the identified gaps through systematic data collection. The initial step in this phase involves conducting a stakeholder consultation to refine and update our double materiality assessment. This process is crucial for ensuring that our reporting is both accurate and reflects our commitment to sustainability and transparency.

The Audit Committee

In April 2017, db Group issued a €65 million bond through SD Finance plc, the Group's finance vehicle. This bond issue was oversubscribed by the public. The Guarantor of the bond, SD Holdings Limited, is not a publicly listed company and is therefore not bound by the provisions of the Code of Principles of Good Corporate Governance set out in the Listing Rules to set up an Audit Committee. However, the Issuer, SD Finance plc, being publicly listed, had to formally set up an Audit Committee as a consequence of the bond issue.

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities with regards to financial reporting processes, financial policies and internal control structures. The Committee oversees the conduct of the external audit and acts to facilitate communication between the Board, management and the external auditors. The latter are invited to attend Audit Committee meetings. The Audit Committee reports directly to the Board of Directors and its terms of reference include support to the Board of the Issuer in its responsibilities and dealings with issues of risk, control, governance, and associated assurance.

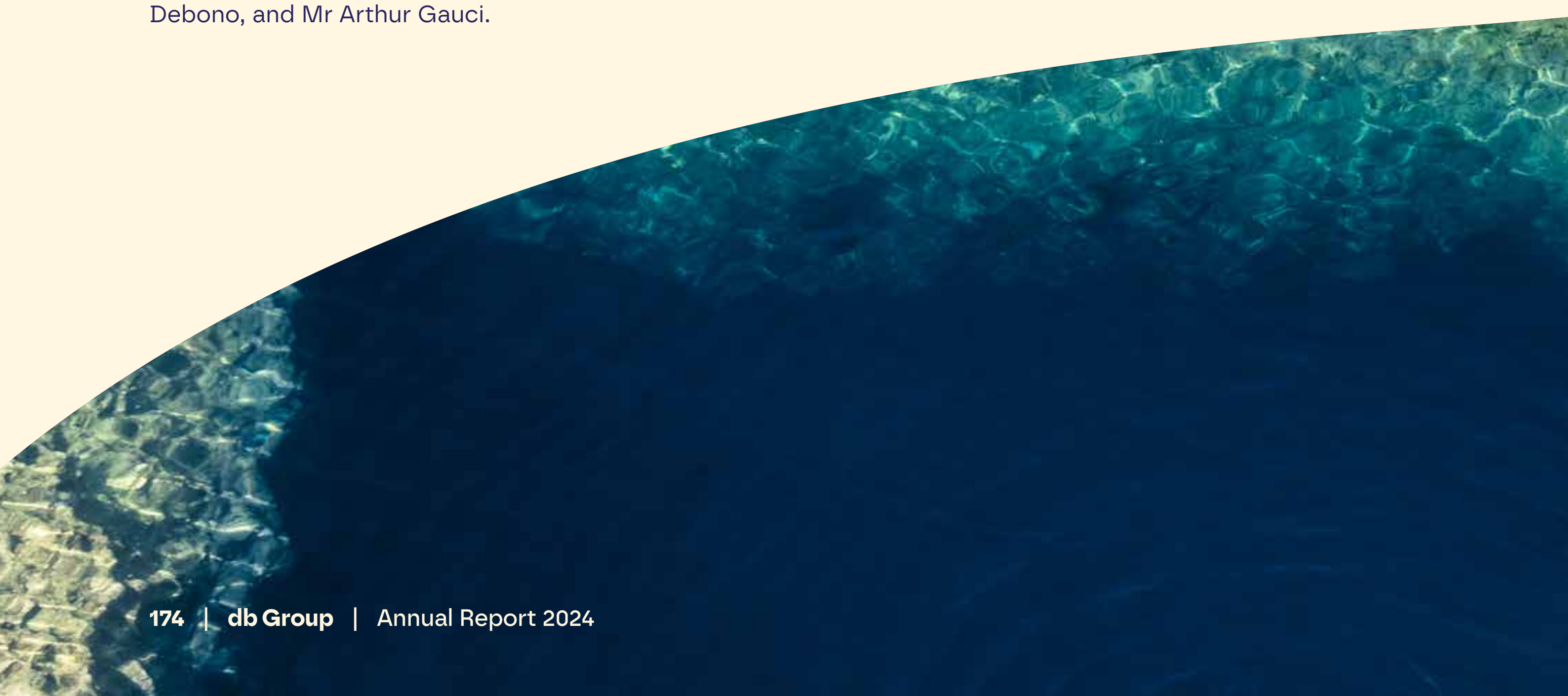
The Audit Committee also has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party, including the Guarantor, to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer. Furthermore, the Audit Committee assesses any potential conflicts of interest between the duties of the Directors of the Issuer and their respective private interests or duties unrelated to the Issuer.

The Audit Committee is made up entirely of independent non-executive Directors. It is composed of Mr Stephen Muscat, Mr Philip Micallef and Dr Vincent Micallef. The Chairman of the Audit Committee, Mr Muscat who is appointed by the Board and who is entrusted with reporting to the Board on the workings and findings of the Committee is the independent non-executive director of the Company and he is considered by the Board to be competent in accounting and/or auditing in terms of the Capital Markets Rules.

The Board of Directors of the issuer and the guarantor

SD Finance plc's Board of Directors is composed of two executive and four non-executive directors. Mr Silvio Debono (Chairman) and Mr Robert Debono occupy the executive posts. Mr Arthur Gauci, a non-executive director, is engaged as a Group consultant and holds the position of director of many companies within it. The three independent, non-executive directors are Mr Stephen Muscat, Mr Philip Micallef and Dr Vincent Micallef. While the executive directors of the Issuer are entrusted with the company's day-to-day management, the main functions of the independent non-executive directors lie in monitoring the operations of the executive directors and their performance, whilst reviewing any proposals tabled by the executive directors.

The Board of Directors of SD Holdings Limited also consists of eight directors, namely, Mr Silvio Debono, Ms Veronica Debono, Mr Robert Debono, Mr Jesmond Vella, Mr David Debono, Ms Victoria Debono, Mr Alan Debono, and Mr Arthur Gauci.



Conclusion

Looking back, we are proud of our ESG performance in 2024. It was a year of significant progress and continued commitment to key ESG principles. Despite the challenges posed by an ever-evolving global landscape, the db Group has remained committed in its dedication to sustainability, social responsibility, and strong governance.

Looking ahead to 2025 and beyond we are excited about the opportunities that lie ahead. We strive to keep on innovating and adapting, leveraging our strengths to navigate the challenges of the future. We are confident that our solid ESG strategy, combined with our unwavering commitment to sustainability and social responsibility, positions us well to navigate these challenges and continue delivering value to all our stakeholders.

We would like to express our deeply felt gratitude to our staff, guests, and stakeholders for their continued support and trust in the db Group.

Together, we look forward to building a more sustainable and inclusive future.

S.D. Holdings Limited

Annual Financial Statements

31-March-2024

Company Registration Number: C 40318

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Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2024.

Principal activities

The Company's principal activity is that of holding investments.

The Group operates in the local market and predominantly in hospitality, leisure and catering activities. It operates and owns three hotels: the db Seabank Resort & SPA situated at Għadira Bay Mellieħa, the db San Antonio Hotel & SPA situated in Buġibba and The Melior Boutique Hotel in Valletta. It also operates a number of restaurants in Mellieħa Bay, namely Westreme, Amami and Blu Beach together with PickNGo as a general store. It also operates AKI Restaurant in Valletta, Nine Lives in Buġibba, LOA and Sonora in St. Paul's Bay and Amami Food Bar at University Campus. The Group also operates outlets under the Hard Rock Café franchise and the Starbucks franchise.

The Group also holds investments in associates which provide healthcare and catering services to hospitals and retirement homes and associates which provide catering services primarily to Air Malta and other airlines operating from Malta. Other associated investments operate in the hospitality and catering industries.

Review of business

Following a tumultuous period due to the global pandemic, during the year ended 31 March 2024, the Group experienced continued growth in revenues and profitability. Total revenue for the Group during the year under review reached €88.7 million resulting in a year-on-year increase of €18.0 million (25%). The increase in revenue reflected itself in earnings before interest, tax, depreciation and amortisation (EBITDA) factoring in at €36.8 million as against €30.4 million registered for 2023 (21%).

	2024	2023
	€	€
Profit for financial period	**14,273,936**	12,374,478
Net interest	**5,347,785**	5,288,077
Tax expense	**6,170,561**	3,185,306
Depreciation	**8,738,444**	8,233,767
Amortization	**2,304,646**	1,321,413
EBITDA	**36,835,372**	30,403,041
Adjustment:		
Share of results of associates	**(5,486,700)**	(5,651,036)
Adjusted EBITDA	**31,348,672**	24,752,005

Net interest pertains to finance costs net of finance income during the year. The adjusted EBITDA is the measure used by management to monitor the performance of the Group.

The margin of profit or return on turnover generated is 32%, when compared to 28% during 2023. These results are excellent given the increase in salaries paid and overall higher price of goods and services. The Group has taken various measures to maximise its revenues and keep its costs in check.

Consequently, the financial year ended 2024 resulted in a profit after tax of €14.3 million when compared to €12.4 million recorded in the previous year. The overall hotel portfolio occupancy increased to 89% when compared to 85% in 2023. These results are even better than the 81% occupancy levels shown during year ended 31 March 2020 before the disruptions brought about by the pandemic.

Meanwhile the food and beverage sector also experienced better turnover figures, almost doubling the figures achieved during the previous year. Turnover for the year reached €35.6 million (€25.4 million in 2023) and now includes four new restaurants in Sliema, Mellieħa and Malta International Airport and continued adding new Starbucks for a total of 17 outlets across Malta and Gozo.

Directors' Report - continued

The Group's total assets amount to €474 million (2023: €376 million). The Group's equity base also increased by €59.2 million which is a direct result of the net profit registered for the year of €14.3 million and revaluation surplus on the Group's land and buildings measured at the revaluation model of €51.1 million.

The Group also monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings, as shown in the consolidated statement of financial position, less cash at bank and in hand. Total capital is calculated as total equity, as described below, plus net debt. The aggregated figures in respect of the Group are reflected in the following table:

	2024	2023
	€	€
Total external borrowings	**88,354,646**	84,062,682
Less: cash at bank and in hand	**(71,036,869)**	(54,419,433)
Net debt	**17,317,777**	29,643,249
Equity – as shown in the consolidated statement of financial position	**211,378,507**	152,169,579
Total capital	**228,696,284**	181,812,828
Net debt/total capital	**7.57%**	16.30%

The interest rate cover now stands at 6 multiple (2023: 5 multiple) mainly because of higher revenues of €18.0 million when compared to the previous year.

	2024	2023
	€	€
Adjusted EBITDA (A)	**31,348,672**	24,752,005
Interest (B)	**5,347,785**	5,288,077
Interest rate cover (=A/B)	**5.86x**	4.68x

Given the size of the Group and its dependence on the local economy, the Group recognises that the main risks and uncertainty to its business is the potential downturn in the local economy with reference to the tourism and services industry.

Directors’ Report - continued

Outlook for the financial year ending 2025

Following the much-improved results achieved during the year ended 31 March 2024 we look forward with optimism for the coming year. It is evidently clear that the accommodation and leisure industry is recovering faster than originally anticipated. Results to date are better than the previous year and bookings are very encouraging.

From the db Group’s perspective, there has been a continued expansion of its Starbucks outlets network in Malta and has opened or continued its investments in new restaurants in St. Paul’s Bay, Sliema and Malta International Airport during the current financial year. It has also acquired franchising rights to start opening GROM and EL&N franchises. The Group is also looking into expanding internationally with the first step being the opening of a new restaurant in London. On the other hand, the Court of Appeal upheld the decision of the Environmental and Planning Review Tribunal approving the proposed St George’s Bay Multi Purpose Development of the former ITS site in St. George’s Bay, subsequent to year end.

The health care arm of the Group continues improving its results on a year-on-year basis. An upswing in demand for the services offered by the Group within this sector was experienced with the opening of the new 504-bed wing at the Saint Vincent de Paul Residence which is run and managed by one of the Group’s associated companies.

The Group has also prepared projections for the coming 2 years, based on historical financial information and forecasts, but factoring in the improved results of the past year. The Ukraine-Russia conflict is not expected to affect the results of the Group as its exposure of business from these two countries is negligible. However, whilst the Group has no direct business linkages with these countries, we are monitoring the effect that this conflict might have. Continued increases in the price of goods and services is the principal challenge that the Group’s entities have experienced during the current financial year. The projections contemplate the existence of a significant liquidity buffer at the end of the year and the Directors feel confident that with the measures taken and the secured financing arrangements, the Group shall overcome any potential further disruptions. The Group has over the past years accumulated a substantial cash reserve which as at year end amounted to €71.0 million. On this basis, the directors are of the opinion that there are no material uncertainties which may cast significant doubt about the ability of the Group to continue operating as a going concern.

SD Finance plc (the Issuer of the bonds) paid its bondholders the full interest that was due in April 2024. Furthermore, it should be noted that in view of the excellent results achieved by the Group, the projections outlined above, and the cash reserves accumulated by the Group in the past years, the directors are of the opinion that the Issuer will have the necessary funds to finance the interest falling due in April 2025 and going forward.

Governance

The Group understand that strong governance is the bedrock of a sustainable business. The Group is committed to upholding the highest standards of corporate governance, ensuring transparency, accountability, and fairness in all our dealings. The Group aim to protect the interests of our stakeholders, including our employees, guests, and shareholders with clear guidelines on decision-making processes, risk management, and ethical conduct, ensuring that we operate in a manner that is consistent with the Group’s values and compliant with relevant laws and regulations. The Group continues to strengthen its governance practices, focusing on enhancing transparency and accountability which is key in maintaining the trust and confidence of stakeholders and ensuring the long-term sustainability of the business. The board of directors plays a crucial role in the governance structure and is responsible for overseeing our strategic direction, monitoring our performance, and ensuring that the Group meet its legal and ethical obligations.

Financial risk management

The Group’s and Company’s activities expose them to a variety of financial risks, including market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. Refer to Note 2 in these financial statements.

Directors' Report - continued

Results and dividends

The consolidated financial results are set out on page 17. The directors have declared a net dividend of €1,800,000 for 2024 (2023:2,272,500).

Retained earnings carried forward at the end of the financial reporting period for the Group and the Company amounted to €73,889,890 (2023: €61,290,275) and €15,129,088 (2023: €16,616,246), respectively.

Directors

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

- Silvio Debono
- Robert Debono
- Alan Debono
- David Debono
- Victoria Debono Borg
- Arthur Gauci
- Jesmond Vella
- Veronica Debono

The Company's Articles of Association do not require the directors to retire.

