

PLAZA CENTRES p.l.c.

Annual Financial Report and  
Consolidated Financial Statements  
31 December 2022

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## Directors' report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2022.

### Principal activities

The Group's principal activity is to lease, manage and market the Plaza Shopping and Commercial Centre (owned by the Parent Company). After placing Tigne Place Limited (a subsidiary of the Group) into voluntary liquidation at the end of 2021 it has been struck off the MBR registry on 15 March 2023. During the month of June 2022, a 51% owned subsidiary company, named Esports Avenue Limited, was incorporated. Over the first 12 months, the Group does not expect that this new venture will contribute significantly to the Group's results. Esports Avenue Limited leases 150sqm of retail space within The Plaza Shopping Centre which area features an Esports lounge and a fully-fledged cutting-edge studio attached to it, which combination is a first in the local Esports industry. The company started operating mid-July.

### Review of business

2022 was characterized by the return to normality as Covid-19 tailed off, but also with the outbreak of the war in Ukraine and a surge in inflation to levels last seen decades ago. The return to pre-pandemic normality meant that the support necessary during the pandemic to the retail segment due to the authorities' measures to contain the virus spread was no longer required. This development together with an improvement in business activity contributed to the better results being reported when compared to 2021.

During the year, the demand for offices at The Plaza Business Centre was strong with occupancy reaching 100% during the first half of the year. Two offices having a total area of 161sqm became vacant later in the year. which offices have been refurbished and placed back on the market. On the other hand new retail business remained cautious following the Covid-19 outbreak with some shop vacancy remaining available.

After placing Tigne Place Limited (a subsidiary of the Group) into voluntary liquidation at the end of 2021 it has been struck off the Malta Business Registry on 15 March 2023. During the month of June 2022, a 51% owned subsidiary company, named Esports Avenue Limited, was incorporated. The Group does not expect that this new venture will generate a profit over the next months. Esports Avenue Limited leases 150sqm of retail space within The Plaza Shopping Centre which area features an Esports lounge and a fully-fledged cutting-edge studio attached to it, which combination is a first in the local Esports industry. The company started operating mid-July.

### Green Initiatives

Over the past years the Company has been involved in various green initiatives and is currently working on having a formal ESG policy in place. The Company aims at reducing its impact on the environment whilst promoting sustainable practices. Such practices vary from energy efficiency, waste reduction and investing in green energy. During the past twelve months Management continued to upgrade and/or replace existing systems with alternatives that are more energy efficient and environmentally friendly. The Board of Directors with the help of Management are committed in reducing the carbon footprint generated by the business of the Company and the decision to install a solar panel system on the roof of The Plaza Commercial Centre was a sensible decision taken in this direction.

### Financial results

For the financial year ended 31 December 2022, the Group generated revenue of €2,869,850 an increase of 13.28% when compared to €2,533,514 in 2021. The Group's Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) for 2022 increased by 18.75%, to €1,938,057 (2022) from €1,632,068 (2021). The Group's profit before tax for 2022 increased by 32.92% to €1,154,403 (2022) from €868,500 (2021). Taxation increased to €435,099 (2022) from €347,564 (2021). The profit after tax attributable to the company increased to €719,304 (2021: €520,936).

The average occupancy level of the Parent Company during the year stood at 90% (2021: 84%).

The Group's operating costs for 2022 amounted to €1,442,115 (2021: €1,420,111) whilst the cost to income ratio decreased to 50.3% (2021: 56.1%).

## **Outlook for 2023**

The Covid-19 pandemic, whilst still being labelled as an emergency, has gradually reduced its grasp on the world's economic environment and allowed a positive sentiment in business recovery. The inflow of tourists, a key factor influencing aggregate economic demand, is once again rising. However, the economic environment for 2023 is still challenging. The armed conflict in the Ukraine is reinforcing constraints in the supply chain of crucial resources in several key economic sectors thereby pushing up prices worldwide in product, labour and financial markets.

In 2023, the Group will continue to renovate and upgrade its retail and commercial space offering to ensure it remains competitive and attractive in line with the new markets' standards and demands. In line with the Company's strategic direction, Plaza continues to explore the feasibility and attractiveness of a number of growth opportunities which make economic sense to the business.

## **Financial risk management**

During 2022, there has been no changes in the Group's financial risk management. Information relating to the Group's financial risk management is disclosed in Note 2 to the financial statements.