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap.386) to prepare financial statements which give a true and fair view of the state of affairs of the Group and the parent Company as at the end of each financial period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap.386). They are also responsible for safeguarding the assets of the Group and the parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report - continued

Auditors

Ernst and Young Malta Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

Robert Debono
Director

Alan Debono
Director

Statement of Financial Position

Statement of Financial Position

		AS AT 31 MARCH			
		GROUP		COMPANY	
		2024	2023	**2024**	2023
	Notes	**€**	€	**€**	€
ASSETS					
Non-current assets					
Property, plant and equipment	4	**247,681,097**	184,343,712	**-**	-
Investment property under development	5	**18,198,687**	82,628,497	**-**	-
Intangible assets	6	**888,667**	929,363	**-**	-
Inventories	7	**68,901,222**	-	**-**	-
Investments in subsidiaries	8	**-**	-	**36,516,136**	36,511,336
Investments in associates	9	**24,138,974**	19,046,570	**5,460**	5,460
Right-of-use assets	10	**19,702,362**	15,366,006	**-**	-
Deferred tax assets	11	**873,002**	1,952,058	**-**	-
Financial assets at fair value through profit or loss (FVPL)	15	**2,232,316**	-	**2,232,316**	-
Trade and other receivables	12	**4,631,034**	335,337	**15,323,147**	22,618,093
Total non-current assets		**387,247,361**	304,601,543	**54,077,059**	59,134,889
Current assets					
Inventories	13	**2,182,190**	2,017,878	**-**	-
Trade and other receivables	12	**11,983,989**	13,546,228	**14,334,957**	6,516,761
Current tax assets	28	**1,508,423**	1,508,837	**-**	-
Cash and cash equivalents	14	**71,036,869**	54,419,433	**48,201,728**	47,181,616
Total current assets		**86,711,471**	71,492,376	**62,536,685**	53,698,377
Total assets		**473,958,832**	376,093,919	**116,613,744**	112,833,266

Statement of Financial Position - continued

EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Revaluation reserve	17	**124,905,451**	73,977,606	**-**	-
Reorganisation reserve	16	**(4,318,532)**	-	**(4,318,532)**	-
Other reserves	18	**12,901,698**	12,901,698	**-**	-
Retained earnings		**73,889,890**	61,290,275	**15,129,088**	16,616,246
Total equity		**211,378,507**	152,169,579	**14,810,556**	20,616,246
Non-current liabilities					
Trade and other payables	19	**11,393,508**	12,251,661	**-**	-
Borrowings	20	**80,445,622**	76,792,589	**4,695,951**	7,106,194
Deferred tax liabilities	11	**27,110,468**	19,405,384	**-**	-
Lease liabilities	21	**64,856,898**	60,868,788	**-**	-
Redeemable preference shares	16	**4,673,076**	-	**4,673,076**	-
Total non-current liabilities		**188,479,572**	169,318,422	**9,369,027**	7,106,194
Current liabilities					
Trade and other payables	19	**47,844,103**	36,386,196	**90,003,299**	82,988,618
Borrowings	20	**7,909,024**	7,270,093	**2,425,521**	2,116,867
Lease liabilities	21	**12,366,746**	9,763,796	**-**	-
Current tax liabilities		**5,980,880**	1,185,833	**5,341**	5,341
Total current liabilities		**74,100,753**	54,605,918	**92,434,161**	85,110,826
Total liabilities		**262,580,325**	223,924,340	**101,803,188**	92,217,020
Total equity and liabilities		**473,958,832**	376,093,919	**116,613,744**	112,833,266

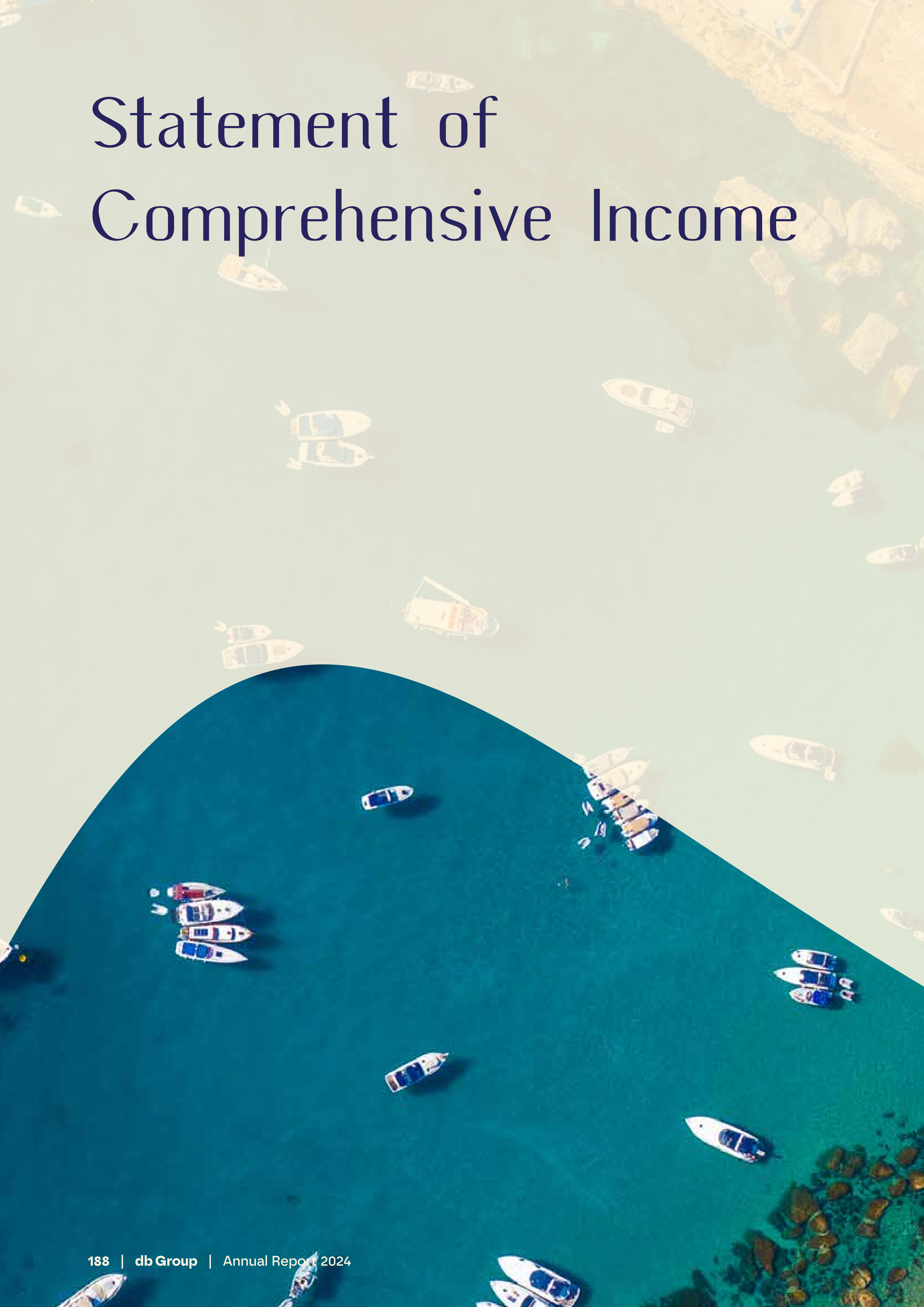
The notes on pages 198 to 263 are an integral part of these financial statements.

The financial statements on pages 186 to 263 were authorised for issue and signed by the board of directors on 29 July 2024 and were signed on its behalf by:

Robert Debono
Director

Alan Debono
Director

Statement of Comprehensive Income

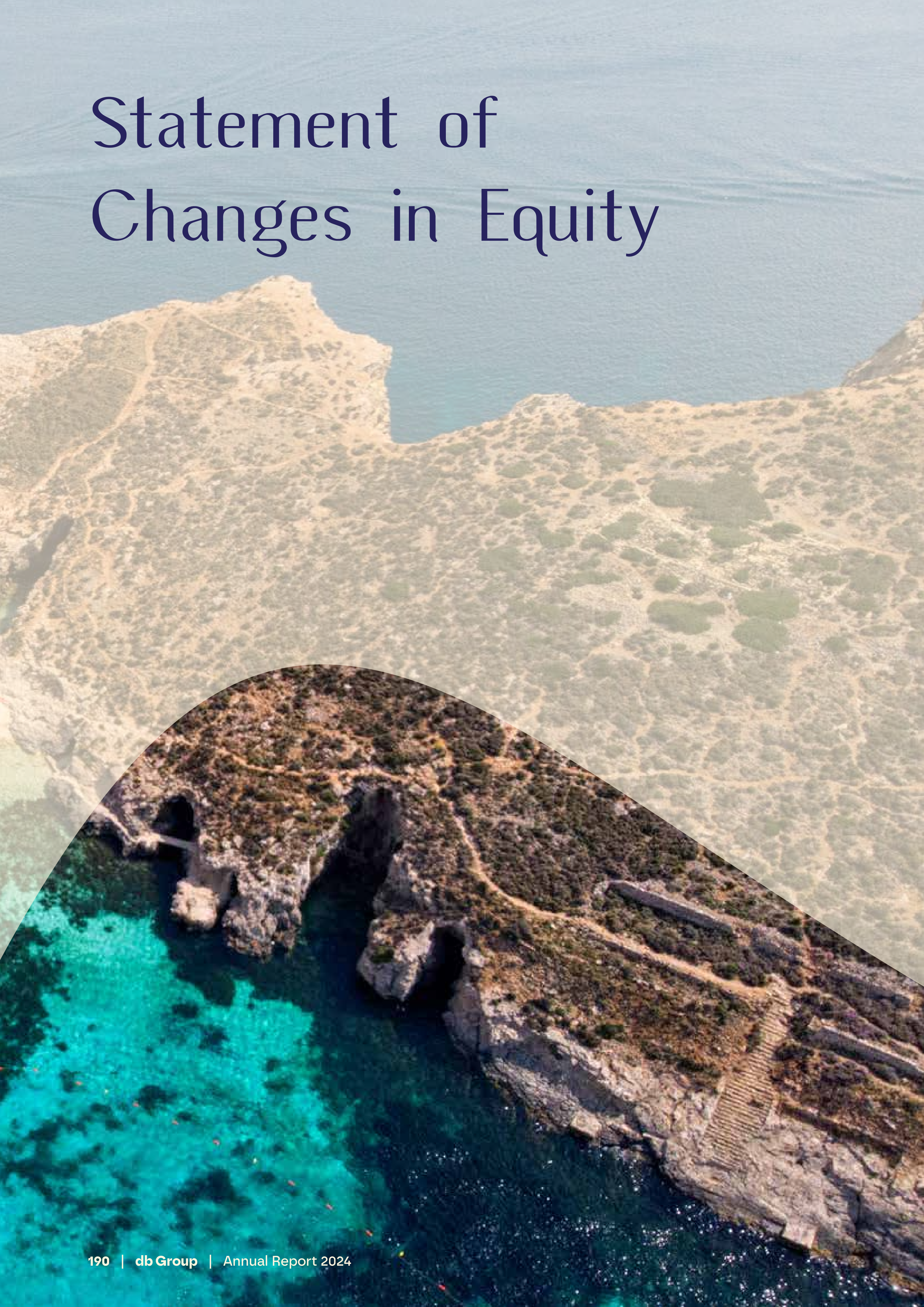


Statement of Comprehensive Income

		YEAR ENDED 31 MARCH			
		GROUP		COMPANY	
		2024	2023	**2024**	2023
	Notes	**€**	€	**€**	€
Revenue	22	**88,724,934**	70,799,174	**-**	-
Cost of sales	23	**(60,366,531)**	(50,866,400)	**-**	-
Gross profit		**28,358,403**	19,932,774	**-**	-
Selling expenses	23	**(284,654)**	(158,089)	**-**	-
Administrative expense	23	**(9,890,728)**	(5,282,705)	**(1,894,433)**	(88,176)
Dividend income	25	**-**	-	**2,769,231**	3,496,154
Other operating income	26	**1,890,245**	704,845	**-**	-
Operating profit		**20,073,266**	15,196,825	**874,798**	3,407,978
Finance income	27	**708,257**	112,405	**1,198,665**	548,062
Finance costs	27	**(6,056,042)**	(5,400,482)	**(917,469)**	(455,149)
Share of results of associates	9	**5,486,700**	5,651,036	**-**	-
Fair value changes of investments at fair value through profit or loss	15	**232,316**	-	**232,316**	-
Profit before tax		**20,444,497**	15,559,784	**1,388,310**	3,500,891
Tax expense	28	**(6,170,561)**	(3,185,306)	**(1,075,468)**	(1,224,251)
Profit for the year – Attributable to equity holders of the parent		**14,273,936**	12,374,478	**312,842**	2,276,640
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent period:					
Fair value reserve on land and buildings, net of deferred tax	4	**51,053,524**	-	**-**	**-**
Depreciation transfer through asset use, net of deferred tax	17	**125,679**	125,679	**-**	**-**
Total other comprehensive income, net of deferred tax		**51,179,203**	125,679	**-**	**-**
Total comprehensive income for the year – Attributable to equity holders of the parent		**65,453,139**	12,500,157	**312,842**	2,276,640

The notes on pages 198 to 263 are an integral part of these financial statements.

Statement of Changes in Equity



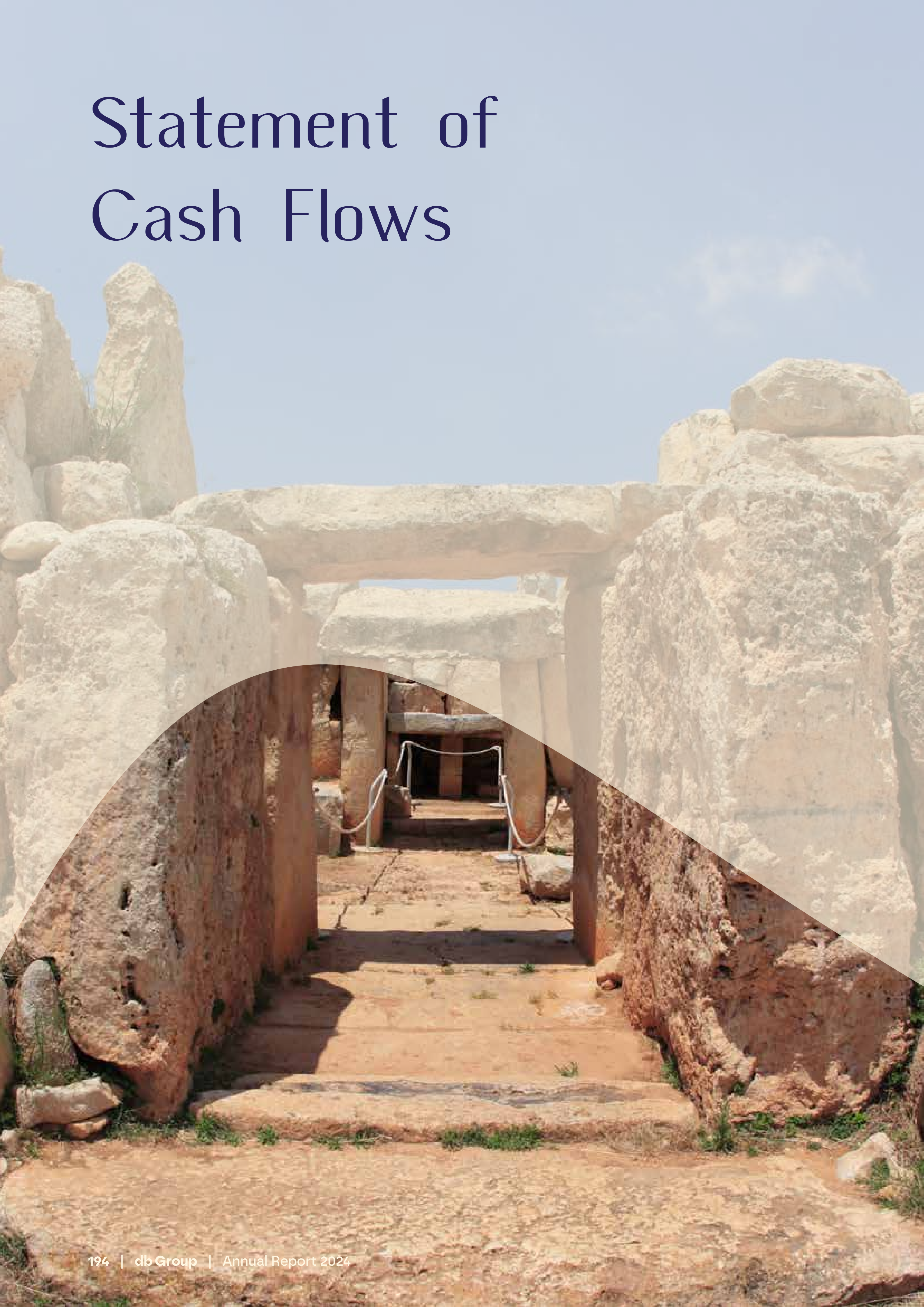
Statement of Changes in Equity

GROUP	Attributable to owners of the parent					
	Share Capital	Revaluation Reserve	Reorganisation Reserve	Other Reserves	Retained Earnings	Total
	€	€	€	€	€	€
Balance at 1 April 2022	4,000,000	74,103,285	-	12,901,698	51,062,618	142,067,601
Profit for the year	-	-	-	-	12,374,478	12,374,478
Other comprehensive income						
Depreciation transfer through asset use, net deferred tax	-	(125,679)	-	-	125,679	-
Total comprehensive income	-	(125,679)	-	-	12,500,157	12,374,478
Dividends paid to shareholders	-	-	-	-	(2,272,500)	(2,272,500)
Balance at 31 March 2023	4,000,000	73,977,606	-	12,901,698	61,290,275	152,169,579
Balance at 1 April 2023	**4,000,000**	**73,977,606**	**-**	**12,901,698**	**61,290,275**	**152,169,579**
Profit for the year	-	-	-	-	14,273,936	14,273,936
Other comprehensive income						
Fair value reserve on land and buildings, net of deferred tax	-	51,053,524	-	-	-	51,053,524
Depreciation transfer through asset use, net deferred tax	-	(125,679)	-	-	125,679	-
Total comprehensive income	-	50,927,845	-	-	14,399,615	65,327,460
Reorganisation reserve (Note 16)	-	-	(4,318,532)	-	-	(4,318,532)
Dividends paid to shareholders	-	-	-	-	(1,800,000)	(1,800,000)
Balance at 31 March 2024	**4,000,000**	**124,905,451**	**(4,318,532)**	**12,901,698**	**73,889,890**	**211,378,507**

Statement of Changes in Equity - continued

COMPANY	Share Capital €	Reorganisation Reserve €	Retained Earnings €	Total €
Balance at 1 April 2022	4,000,000	-	16,612,106	20,612,106
Profit/Total comprehensive income for the year	-	-	2,276,640	2,276,640
Dividends paid to shareholders	-	-	(2,272,500)	(2,272,500)
Balance at 31 March 2023	4,000,000	-	16,616,246	20,616,246
Balance at 1 April 2023	**4,000,000**	-	**16,616,246**	**20,616,246**
Profit/Total comprehensive income for the year	-	-	312,842	312,842
Reorganisation reserve (Note 16)	-	(4,318,532)	-	(4,318,532)
Dividends paid to shareholders	-	-	(1,800,000)	(1,800,000)
Balance at 31 March 2024	**4,000,000**	**(4,318,532)**	**15,129,088**	**14,810,556**