## **Results, dividends and reserves**

The consolidated financial results are set out in the income statement. The Directors are recommending the payment of a final net dividend of €350,000, equivalent to €0.0137 per share, this payment is over and above the interim dividend of €250,000, equivalent to €0.0098 per share, paid to shareholders in August 2022. The total net dividend being declared for the year under review amounts to €600,000 (2021: €600,000). Retained earnings carried forward at the end of the financial reporting period amounted to €3,968,823 (2021: €4,035,376) for the Group and €3,996,282 (2021: €4,005,036) for the Parent Company.

## **Directors**

The Directors of the Parent Company who held office during the year were:

Charles J. Farrugia (Chairman)  
Emanuel P. Delia  
Brian R. Mizzi  
Alfredo Munoz Perez  
Etienne Sciberras  
Gerald J. Zammit

The Directors are required in terms of the Parent Company's Articles of Association to retire at the forthcoming Annual General Meeting and may offer themselves for re-appointment or re-election.

A shareholder holding not less than 14 per cent of voting rights of the issued share capital or a number of shareholders who between them hold not less than 14 per cent, shall appoint one director for every such 14 per cent holding by letter addressed to the Parent Company. All shares not utilised to make appointments in terms of the above shall be entitled to vote at the Annual General Meeting to elect the remaining directors. The Memorandum and Articles of the Parent Company provide for a Board of Directors of not less than five and not more than seven members.

## **Share capital of the Parent Company**

The Parent Company has an authorised share capital of 75,000,000 ordinary shares of €0.20 each, and issued and fully paid share capital of 25,492,000 ordinary shares with a nominal value of €0.20 each.

The Parent Company is authorised pursuant to its Memorandum and Articles of Association to purchase its own shares, provided that appropriate authority has been given to the Directors for that purpose. In this respect, during the Annual General Meeting held on 14 October 2020, the shareholders authorised the Company Directors to re-purchase up to 10% of the total issued share capital of the Company. The resolution remained in place for a period of 18 months and shares so re-purchased were eventually cancelled in accordance with the provisions of the Companies Act (Cap. 386). A total of 2,750,000 ordinary shares had been re-purchased and such shares have been cancelled officially during the financial year ending 31 December 2021. Further information relating to the Parent Company's purchase of own shares is disclosed in Note 11 to the financial statements.

The Parent Company's share capital consists of only one class of shares, and all shares in that class are admitted to trade on the Malta Stock Exchange ("MSE"). All shares in the Parent Company are freely transferable. There are no shareholders having special control rights in the Parent Company, nor are there any restrictions on voting rights in the Parent Company.

The Parent Company does not operate any employee share option schemes.

The Parent Company is not aware of any agreements between shareholders with respect to the transfer of shares or the exercise of voting rights.

No disclosures are being made pursuant to Capital Market Rules 5.64.10 and 5.64.11 as these are not applicable to the Parent Company.

The following are the shareholders holding more than 5 per cent of the voting issued share capital of the Parent Company:

	<b>% holding At 31.12.22</b>
MAPFRE MSV Life p.l.c.	31.42%
Rizzo Farrugia & Co (Stockbrokers) Ltd – Nominee Account	15.93%
Lombard Bank Malta Plc.	5.61%

#### **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 reporting 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 as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, 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.

The financial statements of Plaza Centres p.l.c. for the year ended 31 December 2022 are included in the Annual Financial Report-2022, which is made available on the Parent Company's website. The Directors are responsible for the maintenance and integrity of the Annual Financial Report on the website in view of their responsibility for the controls over, and the security of the website. Access to information published on the Parent Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

The Directors further confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Group and the Parent Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that it faces.

## Going concern basis

After making due enquiries, the Directors have a reasonable expectation, at the time of approving the financial statements, that the Group and the Parent Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

## Auditors

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

The Directors' Report was signed on behalf of the Board of Directors on 26 April 2023 by Charles J Farrugia (Chairman) and Etienne Sciberras (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

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## Corporate Governance - Statement of compliance

### 1. Introduction

Pursuant to the Capital Markets Rules issued by the Listing Authority, Plaza Centres p.l.c. ("Plaza") should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules (the "Code"). In terms of Capital Markets Rule 5.94, Plaza hereby reports on the extent of its adoption of the principles of the Code for the financial year being reported upon.

Plaza acknowledges that the Code does not dictate or prescribe mandatory rules, but recommends principles of good practice. However, the Directors strongly believe that such practices are generally in the best interests of Plaza and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the Directors' and Plaza's commitment to a high standard of good governance.

The Board of Directors of Plaza (the "Board") has carried out a review of Plaza's compliance with the Code for the financial year being reported upon.

### 2. General

Plaza's governance principally lies with its Board which is responsible for the overall determination of Plaza's policies and business strategies. Plaza's principal activity is to lease, manage and market its Shopping and Commercial Centres.

Plaza has adopted a corporate decision-making and supervisory structure that is tailored to suit its requirements and designed to ensure the existence of adequate controls and procedures within Plaza, whilst retaining an element of flexibility essential to allow Plaza to react promptly and efficiently to the dictates of its business, its size and the economic conditions in which it operates. The Directors are of the view that it has employed structures which are most suitable for the size, nature and operations of Plaza. Accordingly in general, the Directors believe that Plaza has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of control in line with Plaza's requirements.

This corporate governance statement (the "Statement") will now set out the structures and processes in place within Plaza and how these effectively achieve the goals set out in the Code. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manners in which the Directors

believe that these have been adhered to. Where Plaza has not complied with any of the principles of the Code, this Statement will give an explanation for non-compliance.

For the avoidance of doubt, reference in this Statement to compliance with the principles of the Code means compliance with the Code's main principles and the Code provisions.

### 3. Compliance with the Code

#### *Principles One to Five*

#### ***Principles One to Five of the Code deal fundamentally with the role of the Board and of the Directors.***

The Directors believe that for the period under review Plaza has generally complied with the requirements for each of these principles.

#### *Principle One: The Board*

The Board is composed of members who are fit and proper to direct the business of Plaza with honesty, competence, and integrity. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of Plaza. The Board is accountable for its performance and that of its delegates to shareholders and other relevant stakeholders.

The Board is responsible for determining Plaza's strategic aims and organisational structure, whilst ensuring that Plaza has the appropriate mix of financial and human resources to meet its objectives and improve its performance.

The Board has throughout the period under review provided the necessary leadership in the overall direction of Plaza and has adopted prudent and effective systems whereby it obtains timely information from the Chief Executive Officer (the "CEO"). This ensures an open dialogue between the CEO and Directors at regular intervals, and not only at meetings of the Board. The Directors believe that the attendance of the CEO at Directors' meetings as well as regular reporting and ongoing communication through the Executive Committee has improved the communication between the Board and the CEO and ensures continued prosperity of Plaza as regular liaison between the Board and the CEO enhances the probability of risks being effectively assessed and managed.

Plaza has a structure that ensures a mix of executive and non-executive Directors that enables the Board, and particularly the non-executive Directors to have direct information about Plaza's performance and business activities.

#### *Principle Two: Chairman and Chief Executive*

In line with the requirements of Code principle Two, Plaza has segregated the functions of the CEO and the Chairman. Whilst the CEO heads the Executive Committee and management, the Chairman's main function is to lead the Board and set its agenda, a function which the Board believes has been conducted in compliance with the dictates of Code Provision 2.2. The Chairman is also responsible to ensure that the Board receives precise, timely and objective information so that the Directors can take sound decisions and effectively monitor the performance of Plaza. The Chairman exercises independent judgement and ensures that, during Board meetings, there is effective communication with stakeholders as well as active engagement by all Directors for the discussion of complex and/or contentious issues.

The CEO is accountable to the Board of Plaza for all business operations. He has the power and authority to appoint the persons to fill in the post of each member of the Executive Committee. He also has the discretion to ask any one or more of such members, from time to time, to address the Board on matters relating to the operations of Plaza.

All in all, the Board believes that each of the CEO and the Chairman maintain significant experience and practice that determines the two roles.

### **Principle Three: Composition of the Board**

The composition of the Board, in line with the requirements of Code principle Three, is composed of executive and non-executive Directors, including independent non-executives. During 2022, the Board was composed of two directors having an executive role as part of the Executive Committee and four other Directors acting in a non-executive capacity. The members of the Board for the year under review were Mr. Charles J. Farrugia (Chairman), Prof. Emanuel P. Delia, Mr. Brian R. Mizzi, Mr. Etienne Sciberras, Mr Alfredo Munoz Perez and Mr. Gerald J. Zammit. Pursuant to generally accepted practices, as well as article 55.1 of Plaza's Articles of Association, the appointment of Directors to the Board is reserved exclusively to Plaza's shareholders, except in so far as an appointment is made to fill a vacancy on the Board.

The Board meets on a regular basis. Board meetings usually focus on strategy, operational performance and financial performance. The Board also delegates specific responsibilities to the CEO and *ad-hoc* Committees as may be required from time to time.