Statement of Cash Flows



Statement of Cash Flows

	Notes	GROUP 2024 €	GROUP 2023 €	COMPANY 2024 €	COMPANY 2023 €
		YEAR ENDED 31 MARCH			
Cash flows from operating activities					
Operating profit/(loss)		**20,073,266**	15,196,825	**874,798**	3,407,978
Adjustments for:					
Depreciation of property, plant and equipment	4	**8,738,444**	8,233,767	**-**	-
Amortisation of intangible assets	6	**106,289**	121,330	**-**	-
Amortisation of right-of-use assets	10	**2,198,357**	1,200,083	**-**	-
Write-off of investment in subsidiaries	8	**-**	-	**-**	1,405
Loss on disposal of property, plant and equipment		**-**	(1,699)	**-**	-
Movement in credit loss allowances	23	**(82,948)**	209,233	**-**	-
Rent rebates	23	**-**	(12,557)	**-**	-
Changes in working capital:					
- Inventories		**(7,301,567)**	(546,120)	**-**	-
- Trade and other receivables		**(4,299,820)**	(1,887,134)	**(4,274,148)**	(1,759,155)
- Trade and other payables		**9,767,600**	7,668,208	**(3,090,564)**	11,221,373
Cash generated from operations		**29,199,621**	30,181,936	**(6,489,914)**	12,871,601
Interest received	27	**708,257**	112,405	**1,198,665**	548,062
Interest paid	27	**(3,436,845)**	(4,725,386)	**(564,925)**	(455,149)
Tax paid		**(100,340)**	(548,398)	**(1,075,468)**	(1,223,815)
Net cash generated from operating activities		**26,370,693**	25,020,557	**(6,931,642)**	11,740,699
Cash flows from investing activities					
Payments for property, plant and equipment		**(8,771,417)**	(6,362,023)	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	6,000	**-**	-
Payments for investment property and related property development expenditure		**(1,392,203)**	(3,691,596)	**-**	-
Payments for intangible assets	6	**(65,593)**	(143,095)	-	-
Payments for acquisition of financial assets at fair value through profit or loss (FVPL)	15	**(2,000,000)**	-	**(2,000,000)**	-
Repayments of loans provided to subsidiaries	12	**-**	-	**2,101,588**	1,810,603
Incorporation of investments in subsidiaries	9	**-**	(226,594)	**(4,800)**	-
Dividend received from associates	9	**394,296**	2,720,599	**-**	-
Net cash (used in)/generated from investing activities		**(11,834,917)**	(7,696,709)	**96,788**	1,810,603
Cash flows from financing activities					
Proceeds from bank borrowings		**7,553,576**	2,136,841	-	-
Repayments of bank borrowings		**(3,083,079)**	(3,568,713)	**(2,101,588)**	(1,810,603)
Principal elements of lease payments		**(2,210,306)**	(1,618,685)	**-**	-
Proceeds from financing from subsidiaries		-	-	**9,956,554**	-
Net cash generated from/(used in) financing activities		**2,260,191**	(3,050,557)	**7,854,966**	(1,810,603)
Net movements in cash and cash equivalents		**16,795,967**	14,273,291	**1,020,112**	11,740,699
Cash and cash equivalents at beginning of year		**53,739,650**	39,466,359	**47,181,616**	35,440,917
Cash and cash equivalents at end of year	14	**70,535,617**	53,739,650	**48,201,728**	47,181,616

Notes to the Financial Statements

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

1.1 Corporate information

The consolidated financial statements of SD Holdings Limited (the "Company" or the "Parent") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on 29 July 2024. SD Holdings Limited is a limited liability company and is incorporated in Malta. The registered office is located at db Seabank Resort & Spa, Marfa Road, Mellieħa Bay, Mellieħa, Malta.

The Company's principal activity is that of holding investments. The Group operates in the local market and predominantly in hospitality, leisure and catering activities. The Group also holds investments in associates which provide healthcare and catering services to hospitals and retirement homes and associates. Information on the Group's structure is provided in Note 8. Information on other related party relationships of the Group is provided in Note 9.

1.2 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and with the requirements of the Maltese Companies Act (Cap. 386). The financial statements have been prepared under the historical cost convention, except for land and buildings which have been measured at fair value and certain financial instruments measured at fair value through profit or loss, following the accounting in line with the revaluation model.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgment in the process of applying the Company's accounting policies (see Note 3 - Significant accounting estimates and judgments).

As at 31 March 2024, the Company's current assets exceeded its current liabilities by €16,930,375 (2023: €16,886,458). In this respect, subsidiary companies have undertaken not to request repayment of amounts due until alternative financing available.

The directors have assessed that the Group is expected to have the necessary funds to finance its operations and commitments towards employees, creditors, banks and bondholders going forward. Accordingly, the board continues to adopt the going concern basis in preparing the financial statements and considers that there are no material uncertainties which may cast significant doubt about the ability of the Company and the Group to continue operating as a going concern.

Standards, interpretations and amendments to published standards effective during the current financial year

During the current financial year, the Group adopted the following new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 April 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies, not impacting the Group's financial performance and position.

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately – disclosures are required for annual periods beginning on or after 1 January 2023)

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 April 2024. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU but plans to adopt upon their effective date, and management will assess in the following periods any effect from the application of the amendments.

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments)
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements

Standards, interpretations and amendments that are not yet endorsed by the European Union, are not yet effective and not early adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not yet endorsed by the European Union. In the opinion of the Directors, the adoption of these standards will not have significant impact on the financial statements of the Company.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial instruments.

1.3 Consolidation

(a) Subsidiaries

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting. Provisions are recorded when, in the opinion of the directors, an indicator of impairment exists (e.g. investment in subsidiary's carrying amount is greater than its estimated recoverable amount). An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition (refer to accounting policy Note 1.7[a] - Intangible assets).

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed when necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in associates are accounted for by the cost method of accounting. Provisions are recorded when, in the opinion of the directors, an indicator of impairment exists (e.g. investment in associate's carrying amount is greater than its estimated recoverable amount). An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The euro is the Group and Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.5 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings are subsequently measured at fair value, following the revaluation model of accounting, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is remeasured to the revalued amount of the asset. All other property, plant and equipment is subsequently measured at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost (Note 1.24).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	%
Buildings	1 – 3
Computer equipment	20 - 33.33
Furniture, fixtures, and fittings	6.67 - 10
Motor vehicles	20
Plant, machinery and operational equipment	6.67 - 15

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

Freehold land is not depreciated as it is deemed to have an indefinite life. Leasehold land is amortised on a straight-line basis over the period of the lease.

Assets in the course of construction and advance payments are not depreciated. Depreciation will commence once the respective assets are commissioned for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.8).

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.6 Investment property under development

Investment property under development comprises leasehold property acquired in 2017.

The Group adopts the cost model under IAS 40, 'Investment property', whereby investment property is measured in the statement of financial position at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property under development consists of land which is not depreciated as it is deemed to have an indefinite life.

A property's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.8).

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, its cost and accumulated amortisation at the date of the reclassification becomes its cost and accumulated depreciation for subsequent accounting purposes. When the Group decides to dispose of an investment property without development, the Group continues to treat the property as an investment property. Similarly, if the Group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

If an item of property, plant and equipment becomes an investment property because its use has changed, its cost and accumulated depreciation at the date of the reclassification becomes its cost and accumulated amortisation for subsequent accounting purposes.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its carrying amount at the date of change in use.

1.7 Intangible assets

(a) **Franchise rights**

Franchise rights are shown at historical cost. Franchise rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of franchise rights over their estimated useful lives.

Assets that are subject to amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject for amortisation and are tested annually for impairment. Assets that are subject for amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

1.9 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

(a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
(b) Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

As at 31 March 2024 and 2023, the Company and Group do not have any financial assets measured at fair value through other comprehensive income.

Recognition and derecognition

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which an asset is delivered to or by the Group. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership or has not retained control of the asset.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group may classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (see Note 2 for further details).

1.10 Inventories

(a) Merchandise inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined by the weighted average cost method. Cost is the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(b) Residential units for sale

Residential units for sale are valued at the lower of cost or net realizable value. Cost includes those costs incurred for development and improvement of the properties. Net realizable value is the selling price in the ordinary course of business less costs to complete and the estimated cost to make the sale. The residential units for sale pertain to properties that are constructed for sale in the ordinary course of business, rather than for rental or capital appreciation.

Cost incurred for the development and improvement of the properties includes the following:

- ground rent over the right-of-use over the land where the properties will be developed as disclosed in Note 5;
- amounts paid to contractors for construction and development;
- planning and design, and site preparation, as well as professional fees, property transfer taxes, construction overhead and others; and
- borrowing costs incurred during the construction period.

Inventory properties are classified as non-current when these are expected to be realised after more than one year from reporting date.

1.11 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

1.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents include cash in hand, deposits with banks with an original maturity of three months or less, and bank overdrafts. Deposits with banks with an original maturity date of more than three months qualify as cash equivalents and are classified within cash and cash equivalents when a) any penalty charge or the forgone higher interest that the Group would have received if the deposit were held to maturity for withdrawal prior to maturity is not significant, b) they are available on demand and c) they are held for managing short-term commitments. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.13 Share capital

Ordinary shares are classified as equity. Preference shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Company.

Shares classified as equity are recorded at par. Proceeds in excess of par value, if any, are recognised under equity as 'Share premium' in the statement of financial position. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividends thereon are recognised as distributions within equity upon approval by the Board of Directors of the Company.

Preference shares are classified on initial recognition as a financial liability if they are mandatorily redeemable or redeemable at the option of the holders. Non-discretionary dividends on preference shares are also classified as a financial liability, as they represent an unavoidable obligation of the Company to deliver cash. Initial recognition is being performed at fair value. Issuance costs are treated as an adjustment to the carrying amount of the related liability. Such financial liability is being classified as subsequently measured at amortised cost and the resulting accretion of interest according to the effective interest method is being included within Finance Costs line item. Once payment is performed, then, subsequently measured at the amount of cash that would be paid under the conditions specified in the contract if settlement occurred at the reporting date, recognising the resulting change in that amount from the previous reporting date as interest cost.

1.14 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.16 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

Transaction costs are incremental costs that are directly attributable to the issue of the financial liability and are those costs that would not have been incurred if the Group had not issued the financial instrument.

1.17 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.18 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

The current tax assets presented in the statement of financial position pertains to tax withheld on dividend distribution in the prior year for which the Group is entitled to claim a refund. Such refunds are generally processed by The Office of the Commissioner for Revenue within one year.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax on the fair valuation of property, plant and equipment is charged or credited directly to the revaluation reserve. Deferred tax on the difference between the actual depreciation on the asset and the equivalent depreciation based on the historical cost of the asset is realised through profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when 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 where there is an intention to settle the balances on a net basis.

The amendments to IAS12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity' exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Company's or Group's financial statements as the Company and Group are not in scope of the Pillar Two model rules as its revenue is less than EUR750 million/year.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

1.19 Provisions and contingencies

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

1.20 Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

In the ordinary course of business, the Group gives financial guarantees to banks, financial institutions and other bodies on behalf of subsidiaries and associates.

Financial guarantee contracts are initially measured at fair value and subsequently measured at higher of:

(a) The amount of the credit loss allowance (calculated as described in Note 1.9); and
(b) The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

1.21 Revenue recognition

Revenues include all revenues from the ordinary business activities of the Group. Ordinary activities do not only refer to the core business but also to other recurring sales of goods or rendering of services. Revenues are recorded net of value added tax. The Group's business principally comprises sales of goods and services in the hospitality industry.

(a) Sale of goods and services

Revenues are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

IFRS 15 requires that at contract inception the goods or services promised in a contract with a customer are assessed and each promise to transfer to the customer the good or service is identified as a performance obligation. Promises in a contract can be explicit or implicit if the promises create a valid expectation to provide a good or service based on the customary business practices, published policies, or specific statements.
A contract asset must be recognised if the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

A contract liability must be recognised when the customer paid consideration or a receivable from the customer is due before the Group fulfilled a contractual performance obligation and thus recognised revenue.

Multiple-element arrangements involving the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognised as revenue on fulfilment of the obligation to the customer. The total transaction price of a bundled contract is allocated among the individual performance obligations based on their relative – possibly estimated - standalone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated standalone selling prices of the contractual performance obligations.

IFRS 15 provides more detailed guidance on how to account for contract modifications. Changes must be accounted for either as a retrospective change (creating either a catch up or deferral of previously recorded revenues), prospectively with a reallocation of revenues amongst identified performance obligations, or prospectively as separate contracts which will not require any reallocation.

(i) Sales from hospitality and ancillary services

Revenue from services is generally recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue arising from hospitality activities is recognised when the service is performed and/or when the goods (primarily food and beverage relating restaurant and bar sales) are supplied upon performance of the service. The transaction price for hospitality and ancillary services are based on the published prices of the hotels and/or as stipulated in the booking confirmation. The transaction price for sale of food and beverage is equal to the selling price of the goods. Revenue is usually in cash, credit card or on credit.

A Group undertaking also operates a number of rooms on a timeshare basis. In the case of timeshare, customers buy the right to a slot in a given time period, for which the customer must make an up-front payment. Subsequently, the customer must also make annual contributions to the scheme to cover the share of maintenance costs. The customers get the benefits (i.e. control over the promise) with every passing day of each year's stay at the vacation apartment/suite. The revenue stream therefore meets the conditions for revenue recognition over time (i.e. stage of completion), and revenue is accordingly recognised on a daily basis of accommodation.

The Group pays commissions to tour operators for the sale on every reservation made through their booking platforms. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (presented as 'Selling expenses' in the statement of comprehensive income) because the amortisation period of the asset that the Group otherwise would have used is less than one year.

(ii) Sales of goods – retail

Sales of goods are recognised when the Group has delivered products to the customer and there no unfulfilled obligations that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products. Retail sales are usually in cash or by credit card.

(iii) Sales of residential units under development

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of residential units under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed residential unit (the combined output) which the customer has contracted to buy.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

For the sale of residential units under development, the Group has determined that it generally does not meet the criteria to recognise revenue over time. In these cases, control is transferred and hence revenue is recognised at a point in time when the deed of sale has been executed. The Group has determined that, for the promise of sale agreements to sell residential units, its performance does not create an asset with alternative use to the Group and that it has no enforceable right to payment for performance completed to date.

Financing

The Group receives advance payments from customers for the sale of rooms on a timeshare basis of more than one year from the time it performs its obligation. There is a significant financing component for these contracts considering the length of time between the customers' payment and the Group's performance, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the rooms to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Other than this, the Group does not expect to have material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(b) Interest income is recognised in profit or loss for all interest-bearing instruments as it accrues using the effective interest method.

(c) Dividend income is recognised when the right to receive payment is established.

(d) Other operating income is recognised on an accrual basis unless collectability is in doubt.

1.22 Customer contract assets and liabilities

The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not transferred yet.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

1.23 Leases

(a) Leases - where Group undertakings are the lessee

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate asset the commencement date;
- amounts expected to be payable by the Group using residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lessees, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, term and security.

Lease payments are allocated between principal and finance cost. The finance cost is computed so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance costs are recognised in profit or loss over the lease period.

Management assesses whether lessor-granted concessions meet the definition of a lease modification. Lease concessions which do not provide substantive change to the total consideration for the lease, or the scope of the lease, would not be a lease modification and are accounted for as variable lease payments in the period in which they are granted.

Right-of-use assets are initially measured at 'cost' which, where applicable, comprise of the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses, except as highlighted below. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation is recognised in profit or loss.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(b) Operating leases - where a Group undertaking is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with accounting policy 1.4. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term and is presented within 'Other operating income'.

1.24 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment and investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the Group's interest-bearing borrowings. Such instruments matured during the current year.

1.25 Dividend distribution

Dividend distribution to the parent company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

1.26 Reclassification

Certain balances (Notes 19, 20, 21, 23, 24 and 26) in the comparative statement of financial position, statement of comprehensive income and supporting note disclosures have been reclassified to conform to the presentation used in the statement of financial position and statement of comprehensive income as at 31 March 2024. This reclassification did not affect the total assets, total liabilities and total equity in the statement of financial position as of 31 March 2023, 31 March 2022 and 01 April 2022 and the total comprehensive income in the statement of comprehensive income for the years ended 31 March 2023 and 31 March 2022.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management, covering risk exposures for all subsidiaries, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The parent company's directors provide principles for overall Group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group undertakings did not make use of derivative financial instruments during the current and preceding financial years.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. A portion of the Group's purchases are denominated in US dollar. Balances denominated in foreign currencies are settled within very short periods in accordance with the negotiated credit terms.

The Group's revenues, purchases and other expenditure, financial assets and liabilities, including financing, are mainly denominated in euro except as outlined above. Management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions denominated in US dollar to be significant. Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the balance sheet date is not deemed necessary.

(ii) Fair value interest rate risk

The Group's significant instruments which are subject to fixed interest rates represent the bonds issued to the general public (Note 20). In this respect, the Group and the company are potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

(iii) Cash flow interest rate risk

For the company the cash flow interest rate risk principally arises from the loan from subsidiary (Note 20) and amounts owed by subsidiaries subject to variable rates. The Group and the company's interest rate risk principally arises from bank borrowings issued at variable rates (Note 20) which expose the Group to cash flow interest rate risk. Management monitors the impact of changes in market interest rates in respect of these instruments.

At the reporting date, if the interest rate had increased/decreased by 3% (assuming a parallel shift of 300 basis points in yields) with all other variables held constant, the pre-tax result for the subsequent year would change by the following amount:

2. FINANCIAL RISK MANAGEMENT - continued

GROUP	(+) 3%	(-) 3%
	€	€
At 31 March 2024	(485,003)	485,003

COMPANY	(+3%)	(-3%)
	€	€
At 31 March 2024	(169,001)	169,001

(b) Credit risk
Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding debtors and committed transactions. The Group's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	GROUP		**COMPANY**	
	2024	2023	**2024**	2023
	€	€	**€**	€
Financial assets measured at amortised cost				
Trade and other receivables (Note 12)	**10,586,243**	9,450,968	**14,306,040**	6,471,317
Cash and cash equivalents (Note 14)	**71,036,869**	54,419,433	**48,201,728**	47,181,616
	81,623,112	63,870,401	**62,507,768**	53,652,933

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements.

The Group does not hold any collateral as security in this respect. The figures disclosed above in respect of trade and other receivables exclude advance payments to suppliers, indirect taxation and prepayments and accrued income.

Cash and cash equivalents

The Group's cash and cash equivalents are held with local financial institutions with high quality standing or rating or nothing and are due to be settled on demand. Management considers the probability of default to be close to zero as the financial institutions have a strong capacity to meet their contractual obligations in the near term. As a result, while cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

Trade receivables

The Group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of goods and services are effected to customers with an appropriate credit history. The Group monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Group's debtors, taking into account historical experience in collection of accounts receivable.

2. FINANCIAL RISK MANAGEMENT - continued

In view of the nature of the Group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the Group's trade receivables. Whilst no individual customer or Group of dependent customers is considered by management as a significant concentration of credit risk with respect to trade debts, these exposures are monitored and reported more frequently and rigorously.

These customers trade frequently with the respective Group undertaking and are deemed by management to have excellent credit standing, usually taking cognisance of the performance history without defaults.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group manages credit exposures actively in a practicable manner such that amounts receivable are within controlled parameters. The credit quality of the Group's receivables, which are not impaired or past due financial assets, reflects the nature of these assets which are principally debts in respect of transactions with counterparties for whom there is no history of default. Management does not expect any losses from non-performance by these parties.

The Group's trade and other receivables, which are not impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

Impairment of trade receivables (including contract assets)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been Grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date 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. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation and adjusts the historical loss rates based on expected changes in these factors. Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables.

2. FINANCIAL RISK MANAGEMENT - continued

On that basis, the loss allowance for the Group as at 31 March 2024 and 2023 was determined as follows:

	Up to 30 days past Due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	+121 days past due	Total
31-Mar-24						
Expected loss rate	**1% - 4%**	**1% - 5%**	**1.5% - 7%**	**2.5%-12%**	**30% - 40%**	
Gross carrying amount (€)	**2,250,754**	**1,568,440**	**996,407**	**179,485**	**586,800**	**5,581,886**
Loss allowance (€)	**77,607**	**84,086**	**71,547**	**20,809**	**231,095**	**485,144**
31-Mar-23						
Expected loss rate	1% - 4%	1% - 5%	1.5% - 7%	2.5% - 12%	30% - 40%	
Gross carrying amount	1,884,449	1,339,422	772,469	97,811	1,402,398	5,496,549
Loss allowance (€)	46,388	40,173	40,955	6,423	484,015	617,954

The Group established an allowance for impairment that represented its estimate of expected credit losses in respect of trade receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Hence, provisions for impairment in respect of credit impaired balances with corporate trade customers relate to entities which are in adverse trading and operational circumstances. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Group does not hold any significant collateral as security in respect of the credit impaired assets. The movements in credit loss allowances of these receivables are disclosed separately in profit or loss.

Trade receivables and contract assets 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 Group, and a failure to make contractual payments for a period of greater than a year past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

Categorisation of receivables as past due is determined by the Group on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers. At 31 March 2024 and 2023, the Group's past due but not impaired receivables and the carrying amount of trade receivables that would otherwise be past due or credit impaired whose terms have been renegotiated, were not deemed material in the context of the Group's trade receivables figures.

2. FINANCIAL RISK MANAGEMENT - continued

Amounts owed by related parties and other receivables

The Group's and the company's receivables also include amounts owed by related parties forming part of the db Group, associates and other related parties (refer to Note 12). The Group's treasury monitors intra-Group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Group takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

With respect to the Group's and the company's current amounts owed by related parties and other receivables, since such balances are repayable on demand, expected credit losses are based on the assumption that repayment of the balance is demanded at the reporting date. In this respect, the directors considered such balances to have low credit risk and a low risk of default. Accordingly, the expected credit loss allowance attributable to amounts owed by related parties and other receivables was deemed immaterial as at 31 March 2024 and 2023.

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally the bonds issued to the general public (Note 20), other interest-bearing borrowings (Note 20), lease liabilities (Note 21) and trade and other payables (Note 19). 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 Group's obligations.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. This is also performed at a central treasury function which controls the overall liquidity requirements of the Group within certain parameters. The Group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Group's committed bank borrowing facilities and other intra-Group financing that it can access to meet liquidity needs. In this respect management does not consider liquidity risk to the Group as significant taking into account the liquidity management process referred to above. Furthermore, after considering the financing options available (disclosed in Note 20) and the support from related parties and the shareholder, the directors are confident that the Group and the company are in a position to meet commitments as and when they fall due.

The following table analyses the Group's and the company's financial liabilities into relevant maturity Groupings based on the remaining repayment period at the end of the financial reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

GROUP	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	€	€	€	€	€
At 31 March 2024					
Borrowings (Note 20)	**8,184,887**	**8,701,683**	**77,618,821**	**-**	**94,505,391**
Bonds	**2,827,500**	**2,827,500**	**67,827,500**	**-**	**73,482,500**
Bank loans	**4,856,135**	**5,874,183**	**9,791,321**	**-**	**20,521,639**
Bank overdrafts	**501,252**	**-**	**-**	**-**	**501,252**
Trade and other payables (Note 19)	**28,864,509**	**203,456**	**-**	**-**	**29,067,965**
Trade payables	**9,412,045**	**-**	**-**	**-**	**9,412,045**
Payments with respect to capital expenditure	**4,217**	**203,456**	**-**	**-**	**207,673**
Amounts owed to shareholder	**148,690**	**-**	**-**	**-**	**148,690**
Amounts owed to associates	**15,665,052**	**-**	**-**	**-**	**15,665,052**
Amounts owed to other related parties	**3,452,596**	**-**	**-**	**-**	**3,452,596**
Other payables	**181,908**	**-**	**-**	**-**	**181,908**
Lease liabilities (Note 21)	**13,263,264**	**4,613,642**	**10,894,765**	**176,204,757**	**204,976,428**
Property leases	**2,727,514**	**3,051,133**	**6,136,925**	**18,412,251**	**30,327,823**
Amounts due to Government in relation to land held under temporary emphyteusis	**10,535,750**	**1,562,509**	**4,757,840**	**157,792,506**	**174,648,605**
	50,312,660	**13,518,781**	**88,513,586**	**176,204,757**	**328,549,784**
Cash and cash equivalents (Note 14)	**71,036,869**	**-**	**-**	**-**	**71,036,869**
Trade and other receivables (Note 12)	**10,199,106**	**-**	**387,137**	**-**	**10,586,243**
Trade receivables	**5,581,886**	**-**	**-**	**-**	**5,581,886**
Amounts owed by director	**12,429**	**-**	**-**	**-**	**12,429**
Amounts owed by associates	**2,220,986**	**-**	**-**	**-**	**2,220,986**
Amounts owed by other related parties	**154,385**	**-**	**-**	**-**	**154,385**
Other receivables	**2,229,420**	**-**	**387,137**	**-**	**2,616,557**
Financial assets at FVPL (Note 15)	**-**	**2,232,316**	**-**	**-**	**2,232,316**
	81,235,974	**2,232,316**	**387,137**	**-**	**83,855,428**

GROUP	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	€	€	€	€	€
At 31 March 2023					
Borrowings (Note 20)	9,148,070	9,605,999	14,751,251	67,827,500	101,332,820
Bonds	2,827,500	2,827,500	8,482,500	67,827,500	81,965,000
Bank loans	5,640,787	6,778,499	6,268,751	-	18,688,037
Bank overdrafts	679,783	-	-	-	679,783
Trade and other payables (Note 19)	26,472,659	205,334	-	-	26,677,993
Trade payables	7,815,320	-	-	-	7,815,320
Payments with respect to capital expenditure	446,653	205,334	-	-	651,987
Amounts owed to shareholder	245,283	-	-	-	245,283
Amounts owed to associates	17,096,449	-	-	-	17,096,449
Amounts owed to other related parties	642,255	-	-	-	642,255
Other payables	226,699	-	-	-	226,699
Lease liabilities (Note 21)	10,555,740	3,230,248	9,494,271	176,008,694	199,288,953
Amounts due to Government in relation to land held under temporary emphyteusis	8,973,241	1,562,509	4,734,402	159,396,300	174,666,452
Property leases	1,582,499	1,667,739	4,759,869	16,612,394	24,622,501
	46,176,469	13,041,581	24,245,522	243,836,194	327,299,766
Cash and cash equivalents (Note 14)	54,419,433				54,419,433
Trade and other receivables (Note 12)	9,115,631	-	335,337	-	9,450,968
Trade receivables	5,496,549	-	-	-	5,496,549
Amounts owed by director	5,191	-	-	-	5,191
Amounts owed by associates	2,146,278	-	-	-	2,146,278
Amounts owed by other related parties	220,284	-	-	-	220,284
Other receivables	1,247,329	-	335,337	-	1,582,666
	63,535,064	-	335,337	-	63,870,401

2. FINANCIAL RISK MANAGEMENT - continued

COMPANY	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	€	€	€	€	€
At 31 March 2024					
Borrowings (Note 20)	2,647,709	5,142,916	-	-	7,790,625
Bank loans	2,580,000	3,519,398	-	-	6,099,398
Loan from subsidiary	67,709	1,623,518	-	-	1,691,227
Trade and other payables (Note 19)	89,947,298	-	-	-	89,947,298
Amounts owed to subsidiaries	87,161,554	-	-	-	87,161,554
Amounts owed to other related parties	2,785,744	-	-	-	2,785,744
	92,595,007	5,142,916	-	-	97,737,923
Cash and cash equivalents (Note 14)	48,201,728	-	-	-	48,201,728
Trade and other receivables (Note 12)	14,306,040	2,550,274	657,526	12,115,347	29,629,187
Amounts owed by director	2,000				2,000
Amounts owed by subsidiaries	13,817,286	2,550,274	657,526	12,115,347	29,140,433
Amounts owed by associates	461,754	-	-	-	461,754
Amounts owed by other related parties	25,000	-	-	-	25,000
Financial assets at FVPL (Note 15)	-	2,232,316	-	-	2,232,316
	62,507,768	4,782,590	657,526	12,115,347	80,063,231

COMPANY	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	€	€	€	€	€
At 31 March 2023					
Borrowings (Note 20)	2,647,709	2,647,709	5,142,916	-	10,438,334
Bank loans	2,580,000	2,580,000	3,519,398	-	8,679,398
Loan from subsidiary	67,709	67,709	1,623,518	-	1,758,936
Trade and other payables (Note 19)	82,947,858	-	-	-	82,947,858
Amounts owed to shareholder	245,283	-	-	-	245,283
Amounts owed to subsidiaries	79,874,819	-	-	-	79,874,819
Amounts owed to other related parties	2,798,342	-	-	-	2,798,342
Other payables	29,414	-	-	-	29,414
	85,595,567	2,647,709	5,142,916	-	93,386,192
Cash and cash equivalents (Note 14)	47,181,616	-	-	-	47,181,616
Trade and other receivables (Note 12)	6,471,317	2,266,847	3,351,246	17,000,000	29,089,410
Amounts owed by subsidiaries	4,782,165	2,266,847	3,351,246	17,000,000	27,400,258
Amounts owed by associates	1,664,152	-	-	-	1,664,152
Amounts owed by other related parties	25,000	-	-	-	25,000
	53,652,933	2,266,847	3,351,246	17,000,000	76,271,026

2. FINANCIAL RISK MANAGEMENT - continued

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the entity'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 parent company may issue new shares or adjust the amount of dividends paid to shareholders.

The Group also monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings, as shown in the consolidated statement of financial position, less cash at bank and in hand. Total capital is calculated as total equity, as described below, plus net debt. The aggregated figures in respect of the Group are reflected in the following table:

	2024	2023
	€	€
Total external borrowings (Note 20)	**88,354,646**	84,062,682
Less: cash at bank and in hand (Note 14)	**(71,036,869)**	(54,419,433)
Net debt	**17,317,777**	29,643,249
Equity - as shown in the consolidated statement of financial position	**211,378,507**	152,169,579
Total capital	**228,696,284**	181,812,828
Net debt/total capital	**7.57%**	16.30%

The level of capital of SD Holdings Limited as reflected in the consolidated statement of financial position is maintained by reference to its respective financial obligations and commitments arising from operational requirements. The Group is willing to accept a net debt/total capital ratio of 130% at maximum. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the directors.

2. FINANCIAL RISK MANAGEMENT - continued

2.3 Fair values of financial instruments

Financial instruments not carried at fair value

At 31 March 2024 and 2023 the carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and short-term borrowings including balances with related parties, reflected in the financial statements, are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of the Group's non-current payables and bank borrowings at floating interest rates and the fair value of the company's non-current receivables as at the reporting date is not significantly different from the carrying amounts. The carrying amounts of the other financial liabilities as at 31 March 2024, comprising lease liabilities, are reasonable estimates of their fair value as there have not been significant changes in the Group's internal borrowing rate since the date of transition to IFRS 16. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2 within the fair value measurement hierarchy required by IFRS 7, 'Financial instruments: Disclosures'. Information on the fair value of the company's bonds issued to the general public is disclosed in Note 20 to the financial statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 directors, with the exception of matters disclosed in Note 4, 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 significant in terms of the requirements of IAS 1.

As referred to in Note 4 to the financial statements, the Group's land and buildings category of property, plant and equipment is fair valued periodically by the directors on 31 March on the basis of professional advice, which considers current market prices in an active market for all properties.

4. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Assets in course of construction and advance payments	Computer equipment	Furniture, fixtures & fittings	Plant, machinery & operational equipment	Motor vehicles	Total
	€	€	€	€	€	€	€
Cost or Valuation							
As at 1 April 2022	158,677,679	2,039,241	1,548,040	58,955,756	18,118,992	687,954	240,027,662
Additions	456,685	4,887,135	119,154	1,953,770	1,222,433	89,903	8,729,080
Commissioned assets	709,894	(3,472,724)	174,858	1,753,884	834,088	-	-
Disposals	-	-	-	-	-	(27,788)	(27,788)
As at 31 March 2023	159,844,258	3,453,652	1,842,052	62,663,410	20,175,513	750,069	248,728,954
Additions	530,781	64,586	275,856	5,332,626	2,411,308	156,260	8,771,417
Revaluation	58,562,904	-	-	-	-	-	58,562,904
Transfer*	(5,604,974)	-	-	-	-	-	(5,604,974)
Reclassified from investment property	-	4,741,508	-	-	-	-	4,741,508
Commissioned assets	100,246	(2,141,410)	6,817	1,777,895	256,452	-	-
As at 31 March 2024	**213,433,215**	**6,118,336**	**2,124,725**	**69,773,931**	**22,843,273**	**906,329**	**315,199,809**
Accumulated depreciation							
As at 1 April 2022	(3,399,123)	-	(1,222,140)	(39,205,970)	(11,677,911)	(669,818)	(56,174,962)
Disposals	-	-	-	-	-	23,487	23,487
Depreciation charge for the year	(879,864)	-	(192,508)	(5,687,620)	(1,447,929)	(25,846)	(8,233,767)
As at 31 March 2023	(4,278,987)	-	(1,414,648)	(44,893,590)	(13,125,840)	(672,177)	(64,385,242)
Depreciation charge for the year	(1,654,338)	-	(238,293)	(4,979,157)	(1,815,294)	(51,362)	(8,738,444)
Transfer*	5,604,974	-	-	-	-	-	5,604,974
As at 31 March 2024	**(328,351)**	**-**	**(1,652,941)**	**(49,872,747)**	**(14,941,134)**	**(723,539)**	**(67,518,712)**
Net book amount							
As at 31 March 2023	155,565,271	3,453,652	427,404	17,769,820	7,049,673	77,892	184,343,712
As at 31 March 2024	**213,104,864**	**6,118,336**	**471,784**	**19,901,184**	**7,902,139**	**182,790**	**247,681,097**

** This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.*

4. PROPERTY, PLANT AND EQUIPMENT - continued

Commissioned assets pertain to assets under construction and advance payments which are reclassified to other classes of property, plant and equipment upon their completion. In 2024, assets in course of construction of €1,878,141 (2023: €2,463,778) were reclassified to land and buildings and furniture, fixtures & fittings, while advance payments of €263,269 (2023: €1,008,946) were reclassified to computer equipment and plant, machinery & operational equipment.

The gross carrying amount property, plant and equipment not yet in use by the Group as at 31 March 2024 and 2023, amounted to €6,118,336 and €3,453,652, respectively.

As at 31 March 2024, the gross carrying amount of fully depreciated property, plant and equipment still in use by the Group amounted to €16,212,721.

In 2024, the Group reclassified the portion of the right-of-use asset on the property title in the name of DB San Gorg Property Limited, a wholly owned subsidiary of the parent company (Note 5) which is earmarked to be developed as an owner-occupied property. Change in use to owner-occupied was supported by the commencement of the project on 12 July 2023, and as such management reclassified the investment property to the separate components of the project.

The Company leases out a portion of its hotel reception to tour operators for placement of service desks. Total rental income recognised for the leased portion amounted to €202,753 in 2024 (2023: €347,206) (See Note 26).

All bank borrowings in the name of Group undertakings are secured on the Group's land and buildings (refer to Note 20).

Fair valuation of property

A valuation of the property was performed during the year under review and an income approach was adopted by management for the valuation of the property. The Group 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:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets;
- Level 2 - 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);and
- Level 3 - Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

The Group's revalued land and buildings, consist principally of the db Seabank Resort & SPA and the db San Antonio Hotel & SPA, being operational property that is owned and managed by the respective Group undertakings. The recurring property fair value measurements at the end of each financial period presented use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group'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 year.

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current and preceding financial year, is reflected in the table above.

In 2024, the amount recognised in other comprehensive income and revaluation reserve in equity amounted to €51,053,524 (Note 17) as a result of the fact that the Group revised its forecast following the strong recovery and results after the impact of Covid 19. The deferred tax liability arising from the revaluation amounted to €7,509,380 (Note 11).

The revaluation uplift in the value of Land and Building was deemed to be attributable to the land element (owned or leased) after having considered the location of the lands held and the potential for future development and the resulting potential for future income generation.

4. PROPERTY, PLANT AND EQUIPMENT - continued

Valuation processes

The valuation of the property is performed regularly. The Group's and company's policy is to revalue land and buildings at least every three years. These reports are based on both:

- Information provided by the Group which is derived from the respective Group undertaking's financial systems and is subject to the entity's overall control environment; and
- Assumptions and valuation models used by the valuer; with assumptions being typically market related and based on professional judgement and market observation.

The Group's Board of directors review the valuation report and then consider it as part of its overall responsibilities. At the end of a reporting period, when an external valuation is not performed, the directors assess whether any significant changes or developments have been experienced since the last external valuation. This analysis is usually supported by an assessment of the Group's projected income streams.

Valuation techniques

The valuation of the Level 3 property as at 31 March 2024 has been performed using the discounted cash flow approach. In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals, in the local market, the valuation has been performed using unobservable inputs. The significant inputs to the approach used are generally those described below:

Discounted cash flow ("DCF") approach: considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

Growth rate based on management's estimated average growth of the respective company's EBITDA levels, mainly determined by projected growth in income streams.

Discount rate reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

Information about fair value measurements, relating to fair valuation made during the year, using significant unobservable inputs (Level 3):

Description by class based on highest and best use	**Valuation technique**	**Significant unobservable input**	**Range of unobservable inputs**
Current use as commercial hotel operations.	DCF approach	Growth rate	2% - 2.5% after 2023
		Discount rate	8.9% (post-tax)

With respect to the DCF approach, an increase in the projected level growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value.

4. PROPERTY, PLANT AND EQUIPMENT - continued

An analysis of the impact of a reasonable change in the significant unobservable on the fair value of the property is included below:

	Growth rate	Discount rate
	€	€
(+) 0.5%	14,642,963	(15,574,103)
(-) 0.5%	(12,852,801)	18,320,638

At 31 March 2024 and 2023, the directors consider the current use of the properties to be equivalent to the highest and best use.

If the land and buildings were measured on the historical cost basis, the amounts would be as follows:

	2024	2023
	€	€
Cost	**74,755,106**	74,086,347
Accumulated depreciation	**(7,368,685)**	(6,621,134)
Net book amount	**67,386,421**	67,465,213

As at 31 March 2024 and 2023, following an assessment by the directors on the basis of the amounts presently in force, the fair value of the property, plant and equipment measured at cost is deemed to fairly approximate its carrying amount.

5. INVESTMENT PROPERTY UNDER DEVELOPMENT

	GROUP	
	2024	2023
	€	€
Year ended 31 March		
Opening cost and carrying amount	**82,628,497**	80,659,832
Additions resulting from subsequent expenditure	**2,075,667**	1,968,665
Reclassification to inventory	**(61,763,969)**	-
Reclassification to Property, Plant and Equipment	**(4,741,508)**	-
Closing cost and carrying amount	**18,198,687**	82,628,497

The Group's investment property represents property title in the name of DB San Gorg Property Limited, a wholly owned subsidiary of the parent company. DB San Gorg Property Limited entered into a 99-year concession agreement with the Government of Malta and the Government Property Department on 1 February 2017 for the acquisition of the title of temporary emphyteusis of three portions of land having a total surface area of circa 24,000 sqm. The said land is located in St Julian's. This property, subject to the securing of all necessary development permits, is earmarked as a mixed-use development encompassing a five-star hotel, residential tower, shopping mall, large underground car park and other amenities to complement the project. During the preceding financial year, the company has submitted an application for a revised downscaled development plan for the St George's Bay Multi Purpose Development project with the Planning Authority, which was eventually approved. However, such approval was subject to an appeal process, which appeal was in fact lodged by third parties.

On 31 May 2023, the Court of Appeal (Inferior Jurisdiction) upheld the decision of the Environmental and Planning Review Tribunal dated 14 December 2021, whereby the Tribunal approved the contents of planning application number: PA3807/17, by means of two decisions given out on 31 of May 2023. To this effect, as at 12 July 2023, the Group has received the executable full development permit. The Board of Directors has instructed management to set forward the commencement of the project. On 12 April 2024, the request for re-trial for revocation of permit turned down by courts of justice.

The contract of acquisition of the emphyteutical grant and related acquisition costs are payable over an extended period of time (refer to Note 21) and was therefore discounted to its present value of €60.1 million at the date of purchase. The concession agreement described above makes reference to the variability in the ground rent payable on the basis of the net floor area and gross floor area of respective parts of the development. As a result of the latest development plans and the related significant reductions in the development areas, the said subsidiary is in discussions with the relevant government authorities to revise the ground rent payments in respect of the aforementioned clause. Accordingly, considering that these discussions are at an early stage, and the eventual conclusions on the ground rents payable going forward are unknown, the directors are of the opinion that the best estimate available at the end of the financial period is to base the measurement of the related financial liability on the amounts specified in the concession agreement that is presently in force and referred to above. Inevitably, should the final outcomes be significantly different from the present amounts the arising values of the respective assets and liabilities would be different from their carrying amounts.

Furthermore, the directors considered it appropriate to recognise the respective assets and liabilities arising from the concession agreement referred to above, on the basis that they believe that the St George's Bay Multi Purpose Development project will materialise in a way that it is not significantly different from the submitted development plans and the formal commitment that the company has from its parent undertaking that it will provide the necessary financial support with respect to the project and to enable the subsidiary to meet its obligations as and when they fall due.

During the current financial year, the said subsidiary continued incurring subsequent expenditure on the acquired land. The additions for 2024, disclosed in the table above, also include capitalised borrowing costs of €1,655,364 (2023: €1,717,163) representing the imputed interest component on the amounts due to the Government (refer to Note 20).

The interest rates used to determine the amount of borrowing costs eligible for capitalisation was 3.45%.

5. INVESTMENT PROPERTY UNDER DEVELOPMENT - continued

Upon commencement of the project on 12 July 2023, management reclassified the investment property to the separate components of the project. The cost of the right-of-use over the land and other capitalised costs is allocated to the separate components of the project based on the applicable lease rate as stipulated in the agreement and the net floor space allocated to each component. As at 31 March 2024, the right-of-use over the land and other capitalised costs has been split as follows:

		2024	2023
		€	€
Investment property		**18,198,687**	82,628,497
Inventories	Note 7	**61,763,969**	-
Property, plant and equipment	Note 4	**4,741,508**	-

The Group did not engage an independent valuer in 2024 and 2023. As at 31 March 2024 and 2023, following an assessment by the directors on the basis of the amounts presently in force, the fair value of the property is deemed to fairly approximate its carrying amount.

6. INTANGIBLE ASSETS

	GROUP	
	2024	2023
	€	€
Franchise license rights		
Year ended 31 March		
Opening net book amount	**929,363**	907,598
Additions	**65,593**	143,095
Amortisation charge	**(106,289)**	(121,330)
Closing net book amount	**888,667**	929,363
At 31 March		
Cost	**4,220,831**	4,155,238
Accumulated amortisation	**(3,332,164)**	(3,225,875)
Net book amount	**888,667**	929,363

The intangible assets represent the value of franchise license rights and related brand costs, covering a period of fifteen to twenty years, to use the Hard Rock Café and the Starbucks brand names and certain other trade names, service marks, logos and commercial symbols related to the operation of restaurant/bar establishments and sale of merchandise in accordance with the respective franchise agreement.

As at 31 March 2024 and 2023, the cost of fully depreciated intangible assets still in use by the Group amounted to €426,647 and €335,182, respectively.

7. INVENTORIES

Inventories represents the portion of the right-of-use asset on the property title in the name of DB San Gorg Property Limited, a wholly owned subsidiary of the parent company (Note 5) which is earmarked to be realised through development and subsequent sale and development costs incurred on the site to date split as follows:

		GROUP	
		2024	2023
		€	€
Right-of-use assets	Note 5	**61,763,969**	-
Development costs		**7,137,253**	-
		68,901,222	-

In 2024, borrowing costs capitalised as part of development costs amounted to €740,528 (2023: nil). The interest rates used to determine the amount of borrowing costs eligible for capitalisation was 4.55% in 2024 (2023: nil).

8. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2024	2023
	€	€
Year ended 31 March		
Opening net book amount	**36,511,336**	36,512,741
Additions	**4,800**	-
Write-off	**-**	(1,405)
Closing net book amount	**36,516,136**	36,511,336
At 31 March		
Cost	**36,516,136**	36,511,336

The write off relates to the investment in db Catering and Events Limited and Silverstars Boat Chartering Limited which ceased operations in FY 2023.

8. INVESTMENTS IN SUBSIDIARIES - continued

The principal subsidiaries at 31 March, whose results and financial position affected the figures of the Group, are shown below:

	Registered office	Class of shares held	Percentage of shares held	
			2024	2023
DB San Gorg Property Limited	DB Seabank Hotel, Marfa Road, Għadira Mellieħa, Malta	Ordinary shares	100%	100%
Evergreen Travel Limited	Akara Building 24 De Castro Street, Wickhams Cay, Road Town, Tortola British Virgin Islands	Ordinary shares	100%	100%
Hotel San Antonio Limited	San Antonio Hotel and Spa Triq it-Turisti St. Paul's Bay, Malta	Ordinary shares	100%	100%
		Preference A shares	100%	100%
		Preference B shares	100%	100%
J.D. Catering Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	100%	100%
SA Marketing Company Limited	Grand Hotel Mercure San Antonio Tourists Street, St. Paul's Bay, Malta	Ordinary shares	100%	100%
SD Finance plc	Seabank Hotel, Marfa Road, Mellieħa, Malta	Ordinary shares	100%	100%
S.R.G.N. Company Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	100%	100%
Sea Port Franchising Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	100%	100%
Seabank Hotel and Catering Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	100%	100%
		Preference shares	100%	100%
Debar Limited	DB Seabank Resort and Spa Marfa Road, Għadira Mellieħa, Malta	Ordinary shares	100%	100%
DB Group Franchising Limited	DB Seabank Resort and Spa Marfa Road, Għadira Mellieħa, Malta	Ordinary shares	100%	100%

	Registered office	Class of shares held	Percentage of shares held	
			2024	2023
DB Lifestyle Group Limited	29 Farm Street London, England W1J 5RL	Ordinary shares	100%	100%
DB Lifestyle Operation Limited	29 Farm Street London, England W1J 5RL	Ordinary shares	100%	100%
DB Lifestyle Real Estate Limited	29 Farm Street London, England W1J 5RL	Ordinary shares	100%	100%
SDH Capital Limited	29 Farm Street London, England W1J 5RL	Ordinary shares	100%	100%
DB San Gorg Holdings (Incorporated on 22 June 2023)	DB Seabank Resort & Spa, Marfa Road, Mellieħa Bay, Malta	Ordinary Shares	100%	-
DB Projects Ltd (Incorporated on 22 June 2023)	DB Seabank Resort & Spa, Marfa Road, Mellieħa Bay, Malta	Ordinary Shares	100%	-
DB Pink Gourmet Limited (Incorporated on 5 February 2024)	DB Seabank Resort & Spa, Marfa Road, Mellieħa, Malta	Ordinary shares	100%	-
DB Ice Cream Limited (Incorporated on 10 January 2024)	DB Seabank Resort & Spa, Marfa Road, Mellieħa, Malta	Ordinary shares	100%	-

The shareholdings in DB San Gorg Property Limited, SD Finance plc, Debar Limited, DB Group Franchising Limited, Seabank Hotel and Catering Limited, DB Lifestyle Group, SDH Capital, DB San Gorg Holdings, DB Projects, DB Pink Gourmet and DB Ice Cream are held directly by SD Holdings Limited. The shareholding in Hotel San Antonio Limited is held equally between SD Holdings Limited and Seabank Hotel and Catering Limited. The shareholdings in J.D. Catering Limited, S.R.G.N. Company Limited and Sea Port Franchising Limited are held through Seabank Hotel and Catering Ltd, whilst the shareholdings in Evergreen Travel Ltd and SA Marketing Company Ltd are held through Hotel San Antonio Limited. Similarly, the shareholding in DB Lifestyle Operations Limited and DB Lifestyle Real Estate Limited are held through DB Lifestyle Group Limited.

DB Lifestyle Group was set up with its primary objective being that of offering hospitality and catering services within the United Kingdom. The impacts of the related additional investments in the newly incorporated entities were not material in the context of Group's and the Company's financial position.

9. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Year ended 31 March				
Opening carrying amount	**19,046,570**	15,889,539	**5,460**	5,460
Additions	**-**	226,594	**-**	-
Share of results	**5,486,700**	5,651,036	**-**	-
Dividend received	**(394,296)**	(2,720,599)	**-**	-
Closing carrying amount	**24,138,974**	19,046,570	**5,460**	5,460
At 31 March				
Cost	**3,139,476**	3,139,476	**5,460**	5,460
Share of results	**25,099,393**	19,612,693	**-**	-
Dividends received	**(4,099,895)**	(3,705,599)	**-**	-
Closing carrying amount	**24,138,974**	19,046,570	**5,460**	5,460

The Group's share of results of the associates, disclosed above and in profit or loss, is after tax and non-controlling interest in the associates. The principal associates at 31 March, whose results and financial position affected the figures of the Group, are shown below:

	Registered office	Class of shares held	Percentage of shares held	
			2024	2023
DP Road Construction Limited	Sea Bank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary A and C shares	**45%**	45%
Malta Healthcare Caterers Limited	JPR Buildings Level 1, Taz-Zwejt Road, San Gwann, Malta	Ordinary shares	**50%**	50%
Porto Azzurro Limited	Ridott Street, Xemxija Hill, St.Paul's Bay, Malta	Ordinary shares	**33.30%**	33.30%
Porto Azzurro Resort Club Limited	Porto Azurro Residence Ridott Street, Xemxija Hill, St.Paul's Bay, Malta	Ordinary shares	**33.30%**	33.30%
Kore Inflight Services Limited (formerly Sky	Old Terminal Building, St. Thomas Road,	Ordinary shares	**40%**	30%

	Registered office	Class of shares held	Percentage of shares held	
			2024	2023
Gourmet Malta Inflight Services Limited)	Luqa, Malta			
Kore Air Services Limited (formerly Sky Gourmet Malta Limited)	Old Terminal Building, St. Thomas Road, Luqa, Malta	Ordinary shares	**40%**	30%
DB Gauci Shopping Mall Limited	Big Bon, Head office, Santa Tereza Square, off Naxxar Road Birkirkara, Malta	Ordinary shares	**45%**	45%
JSSR Turnkey Projects Limited	The Food Factory BLB014A, Bulebel Industrial Estate, Żejtun, Malta	Ordinary Shares	**25%**	25%

The shareholdings in DP Road Construction Limited, DB Gauci Shopping Mall Limited and JSSR Turnkey Projects Limited are held directly by SD Holdings Limited, whilst all the other investments are held through Seabank Hotel and Catering Limited.

The principal and significant associates of the Group are Malta Healthcare Caterers Limited and Kore Air Services Limited (formerly Sky Gourmet Malta Limited). The main activity of the Malta Healthcare Caterers Group is the provision of healthcare catering services to hospitals and retirement homes, together with the provision of nursing, medical and clinical services; whilst Kore Air Services Limited's principal activity is the provision of catering and commissary services to airlines operating from Malta. These investments provide strategic partnerships for the Group within business sectors which are targeted by the Group for diversification or consolidation purposes. The principal places of business for both associates are based in Malta.

Associates are measured using the equity method in accordance with the Group's accounting policy and there are no contingent liabilities relating to the Group's interest in the associates.

Set out below are the summarised financial information of the Group's principal associates, as presented in the respective financial statements.

9. INVESTMENTS IN ASSOCIATES - continued

Summarised balance sheets

	Malta Healthcare Caterers Limited As at 31 March		Kore Air Services Limited As at 31 March	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current assets	**27,522,092**	29,509,047	**207,985**	54,685
Current assets	**70,653,933**	60,992,160	**2,810,608**	2,645,843
Non-current liabilities	**(21,191,257)**	(24,082,401)	**-**	-
Current liabilities	**(35,873,085)**	(35,264,989)	**(1,519,121)**	(1,682,755)
Net assets	**41,111,683**	31,153,817	**1,499,472**	1,017,773
Proportion of the Group's ownership	**50%**	50%	**40%**	40%
	20,555,842	15,576,909	**599,788**	407,109
Fair value adjustments upon acquisition	**(218,507)**	(218,507)	**(181,012)**	(181,012)
Carrying amount of the Group's investment	**20,337,335**	15,358,402	**418,776**	226,097

The carrying amount of these investments is lower than the Group's share of the net assets reflected above as a result of fair value adjustments made at the time of acquisition and the fact that the share of results for the year of acquisition was not a full financial year.

Summarised statements of comprehensive income

	Malta Healthcare Caterers Limited Year ended 31 March		Kore Air Services Limited Year ended 31 March	
	2024	2023	**2024**	2023
	€	€	**€**	€
Revenue	**131,541,936**	103,943,861	**8,603,982**	5,974,712
Profit for the year/total comprehensive income	**9,957,867**	10,159,344	**1,091,886**	691,820
Share of results	**4,978,933**	5,079,672	**436,754**	276,728
Dividend received from associate	**-**	2,272,500	**244,075**	333,836

9. INVESTMENTS IN ASSOCIATES - continued

As at 31 March 2024 and 2023, the carrying value of associates that are not individually material amounted to €3,382,864 and €3,462,071. The aggregate comprehensive income of associates that are not individually material is as follows:

	2024	2023
	€	€
Share in net income	71,012	295,948
Share in other comprehensive income	-	-
Share in total comprehensive income	71,012	295,948

10. RIGHT-OF-USE ASSETS

The Group leases a number of immovable properties and motor vehicles, which leases are deemed to be within scope of IFRS 16 'Leases'.

The statement of financial position reflects the following assets relating to leases:

	Properties	Motor vehicles	Total
	€	€	€
As at 31 March 2022	9,824,553	76,179	9,900,732
Additions	6,615,517	61,611	6,677,128
Impact of derecognition of leased assets	(11,771)	-	(11,771)
Amortisation charge	(1,168,581)	(31,502)	(1,200,083)
As at 31 March 2023	15,259,718	106,288	15,366,006
Additions	6,534,713	-	6,534,713
Amortisation charge	(2,162,433)	(35,924)	(2,198,357)
As at 31 March 2024	**19,631,998**	**70,364**	**19,702,362**

The additions for both years pertain to premises rented for operations of newly opened restaurant/bar establishments.

The income statement reflects the following amounts relating to leases:

	2024	2023
	€	€
Amortisation charge of right-of-use assets	2,198,357	1,200,083
Interest expense (included in finance costs) (Note 21)	611,288	675,096
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses) (Notes 21 and 23)	1,385,254	825,608
Expense relating to low value assets not included in lease liabilities (included in administrative expenses) (Note 23)	-	24,657
Rent rebates (Note 23)	-	(12,557)

11. DEFERRED TAXATION

Deferred income taxes are calculated on temporary differences under the liability method and are measured 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 (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2023: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property, i.e. tax effect of 10% (2023: 10%).

Deferred taxation is principally composed of deferred tax assets and liabilities which are expected to be recovered and settled after more than 12 months. Deferred tax assets have been recognised in the financial statements on the basis that the directors of the respective companies are of the opinion that it is probable that future taxable profits will be available to utilise such assets.

The balance at 31 March represents:

	GROUP	
	2024	2023
	€	€
Year ended 31 March		
At beginning of year	**(17,453,326)**	(14,038,437)
Credited/(charged) to profit or loss (Note 28):		
Unabsorbed capital allowances	**(235,888)**	(1,395,137)
Unutilised investment tax credits	**(891,976)**	-
Unutilised trading losses	**(431,411)**	(2,716,284)
Temporary differences on property, plant and equipment and provisions for credit loss allowances	**516,985**	521,838
Temporary differences on right-of-use assets	**(232,470)**	97,755
Realisation through asset use	**-**	76,939
	(1,274,760)	(3,414,889)
Credited/(charged) to other comprehensive income:		
Unrealized gain on property appraisal (Note 4)	**(7,509,380)**	-
At end of year	**(26,237,466)**	(17,453,326)
Unutilised tax credits arising from:		
Unabsorbed capital allowances	**-**	267,002
Unutilised investment tax credits	**284,551**	1,176,527
Unutilised trading losses	**-**	431,412
Taxable temporary differences arising from depreciation of property, plant and equipment	**188,807**	(5,082,196)
Taxable temporary differences arising from revaluation of property, plant and equipment	**(27,196,137)**	(14,724,887)
Deductible temporary differences arising from right-of-use assets	**288,313**	262,532
Deductible temporary differences on provisions for credit loss allowances	**197,000**	216,284
	(26,237,466)	(17,453,326)
Disclosed as follows:		
Deferred tax assets	**873,002**	1,952,058
Deferred tax liabilities	**(27,110,468)**	(19,405,384)
	(26,237,466)	(17,453,326)

Deferred tax liability on unrealised gain on property appraisal was recognised based on a tax rate of 12% which represents the tax liability which will become due in the event of sale of the property at revalued amounts (Note 4).

The company has an unrecognised deferred tax asset amounting to nil (2023: nil) arising on unutilised tax losses.

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current				
Amounts owed by subsidiaries	**-**	-	**15,323,147**	22,618,093
Other receivables	**387,137**	335,337	-	-
Prepayments	**1,989,117**	-	-	-
Advance payments to suppliers	**2,254,780**	-	-	-
	4,631,034	335,337	**15,323,147**	22,618,093
Current				
Trade receivables	**5,581,886**	5,496,549	-	-
Less: credit loss allowances	**(485,144)**	(617,954)	-	-
	5,096,742	4,878,595	-	-
Advance payments to suppliers	**427,598**	2,940,856	-	-
Amounts owed by director	**12,429**	5,191	**2,000**	-
Amounts owed by subsidiaries	**-**	-	**13,817,286**	4,782,165
Amounts owed by associates	**2,220,986**	2,146,278	**461,754**	1,664,152
Amounts owed by other related parties	**154,385**	220,284	**25,000**	25,000
Other receivables	**2,229,420**	1,247,329	-	-
Indirect taxation	**212,761**	321,740	**28,917**	1,900
Prepayments and accrued income	**1,629,668**	1,785,955	**-**	43,544
	11,983,989	13,546,228	**14,334,957**	6,516,761

Trade receivables pertain to receivables from customers arising from revenue arrangements. Net increase pertains to uncollected billings to travel agents for bookings and corporate customers for food package orders received for corporate events.

Other receivables pertain to receivables from employees, insurance claims and others.

Prepayments and accrued income pertain to prepaid services amortized over a certain period.

Amounts owed by director pertain to advances made by the Group to a director. Current amounts owed by subsidiaries include current portion of the loans to amounting to €2,425,521 (2023: €2,116,867) as described below. Other amounts owed by subsidiaries and associates pertain to expenses paid by the Company in behalf of its subsidiaries and associates. Apart from the current portion of the loans, the amounts owed by director, subsidiaries, associates and other related parties are unsecured, interest free and repayable on demand.

Non-current amounts owed by subsidiaries include an amount of €12,115,347 (2023: €17,000,000) relating to the consideration receivable from the sale of intellectual property to DB Group Franchising Limited. These amounts are unsecured, interest free. Other non-current amounts owed by subsidiaries of €3,207,800 (2023: €5,618,093) are unsecured, subject to interest of 2.5% plus 3-month Euribor in line with the COVID-19 Guarantee Scheme supported by the Malta Development Bank (MDB) until June 2022 and November 2022 for the two loans respectively. Accordingly, the effective average interest rate as at 31 March 2024 is of 4.9% (2023: 4.9%). The loans are repayable as follows:

	COMPANY	
	2024	2023
	€	€
Between 1 and 2 years	**2,550,274**	2,266,847
Between 2 and 5 years	**657,526**	3,351,246
	3,207,800	5,618,093

In 2024, the Company received principal repayments of €2,101,588 (2023: €1,810,603) from its subsidiaries relating to the said loan which are presented as advances to subsidiaries under cash flows from investing activities in the statement of cash flows.

Non-current prepayments pertains to prepaid insurance obtained by the Group in relation to the construction activities on the St George's Bay Multi Purpose Development project. Non-current advance payments to suppliers represents the deposits made to contractors for the development of the residential units under the project.

Non-current other receivables represent deposits effected by a Group undertaking to lessor under operating lease arrangements. This is refundable at the end of the lease terms in accordance with the respective lease arrangements.

As at 31 March 2024, advance payments to suppliers are supported by collateral in the form of bank guarantees for an amount of €472,920 (2023: €1,000,000) as security for the related services that are due to a subsidiary.

13. INVENTORIES

	GROUP	
	2024	2023
	€	€
Food and beverage	**985,550**	835,261
Merchandise	**588,042**	492,099
Consumables and other	**608,598**	690,518
	2,182,190	2,017,878

Inventories are valued at cost as at 31 March 2024 and 2023. The cost of these inventories is deemed to fairly approximate their net realisable value.

There is no allowance for inventory write-down as at 31 March 2024 and 2023.

14. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statements, the year-end cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Cash at bank and in hand	**69,455,401**	52,818,773	**48,201,728**	47,181,616
Funds held in escrow	**1,581,468**	1,600,660	**-**	-
Cash and cash equivalents per balance sheet	**71,036,869**	54,419,433	**48,201,728**	47,181,616
Bank overdrafts (Note 20)	**(501,252)**	(679,783)	**-**	-
Closing carrying amount	**70,535,617**	53,739,650	**48,201,728**	47,181,616

On 7 December 2022, DB Lifestyle Real Estate Limited ("the Tenant"), a wholly-owned subsidiary, entered into a lease agreement for the lease of premises to be used in its operations. The lease agreement requires the parties to enter into an escrow agreement and for the Tenant to pay to the escrow agent the sum of £1.5 million (€1.8 million) as security for the payment of sums towards the Tenant's fit-out works at the property. The Tenant may request in writing from time to time (on demand) to transfer certain amounts in respect of charges, costs, deposits, expenses, and/or fees paid or payable in connection with or in preparation for the Tenant's fit-out works. Considering that the Company has access to the funds upon demand for the specific use mentioned above, the company has concluded classification that such amounts are part of cash and cash equivalents.

Bank overdraft represents amount drawn on facility arrangement with banks under which the banks extend credit up to a maximum amount (overdraft limit) against which the Group can make withdrawals to cover working capital needs. This is repayable on demand.

Included in the balance of cash at bank and in hand as at 31 March 2024 is a fixed-term deposit with a local bank with an original maturity of six months from the acquisition date amounting to €2,000,000 (2023: nil). Such fixed-term deposit can be called upon demand subject to a lower interest rate than the prevailing interest rate should the deposit be held to maturity which is equivalent to the interest rate offered on demand deposits. In its assessment, Management has taken into account that a) the forgone incremental higher interest that the Group would have received if the deposit were held to maturity for withdrawal prior to maturity is not significant , b) in case of earlier demand this does not expose the company to changes in cash different to a demand deposit and c) Group's objective to holding this objective is to facilitate short term cash needs. As such, management has concluded that this deposit qualifies to be treated as cash equivalent.

15. FINANCIAL ASSETS AT FVPL

Details of this account are shown below:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Principal amount	**2,000,000**	-	**2,000,000**	-
Fair value	**2,232,316**	-	**2,232,316**	-

Financial assets at fair value through profit or loss represents investments in funds.

The change in fair value of these investments in 2024 of €232,316 (2023: nil) are presented as 'Fair value changes of investments at fair value through profit or loss' in the statement of comprehensive income.

The fair value of the financial assets as at 31 March 2024 was determined based on the latest published net asset value per share as of balance sheet date. These investments are categorized as Level 3 in the fair value hierarchy.

The significant unobservable inputs used in the fair value measurement include the valuation of underlying investment (company performance) and certain market conditions (economic conditions and industry performance). Given the unobservable nature of these inputs, changes in any of these can have a significant impact on the fair value measurement.

16. SHARE CAPITAL

	GROUP AND COMPANY	
	2024	2023
	€	€
Authorised		
4,998,000 (2023: 5,000,000) Ordinary shares of €1 each	**4,998,000**	5,000,000
2,000 (2023: nil) Cumulative redeemable preference shares of €1 each	**2,000**	-
	5,000,000	5,000,000
Issued and fully paid		
4,000,000 Ordinary shares of €1 each	**4,000,000**	4,000,000
Classified as financial liability		
2,000 Cumulative redeemable preference shares of €1 each	**2,000**	2,000

On 3 May 2023, the founding member of the Company, jointly signed agreement with his spouse and the Company to execute a shareholding reorganization with the below steps:

- Step 1: Jointly own and control the Company through 50%-50% ownership and equal rights (including also in terms of voting) of the Company's issued and outstanding common shares (thus both become controlling shareholders)
- Step 2: fresh issue of 2,000 cumulative mandatorily redeemable (on the occasion of passing away of each individual) preference shares of €1 each subscribed 50%-50% to each one of them;
- Step 3: Donation of the bare ownership of 70% of the ordinary shares (equating to 2,800,000 ordinary shares) to their descendants.

16. SHARE CAPITAL - continued

Based on the terms of the agreements, the controlling shareholders will retain in their favour the joint and successive lifelong usufruct of shares donated until the death of the founding member. In this respect up until the death of the founding member of the company, the current shareholders will have all the rights of the common shares transferred (including decision making capacity for the returns of the Company, right to vote and benefit of 100% of the dividends on common shares).

The cumulative mandatorily redeemable preference share contain rights for non-discrentionary preferred dividends, as long as there are ditributable earnings/reserves each year. In more details, the Company has the obligation to pay out a minimum dividend of 250 euros per share, such obligation becoming due at the earlier of the passing away of the founding member of the Company or the date when such individual reaches out a certain age (65) (assuming both controlling shareholders are alive at that time). Otherwise, and until redemption, the minimum dividend is 500 euros per share. Such minimum dividend (250 or 500 euros per share as above) can change any time based on future agreements. If at any financial year there are not enough distributable eanrings/reserves, the obligation for payment transfers to the succeeding years (until satisfaction).

The ordinary shares carry rights to dividends and to participation in the profits of the Goup provided that no dividend shall be paid on the ordinary shares unless dividends that are due on the cumulative redeemable preference shares have been paid in full according to the amended terms of the Memorandum of Association of the Company.

The founding members retained all usufructuary rights over the ordinary share capital of the Company, however the redeemable preference shares do not give any voting rights to the holders.

The mandatorily preferred shares become redeemable on the occasion of passing away of each of the controlling shareholders (based on the shares held by each of them). Non discretionary dividends obligation terminates on the occasion of passing away of both controlling shareholders.

Based on the terms of the agreement, management assessed that since both the obligation to redeem the preferred shares at a fixed amount (nominal value) and the minimun guaranteed dividend are mandatory/non-discretionary, they are classified as a financial liability. In its assessment, management took into account the provisions of IAS 32 “Financial Instruments: presentation” for compound financial instruments and as such, in conjuction also with the provisions of IFRS 9 “Financial Instruments” on initial recognition, has recognized the excess of the proceeds (€2,000) over the initial fair value of the liability (€4,320,532) as an equity component (€4,318,532). Management has classified this liability as subsequently measures at amortised cost, and in this respect an amount of €352,544 is included within Finance Cost line item (Note 27), representing the interest expense of the financial liability. As of March 31, 2024 the whole amount of the liability has been classified as non-current taking into account the mortality rates (see below) and the proximity of the occurence of the triggering event (reaching the age of 65) in the next twelve month period.

The fair value of the financial liability was calculated at the inception of the instrument using a discounted cashflow model in line with the provisions of IFRS 13 “Fair Value Measurement”. The fair value of the liability was estimated taking into account those characteristics that market participants would take into consideration when pricing the liability at the measurement date which include the below significant unobservable inputs categorised within Level 3 of the fair value hierarchy:

- Discount rate expected by market participants for instruments with similar risk;
- Probability of death at each age group between age 65 and death using a mortality table (based on UN mortality rates tables for Malta) showing the rate of deaths occurring at each age group;

Information about fair value measurements, relating to fair valuation made during the year, using significant unobservable inputs (Level 3):

Valuation technique	Significant unobservable input	Range of unobservable inputs
DCF approach	Discount rate	8.9% (post-tax)
	Mortality rate	Mortality rates tables

With respect to the DCF approach, an increase in the projected levels of discount rate and mortality rate would result in a lower fair value.

An analysis of the impact of a reasonable change in the significant unobservable on the fair value of the property is included below:

	Discount rate		Mortality rate
	€		€
(+) 0.5%	(186,800)	(+) 20%	(108,679)
(-) 0.5%	417,777	(-) 20%	117,223

17. REVALUATION RESERVE

	GROUP	
	2024	2023
	€	€
Year ended 31 March		
At beginning of year	**73,977,606**	74,103,285
Transfer upon realisation through asset use, net of deferred tax	**(125,679)**	(125,679)
Fair value reserve on land and buildings, net of deferred tax	**51,053,524**	-
At end of year	**124,905,451**	73,977,606

The revaluation reserve represents the revaluation surplus arising on the valuation of the Group's land and buildings and is non-distributable.

18. OTHER RESERVES

The capital redemption reserve represents a sum equal to the nominal amount of reference share redeemed by a subsidiary in accordance with Article 115 of the Maltese Companies Act (Cap. 386). The capital redemption reserve may be applied in paying up unissued shares to be issued to members as fully paid bonus shares. These redemptions took place in prior years. The preference shares redeemed were attributable to non-controlling interest.

	GROUP	
	2024	2023
	€	€
Capital redemption reserve	**11,628,279**	11,628,279
Incentives and benefits reserve	**1,240,807**	1,240,807
Other reserves	**32,612**	32,612
	12,901,698	12,901,698

The incentives and benefits reserve represents transfers effected by a subsidiary for the net amount of profits subject to income tax at a reduced rate of tax, in accordance with Articles 24B and 36 of the Business Promotion Act. No transfers to the incentives and benefits reserve have been made during the current and the preceding financial years, as no income was subject to tax at reduced rates. Such profits are set aside for the exclusive purpose of financing the upgrading projects within the qualifying company as approved by Malta Enterprise Corporation in accordance with Article 6 of the Business Promotion Act. The incentives and benefits reserve is not distributable and will be retained for a period of eight years after which it can be distributed by means of a bonus issue.

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current				
Payables with respect to capital expenditure	**203,456**	203,447	-	-
Contract liabilities - deferred income arising on long term rights of use sales	**11,190,052**	12,048,214	-	-
	11,393,508	12,251,661	-	-
Current				
Trade payables	**9,412,045**	7,815,320	-	-
Payables and accruals with respect to capital expenditure	**4,217**	687,681	-	-
Advance deposits received on promise of sale	**9,088,232**	-	-	-
Contract liabilities				
- Advance deposits from tour operators and other third parties	**2,621,193**	2,600,891	-	-
- Deferred income arising on long term rights of use sales	**1,371,910**	1,121,932	-	-
Amounts owed to shareholder	**148,690**	245,283	**-**	245,283
Amounts owed to subsidiaries	-	-	**87,161,555**	79,874,819
Amounts owed to associates	**15,665,052**	17,096,449	**-**	-
Amounts owed to other related parties	**3,452,596**	642,255	**2,785,744**	2,798,342
Other payables	**181,908**	226,699	**-**	29,414
Indirect taxation and social security	**1,421,259**	1,558,850	**-**	-
Other accruals	**4,477,000**	4,390,836	**56,000**	40,760
	47,844,102	36,386,196	**90,003,299**	82,988,618

Payables with respect to capital expenditure include an amount of €203,456 (2023: €629,344) in relation to a piece of land acquired during the preceding financial year for which payments will be made over 33 months.

The maturity of this liability is as follows:

	GROUP	
	2024	2023
	€	€
Due within 1 year	-	446,653
Due between 1 and 2 years	**203,457**	205,334
	203,457	651,987
Less: imputed interest component	-	(22,643)
	203,457	629,344

Advance deposits received on promise of sale pertains to deposits received from buyers of properties being constructed by the property development entities of the Group. Under the terms of the promise of sale agreements, should the buyer fail to pay the balance of the consideration when it falls due, the Group may terminate the promise of sale and will automatically forfeit the buyer's right to acquire the property, including the deposits paid by way of pre-liquidated damages.

19. TRADE AND OTHER PAYABLES - continued

If the Group breaches its promise to sell the property for no reason or for a reason not valid in terms of the promise of sale or at law, the buyer is entitled to demand refunds of the deposits made with an interest rate of 5% per annum accruing from when the payment was made.

The company's amounts owed to subsidiaries represent financing obtained by the parent company from other Group undertakings to finance various Group projects including the acquisition of Hotel San Antonio Limited in prior years and subsequent developments at the same hotel in current year. Such advances are unsecured and repayable on demand. However, the respective subsidiaries have undertaken not to request repayment of amounts due until alternative financing is available. Included in such advances are €1,488,101(2023: €1,488,101) owed by a subsidiary to the parent company which are subject to interest at 4.8% (2023: 4.8%). All the other amounts are interest free.

Contract liabilities - recognised in revenue during 2024

Deferred income arising on long term rights of use sales included in contract liabilities are amounts recognised for a subsidiary's unrendered performance obligation in relation to timeshare agreements.

Revenue recognised in profit or loss during the financial year ended 31 March 2024 that was included in the balances of contract liabilities as at the end of the preceding financial year amounted to €1,121,932 (2023: €916,842).

Reclassification

As at 31 March 2024, the comparative balances of the Lease liabilities to Government have been reclassified as part of Lease liabilities to conform with IFRS 16 disclosures. This reclassification did not affect the total assets, total liabilities and total equity in the statement of financial position as of 31 March 2023.

20. BORROWINGS

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current				
Bank loans	**15,665,504**	12,114,571	**3,207,850**	5,618,093
Loan from subsidiary	**-**	-	**1,488,101**	1,488,101
650,000 4.35% Bonds 2017 – 2027	**64,780,118**	64,678,018	**-**	-
	80,445,622	76,792,589	**4,695,951**	7,106,194
Current				
Bank overdrafts	**501,252**	679,783	**-**	-
Bank loans	**4,856,134**	4,036,937	**2,425,521**	2,116,867
650,000 4.35% Bonds 2017 – 2027 and accrued interest	**2,551,638**	2,553,373	**-**	-
	7,909,024	7,270,093	**2,425,521**	2,116,867
Total borrowings	**88,354,646**	84,062,682	**7,121,472**	9,223,061

Bonds

By virtue of an offering memorandum dated 27 March 2017, SD Finance plc (the Issuer) issued €65,000,000 bonds with a face value of €100 each. The bonds have a coupon interest of 4.35% which is payable annually in arrears, on 25 April of each year. The bonds are redeemable at par and are due for redemption on 25 April 2027. The bonds are guaranteed by SD 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 offering memorandum. The bonds were admitted on the Official List of the Malta Stock Exchange on 4 May 2017. The quoted market price as at 31 March 2024 and 2023 for the bonds was €99 and €97 respectively. The fair value of these financial liabilities as at 31 March 2024 amounts to €64,350,000 (2023: €63,050,000). At the end of the current reporting period, bonds with a face value of €18,000 (2023: €521,625) were held by a company director.

In accordance with the provisions of the prospectus, the proceeds from the bond issue have been advanced by the Issuer to SD Holdings Limited (the Issuer's parent undertaking and guarantor of the bonds) and to Hotel San Antonio Limited and Seabank Hotel and Catering Limited (both fellow subsidiaries of the Issuer). The principal purposes for these advances were the re-financing of existing banking facilities of the respective borrower, for the general corporate funding purposes of the db Group and for other purposes as defined in the respective prospectus.

20. BORROWINGS - continued

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 yield method as follows:

	2024	2023
	€	€
Original face value of bonds issued	**65,000,000**	65,000,000
Bond issue costs	**(924,036)**	(924,036)
Accumulated amortisation	**606,196**	508,623
Closing net book amount of bond issue costs	**(317,840)**	(415,413)
Amortised cost and closing carrying amount of the bonds	**64,682,160**	64,584,587
Accrued interest payable on the bonds	**2,649,596**	2,646,804

As at 31 March 2024, the comparative balances of the current portion of the bonds and the related accrued interest payable have been reclassified as part of Borrowings under the current classification to conform with IFRS 9 amortised cost basis. This reclassification did not affect the total assets, total liabilities and total equity in the statement of financial position as of 31 March 2023 and 01 April 2022.

Bank borrowings

During 2021, SD Holdings Limited successfully applied for loans through the COVID-19 Guarantee Scheme supported by the Malta Development Bank (MDB). These loans were then advanced to various components within db Group at the same terms and conditions as issued by the bank. In this respect, SD Holdings Limited advanced €10,000,000 to its subsidiaries (refer to Note 12 for information relating to balances as at 31 March 2024 and 2023). The loan is subject to interest of 3% plus 3-month Euribor on the €2,000,000 loan and 4% plus 3-month Euribor on the €8,000,000 loan. However, in line with the MDB COVID Guarantee Scheme, the loan benefits from a subsidy of 2.4% for the first two years until June 2022 and November 2022 for the two loans respectively. The effective average interest rate as at 31 March 2024 is 5.07% (2023: 4.9%).

The Group's and the Company's banking facilities limit as at 31 March 2024 amounted to €137,687,631 (2023: €126,358,167) and €67,133,371 (2023: €10,000,000) respectively. The Group's bank facilities are mainly secured by:

(a) special hypothecs over the Group's property with net carrying value €213,104,864 (2023: €155,565,271) up to an amount of €83,100,000 (2023: €75,600,000);
(b) general hypothecs over the Group's present and future assets up to an amount of €139,755,219 (2023: €89,100,000);
(c) guarantee by companies within the Group
(d) pledge over cash balance of the Group for an amount of €18,000,000 or subject to the bank's discretion and revised pricing can be replaced by a charge on a property;
(e) pledge over share of entities which will operate overseas undertakings which are funded through the loans
(f) pledges over specific insurance policies of Group undertakings;
(g) letters of undertaking

20. BORROWINGS - continued

The loan agreements with banks contain certain financial covenants with which the Group should comply during the term of the bank borrowings, including the following:

- Utilised net debt against EBITDA multiple until 2026 not in excess of ten times, until 2027 not in excess of eight times, and until 2029 not in excess of six times
- Loan-to-Value not exceeding 70%
- Debt to Equity Ratio not exceeding 1.3:1
- Group Debt Service Coverage Ratio (DSCR) of a minimum of 1.4 times with EBITDA calculation excluding any one-time revenues. If DSCR falls below 1.7 times, Group must demonstrate ability to restore DSCR within 6-months

As at 31 March 2024 and 2023, the Group is compliant with the required financial ratios and other loan covenants.

The interest rate exposure of the bank borrowings is at floating rates and the weighted average effective interest rates as at the end of the financial reporting period are as follows:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Bank overdrafts	4.90%	4.90%	**-**	-
Bank loans	5.07%	4.60%	**5.07%**	4.90%

Maturity of non-current bank borrowings is shown below:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Between 1 and 2 years	**5,874,183**	6,164,914	**2,550,274**	2,266,847
Between 2 and 5 years	**9,791,321**	5,949,657	**657,576**	3,351,246
	15,665,504	12,114,571	**3,207,850**	5,618,093

Loan from subsidiary

The Company's non-current loans from subsidiary amounting to €1,488,101 consist of advances from SD Finance plc out of the proceeds of the bonds issued by the subsidiary. The proceeds of the bond issue have been advanced to SD Holdings Limited and other companies forming part of the db Group. SD Holdings Limited utilised these advances primarily to re-finance its existing banking facilities. These loans are subject to interest at a fixed interest rate of 4.55%, with an additional renewal fee, which shall be charged on the loans at a floating rate at the discretion of the Directors of the Issuer. As at the end of the current reporting period, the element of the floating rate interest was 0.23% (2023: 0.22%). Renewal fees recognised as part of finance cost amounted to €3,117 (2023: €3,103) (see Note 27). The loans are unsecured and repayable by not later than 10 April 2027.

21. LEASE LIABILITIES

	Lease liabilities to Government	Properties	Motor vehicles	Total
	€	€	€	€
As at 1 April 2022	52,739,274	10,347,537	76,915	63,163,726
Additions	-	6,615,517	61,611	6,677,128
Lease modifications	-	7,336	-	7,336
Impact of derecognition of leased assets	-	(19,107)	-	(19,107)
Interest charges	1,759,647	669,122	5,974	2,434,743
Lease concessions	-	(12,557)	-	(12,557)
Payments effected - total cash outflows	-	(1,581,512)	(37,173)	(1,618,685)
As at 31 March 2023	54,498,921	16,026,336	107,327	70,632,584
Non-current	45,525,680	15,270,504	72,604	60,868,788
Current	8,973,241	755,832	34,723	9,763,796
Total lease liabilities as at 31 March 2023	54,498,921	16,026,336	107,327	70,632,584
As at 1 April 2023	54,498,921	16,026,336	107,327	70,632,584
Additions	-	6,741,424	16,989	6,758,413
Interest charges	1,655,365	606,083	5,205	2,266,653
Lease concessions	-	(70,566)	-	(70,566)
Payments effected - total cash outflows	-	(2,322,527)	(40,913)	(2,363,440)
As at 31 March 2024	**56,154,286**	**20,980,750**	**88,608**	**77,223,644**
Non-current	45,618,536	19,203,694	34,668	64,856,898
Current	10,535,750	1,777,056	53,940	12,366,746
Total lease liabilities as at 31 March 2024	**56,154,286**	**20,980,750**	**88,608**	**77,223,644**

Lease liabilities to Government pertains to the Group's liability towards the Government of Malta in relation to the payment of ground rents and any penalty that may become due by db San Gorg Property Limited for the land held under temporary emphyteusis (Notes 4, 5 and 7). The lease liability is secured by a special privilege on the site at St Julian's accorded to the dominus by law in favour of the Government of Malta.

The maturity of this liability is as follows:

	GROUP	
	2024	2023
	€	€
Due within 1 year	**10,535,750**	8,973,241
Due between 1 and 2 years	**1,562,509**	1,562,509
Due between 2 and 5 years	**4,757,840**	4,734,402
Due after more than 5 years	**157,792,506**	159,396,301
	174,648,605	174,666,453
Less: imputed interest component	**(118,494,319)**	(120,167,532)
	56,154,286	54,498,921

21. LEASE LIABILITIES - continued

As at 31 March 2024, the comparative balances of the lease liabilities to Government have been reclassified as part of lease liabilities to conform with IFRS 16 disclosures. This reclassification did not affect the total assets, total liabilities and total equity in the statement of financial position as of 31 March 2023 and 01 April 2022.

Interest charges on land held under temporary emphyteusis pertain to capitalised borrowing cost.

These lease liabilities are measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease arrangement. The discount rate applied to the lease liabilities was 5% which is in line with prior year.

The contractual undiscounted cash flows attributable to lease liabilities as at 31 March are analysed in Note 2.1 (c).

During financial years 31 March 2024 and 2023, rent concessions have been granted to Group undertakings. The Group has accounted for such concessions as variable lease payments in the period in which they are granted.

The Group has lease contracts for its restaurants that contain variable payments calculated by reference to sales performance. The variable lease payments are presented as part of 'Cost of sales' in the statement of comprehensive income (Note 23).

22. REVENUE

The Group's entire revenue is derived locally mainly from hospitality, leisure and ancillary activities.

	GROUP		COMPANY	
	2024	2023	**2024**	2023
By Category	**€**	€	**€**	€
Hospitality and ancillary services	**47,702,280**	40,750,514	-	-
Food and beverage	**35,551,412**	25,377,250	-	-
Merchandise and other retailing activities	**4,574,311**	4,045,151	-	-
Other revenue	**896,931**	626,259	-	-
	88,724,934	70,799,174	-	-

Hospitality and ancillary services predominantly include revenue generated from the provision of all-inclusive accommodation services including accommodation services, spa and wellness services, transportation services and parking services.

Revenue from food and beverage is generated from the various outlets operated by the group across Malta including a number of new outlets opening during the year under review.

Set out below is the amount of revenue recognised from:

	2024	2023
Amounts included in contract liabilities at the beginning of the year	**13,170,146**	12,974,184
Performance obligations satisfied in previous years	**7,352,446**	5,465,362

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows:

	2024	2023
Within one year	**1,972,947**	1,887,085
More than one year	**10,313,580**	11,837,681

Unfulfilled performance obligations, which are accommodation services that the Group is obliged to provide to customers during the remaining fixed term contract, as at 31 March 2024 and 2023, relate to the amounts disclosed under 'contract liabilities' in Note 19 to the financial statements. The Group's revenue that is recognised over time is also disclosed in Note 19.

23. EXPENSES BY NATURE

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Cost of sales	**60,366,531**	50,866,400	**-**	-
Selling expenses	**284,654**	158,089	**-**	-
Administrative expense	**9,890,728**	5,282,705	**1,894,433**	88,176
	70,541,913	56,307,194	**1,894,433**	88,176

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Employee benefit expense (Note 24)	**23,933,394**	19,261,956	-	-
Amortisation of intangible assets (Note 6)	**106,289**	121,330	-	-
Amortisation of right-of-use assets (Note 10)	**2,198,357**	1,200,083	-	-
Depreciation of property, plant and equipment (Note 4)	**8,738,444**	8,233,767	-	-
Utilities and similar charges	**1,728,264**	1,806,402	-	-
Operating supplies and related expenses	**20,290,194**	15,876,164	-	-
Repairs and maintenance costs	**2,456,479**	1,198,510	-	-
Professional fees	**2,387,610**	415,906	-	-
Energy costs	**720,707**	548,982	-	-
Marketing, advertising costs and commissions	**1,907,675**	2,289,017	-	-
Franchise royalties	**907,322**	690,165	-	-
Variable lease rentals (Note 10)	**1,385,254**	825,608	-	-
Rent rebates	**-**	(12,557)	-	-
Movement in credit loss allowances (Note 12)	**(82,948)**	209,233	-	-
Other expenses	**3,864,872**	3,642,628	**1,894,433**	88,176
Total cost of sales, selling and administrative expenses	**70,541,913**	56,307,194	**1,894,433**	88,176

The increase in the Group's employees benefit expense is mainly attributed to the employees' salaries of the newly opened restaurant/bar establishments of the Group.

Operating supplies and related expenses increased as compared to 2023 as an effect of the increase in revenue from hospitality and ancillary services and food and beverage (Note 22) driven by more tourists coming to Malta and the operations of the Group's newly opened restaurants/bars. Based on the National Statistics Office, total inbound tourists for March 2024 alone were estimated at 240,851, an increase of 38.1% when compared to the corresponding month of 2023. The largest share of guest nights (89.5%) was spent in rented accommodation establishments.

Increase in depreciation of property, plant and equipment and amortisation of right-of-use assets is due to additions during the year for the Group's newly opened restaurants and Starbucks branches. Repairs and maintenance costs also increased in line with increased operations.

23. EXPENSES BY NATURE - continued

Increase in professional fees relates to the various development projects of the Group.

Included in the other expenses of the Group and the Company are restructuring costs of €1,689,292 which pertains to stamp duties incurred on the donation of shares by the founding members to their descendants (Note 16). Such costs were paid by the Company on behalf of the descendants which costs were not deemed to be recoverable and have accordingly been expensed.

Auditor's fees

Fees charged by the auditor for services rendered during the current and the preceding financial years relate to the following:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Annual statutory audit	273,000	224,000	55,000	40,000
Tax advisory and compliance services	16,300	28,125	900	1,060
Other non-audit services	-	-	-	350
	289,300	252,125	55,900	41,410

Other non-assurance services amounting to €35,000 (2023: €156,210 and €41,900) have been charged to the Group and the Company, respectively by connected undertakings of the audit firm.

Reclassification

In 2024, the comparative balances of the employee benefit expense recharged to the Group's associates have been reclassified to other operating income to conform with IFRS 15 disclosures. This reclassification did not affect the total comprehensive income in the statement of comprehensive income for the year ended 31 March 2023.

24. EMPLOYEE BENEFIT EXPENSE

	GROUP	
	2024	2023
	€	€
Wages and salaries including directors' remuneration (Note 29)	**22,529,366**	18,230,859
Social security costs	**1,404,028**	1,031,097
	23,933,394	19,261,956

Wages and salaries for 2024 are presented net of a payroll grant receivable from the Government amounting to nil (2023: €954,500) in view of the COVID-19 pandemic. Grants related to income are presented as a deduction in reporting the related expense.

Average number of persons employed by the Group during the year:

	2024	2023
Direct	**1,336**	822
Administration	**128**	109
	1,464	931

Reclassification

In 2024, the comparative balances of the employee benefit expense recharged to the Group's associates have been reclassified to other operating income to conform with IFRS 15 disclosures. This reclassification did not affect the total comprehensive income in the statement of comprehensive income for the year ended 31 March 2023.

25. DIVIDEND INCOME

	COMPANY	
	2024	2023
	€	€
Dividend income	**2,769,231**	3,496,154

26. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Operating lease income	**202,753**	347,206	-	-
Recharges to associates	**1,392,525**	163,748	-	-
Other income	**294,967**	211,722	-	-
Loss of investment in associates	**-**	(17,831)	-	-
	1,890,245	704,845	-	-

Operating lease rental income receivable as at 31 March is, as follows:

	2024	2023
Within one year	**212,912**	202,753
Between 1 and 2 years	**208,471**	212,912
Between 2 and 3 years	**209,026**	208,471
Between 3 and 4 years	**202,107**	209,026
Between 4 and 5 years	**148,962**	202,107

Recharges to associates pertains to recharges of payroll costs to associates.

In 2024, the comparative balances of the employee benefit expense recharged to the Group's associates have been reclassified to other operating income to conform with IFRS 15 disclosures. This reclassification did not affect the total comprehensive income in the statement of comprehensive income for the year ended 31 March 2023.

27. FINANCE INCOME AND FINANCE COSTS

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Finance income				
Interest on amounts owed by subsidiary	**-**	-	**490,418**	473,191
Finance income arising from short-term deposits	**708,257**	112,405	**708,247**	74,871
	708,257	112,405	**1,198,665**	548,062

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Finance costs				
Bond interest expense				
Nominal interest on bonds	**2,827,500**	2,827,500	**-**	-
Amortization of bond issue costs	**97,574**	93,665	**-**	-
Interest on bank borrowings and other loans	**1,579,586**	797,655	**490,412**	384,396
Interest on loan from subsidiary	**-**	-	**67,709**	67,709
Finance cost on lease liabilities	**2,266,653**	2,434,743	-	-
Imputed interest component on deferred income arising on long-term rights of use sales	**599,242**	590,325	-	-
Finance cost on cumulative preference shares	**352,544**	-	**352,544**	-
Other finance charges	**968,855**	663,754	**6,805**	3,044
	8,691,954	7,407,642	**917,469**	455,149
Capitalised borrowing costs (Notes 5 and 7)	**(2,635,912)**	(2,007,160)	-	-
Finance cost recognised in profit/(loss)	**6,056,042**	5,400,482	**917,469**	455,149

Increase in finance income arising from short-term deposits is due to higher interest rates offered by local credit institutions on short term placements as well as higher amounts being placed in short-term deposits during the year.

Bond interest expense, interest on bank borrowings and other loans, and interest on loan from subsidiary pertain to the amount of interest related to bonds payable, bank borrowings, and loan from subsidiary, respectively, as discussed in Note 20.

Finance cost on lease liabilities arises from the accounting treatment of leases. The interest expense is calculated using the effective interest rate method.

Imputed interest component on deferred income arising on long-term rights of use sales pertains to the significant financing component of timeshare agreements.

Finance cost on cumulative preference shares pertain to the interest accretion of the cumulative preference shares which are classified as financial liability (Note 16).

Other finance charges pertain to bank service charges and fees.

Increase in finance costs was driven by substantial additional drawdowns during the year to finance the ITS site development and other operational requirements.

Finance costs paid on relating to capitalised borrowing costs which are classified as part of the Group's investing activities in the statement of cash flows amounted to €240,019 in 2024 (2023: €247,513).

28. TAX EXPENSE

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Current taxation:				
Current tax expense/(credit)	**4,902,769**	(229,583)	**1,075,468**	1,224,251
Deferred taxation (Note 11)	**1,267,792**	3,414,889	**-**	-
Tax expense	**6,170,561**	3,185,306	**1,075,468**	1,224,251

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Profit before tax	**20,444,497**	15,559,784	**1,388,310**	3,500,891
Tax on profit at 35%	**7,155,574**	5,445,924	**485,908**	1,225,312
Tax effect of:				
Share of results of associates	**(1,920,345)**	(1,977,863)	**-**	-
Expenses not deductible for tax purposes	**1,226,706**	359,185	**731,209**	-
Income not subject to tax or charged at reduced rates	**(291,374)**	(132,536)	**(141,649)**	(1,658)
Unrecognised deferred tax in prior year	**-**	(425,876)	**-**	-
Unrecognised deferred tax in current year	**-**	5,007	**-**	-
(Over)/under provision in prior year	**-**	(88,535)	**-**	597
Utilisation of investment tax credits	**-**	-	**-**	-
Tax charge in the accounts	**6,170,561**	3,185,306	**1,075,468**	1,224,251
Effective tax rate	**23%**	20%	**77%**	35%

As at 31 March 2024 and 2023, the Group's current tax asset amounted to €1,508,423 and €1,508,837, respectively. This pertains to refund claims relating to the tax withheld on dividend distribution in 2023.

29. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Salaries and other emoluments (Short-term employee benefits)	**1,042,827**	759,346	**-**	-

None of the non-executive Directors has service contracts with the Company and do not earn any fixed honorarium from the Company. The executive Directors do not earn any fixed honorarium from the Company but have an indefinite full-time contract of service with the companies forming part of the db Group which are not recharged to the Company.

30. DIVIDENDS PAID

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	€	€	**€**	€
Gross dividend	**2,769,231**	3,496,154	**2,769,231**	3,496,154
Tax at source	**(969,231)**	(1,223,654)	**(969,231)**	(1,223,654)
Net dividend	**1,800,000**	2,272,500	**1,800,000**	2,272,500
Dividends per share	**0.45**	0.57	**0.45**	0.57

31. COMMITMENTS

Capital commitments

Commitments for capital expenditure not provided for in these financial statements are as follows:

	GROUP	
	2024	2023
	€	€
Authorised but not contracted for	**211,694,539**	174,200,000

Capital commitments not contracted for refer to planned future capital expenditures for which the Group has not yet entered into a binding contract or legal agreement. These commitments are intentions or plans to invest in long-term assets or projects that are expected to occur in the future, but there is no formal commitment that legally obligates the Group to proceed with the expenditure.

32. CONTINGENCIES

At 31 March 2024, the Group's and the company's major contingent liabilities were:

(a) Guarantees given by the parent company in respect of bank facilities of Group undertakings for an amount of €83,100,000 (2023: €75,150,000). At 31 March 2024, the parent company also gave guarantees for an amount of €6,100,000 (2023: €7,500,000) jointly with other Group undertakings in respect of bank facilities of a subsidiary.

(b) Guarantees given by a Group undertaking in respect of bank facilities of associates for an amount of €17,316,650 (2023: €20,141,650).

(c) Undertakings given by the parent company to provide the necessary financial support to subsidiaries and associates so as to enable these entities to meet their liabilities and any other obligations as they fall due and to continue as a going concern.

(d) Guarantees of €703,000 (2023: €703,000) issued by the Group's bankers, on behalf of Group undertakings in favour of the Planning Authority, in the ordinary course of business.

(e) Guarantees of €108,500 (2023: €108,500) issued by the Group's bankers, on behalf of Group undertakings in favour of the Environment and Resources Authority, in the ordinary course of business.

(f) Guarantees of up to a maximum of €310,836 (2023: €310,606) issued by Group undertakings to various third parties in the ordinary course of business.

(g) The company acknowledges that there is an ongoing tax assessment by the tax authorities for income tax returns filed by the company for a number of years. The company is committed to cooperating fully with the tax authorities throughout the assessment process. Management together with tax advisors are liaising with the tax authorities and providing all the requested information. It is important to note that even if the outcome of the tax assessment is uncertain at the time of approval of these financial statements, the management strongly believes that the assessment will not result in any changes to the filed tax returns and hence in the related tax position. However, due to the inherent complexities involved in tax matters and the unpredictable nature of the assessment process, there can be no assurance as to the final resolution or timing of this matter Management believes that the financial statements fairly present the company's financial position and results of operations, considering the current assessment. However, there can be no guarantee that the final outcomes of the investigation will not differ from the assumptions made by management.

33. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over the other party in making financial and operating policy decisions.

The entities constituting the db Group are ultimately owned by Mr Silvio Debono who is considered to be the Group's ultimate controlling party. Accordingly, all entities owned or controlled by Silvio Debono, the associates of the Group and the Group's key management personnel are the principal related parties of the db Group.

In the ordinary course of their operations, Group entities provide services to associates and other related parties mentioned above for trading services and in turn Group entities also purchase services from such related parties. The Group's related party transactions also include financing transactions, principally advances with associates and other related parties.

Year-end balances with related parties are disclosed in Notes 12, 19 and 20 to these financial statements. Such balances are unsecured, interest free and repayable on demand unless otherwise stated in the respective notes.

Related Party	Relationship	Amount of Transaction (€)	Outstanding Balance (€)	Nature, Terms and Conditions
2024				
SeaBank Hotel and Catering	Subsidiary	3,078,838	3,078,838	Current trade and other receivables
		2,971,234	2,971,234	Non-current trade and other receivables
		(43,225,951)	(43,225,951)	Current trade and other payables
San Antonio Hotel	Subsidiary	3,582,159	3,582,159	Current trade and other receivables
		(35,336,427)	(35,336,427)	Current trade and other payables
SD Finance	Subsidiary	(1,488,101)	(1,488,101)	Non current borrowings
SRGN	Subsidiary	(6,730,616)	(6,730,616)	Current trade and other payables
Debar	Subsidiary	(600,000)	(600,000)	Current trade and other payables
SeaPort Franchising	Subsidiary	1,516,391	1,516,391	Trade and other receivables
		(6,783,861)	(6,783,861)	Current trade and other payables
DB Lifestyle Real Estate	Subsidiary	4,239,441	4,239,441	Trade and other receivables
DB Projects Ltd	Subsidiary	3,500,000	3,500,000	Trade and other receivables
DB SG Residences	Subsidiary	225,972	225,972	Trade and other receivables
DB Group Franchising	Subsidiary	12,115,347	12,115,347	Non-current trade and other receivables

Related Party	Relationship	Amount of Transaction (€)	Outstanding Balance (€)	Nature, Terms and Conditions
2023				
SeaBank Hotel and Catering	Subsidiary	(33,044,881)	(33,044,881)	Current trade and other payables
San Antonio Hotel	Subsidiary	(24,082,576)	(24,082,576)	Current trade and other payables
SD Finance	Subsidiary	(1,489,741)	(1,489,741)	Non-current borrowings
SRGN	Subsidiary	(7,572,416)	(7,572,416)	Current trade and other payables
Debar	Subsidiary	(600,000)	(600,000)	Current trade and other payables
SeaPort Franchising	Subsidiary	(4,740,832)	(4,740,832)	Current trade and other payables
DB Lifestyle Real Estate	Subsidiary	2,699,899	2,699,899	Trade and other receivables
DB Group Franchising	Subsidiary	14,272,331	14,272,331	Non-current trade and other receivables

Key management personnel comprises the directors of the parent company and the directors of the other Group undertakings. Key management personnel compensation, consisting of the parent company's directors' remuneration has been disclosed in Note 29. In addition to the amounts disclosed in Note 29, other key management personnel compensation amounted to €98,256 (2023: €84,535).

The subsidiaries also provide certain accounting and management services to the Company that is not being recharged to the Company.

34. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 28 May 2024, the Group has entered into a promise of sale agreement with the controlling shareholders to acquire Porto Azzuro Limited and Porto Azzuro Resort Limited in consideration for a purchase price of €8,000,000, for the acquisition of their 66.77% share. Subject to all conditions in the said promise of sale agreement are met, following the execution of the contract of sale the group's interest in Porto Azzuro Limited and Porto Azzuro Resort Limited will increase from 33.33% to 100%.

35. STATUTORY INFORMATION

SD Holdings Limited is a limited liability company and is incorporated in Malta.

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

to the Shareholder of SD Holdings Limited

Report on the audit of the separate and consolidated financial statements

Opinion

We have audited the separate and consolidated financial statements of SD Holdings Limited [(the "Company") and its subsidiaries (the "Group")] set on pages 7 to 63, which comprise the separate and consolidated statements of financial position as at 31 March 2024, the separate and consolidated statements of comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of material accounting policies information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group as at 31 March 2024, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the requirements of the Companies Act (Cap.386) (the "Companies Act) of the Laws of Malta.

Basis for opinion

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholder of SD Holdings Limited

Report on the audit of the separate and consolidated financial statements - continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRS, and in accordance with the requirements of the Companies Act of the Laws of Malta, and for such internal control as the Directors determine is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated 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 related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or Group to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

to the Shareholder of SD Holdings Limited

Report on the audit of the separate and consolidated financial statements - continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated financial statements.

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

- identify and assess the risks of material misstatement in the separate and consolidated 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 the directors;

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the 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 separate and consolidated 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 and the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT
to the Shareholder of SD Holdings Limited

Report on the audit of the separate and consolidated financial statements - continued

Auditor's 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.

Report on other legal and regulatory requirements
Matters on which we are required to report by the Companies Act

Directors' report

We are required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the Directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Company, the Group and their 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.

Other requirements

We also have responsibilities under the Companies Act to report if in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for our audit have not been received from branches not visited by us;
- the separate and consolidated 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.

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

The partner in charge of the audit resulting in this independent auditor's re part is Christopher Portelli for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants
29 July 2024

db Group

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