For the purposes of Code provision 3.2, the Board considers each of the non-executive Directors as independent within the meaning of the Code, notwithstanding the relationships disclosed hereunder. The independent, non-executive Directors who held office as at 31 December 2022 were the following:

- i) Prof. Emanuel P. Delia – the Chairman of Amalgamated Investments SICAV p.l.c., which company is a shareholder of Plaza;
- ii) Brian R. Mizzi – a director of Mizzi Organisation Limited, which company is a shareholder of Plaza;
- iii) Alfredo Munoz Perez – a senior officer of Mapfre Inmuebles, which company forms part of the Mapfre Group;
- iv) Etienne Sciberras – a Chief Executive Officer of MAPFRE MSV Life p.l.c., which company is a shareholder of Plaza.

The only relationship that could impact the independence of the non-executive Directors refers to their status as directors or senior officers of other entities that are shareholders of Plaza.

None of the non-executive Directors:

- (a) are or have been employed in any capacity by Plaza;
- (b) receive significant additional remuneration from Plaza;
- (c) have close family ties with any of the executive members of the Board;
- (d) have been within the last three years an engagement partner or a member of the audit team of the present or past external auditor of Plaza; and
- (e) have a significant business relationship with Plaza.

In terms of Code provision 3.4, each non-executive director has declared in writing to the Board that he/she undertakes:

- to maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- to clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm Plaza.

Each non-executive director has complied with such an undertaking for the period under review.

### **Principle Four: The Responsibilities of the Board**

In terms of Code principle Four, it is the Board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development. Accordingly, the Board is entrusted with the overall direction, administration and management of the Group (i.e. the Company, Tigne Place Ltd (C 76364) and Esports Avenue Limited (C 102562) and in fulfilling this mandate, assumes responsibility for the following:

- to review, evaluate and approve the business plan and budgets that are submitted by management and work with management towards their successful implementation;



- to identify the principal business risks for the Group and overseeing the implementation and monitoring of appropriate risk management systems;
- to ensuring that effective internal control systems are in place and reviewing their effectiveness;
- to review the assignment of management responsibilities, the performance of senior management and to monitor the establishment of appropriate systems of succession planning;
- to reviewing, evaluate and approve the compensation strategy for senior management and to ensure that the Group has in place a policy to enable it to communicate effectively with shareholders, other stakeholders and the public generally;
- to review and approve various management reports as well as annual financial plans, including capital budgets, together with the regular review of the strategies, processes and policies adopted for implementation; and
- to participate in training and refresher courses, and to keep abreast with applicable regulatory issues, at least annually.

### The Executive Committee

Whilst these are matters which are reserved for the Board to determine, the Board believes that this responsibility includes the appropriate delegation of authority and accountability for Plaza's day to day business to the Executive Committee, in a manner that is designed to provide high levels of comfort to the Directors, that there is proper monitoring and accountability apart from the appropriate implementation of corporate policy. Nonetheless, the Executive Committee operates under its formal Terms of Reference and matters relating to administration, finance and strategy are discussed at Board level.

During 2022, the Executive Committee was composed of the following members:

Mr. Charles J. Farrugia – the Chairman of the Board;  
 Mr. Steve Abela – the CEO; and  
 Mr. Gerald J. Zammit – Director.

The Executive Committee met 13 times during the year under review (2021: 9).

### The Audit Committee

Plaza has established an Audit Committee in line with the requirements of the Capital Markets Rules whose principal role is the monitoring of internal systems and control. Unlike the provisions of the Code, which are not mandatory in nature, the Directors acknowledge that the requirement of having an Audit Committee in place is an obligation under the Capital Markets Rules. The members of the Audit Committee for the year under review were Mr. Etienne Sciberras (Chairman of the Audit Committee), Prof. Emanuel P. Delia and Mr. Brian R. Mizzi. The Directors believe that Mr. Etienne Sciberras is independent and competent in accounting and/or auditing in terms of Capital Markets Rule 5.117. The Directors believe that Mr. Etienne Sciberras satisfies the independence criteria as he is independent within the meaning of the Code as explained above in this Statement. Furthermore, Mr. Sciberras is also competent in accounting/auditing given his extensive experience in the financial services sector and has the necessary skills to undertake the responsibilities required of him.

The terms of reference of the Audit Committee, approved by the Board, are modelled on the recommendations of the Capital Markets Rules<sup>1</sup>.

They include, *inter alia*, the responsibility of reviewing the financial reporting process and policies, the system of internal control and management of financial risk, the audit process, any transactions with related parties and Plaza's process for monitoring compliance with laws and regulations. The external auditors are invited to

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<sup>1</sup> The terms of reference of the Audit Committee include support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

attend specific meetings of the Audit Committee and are entitled to convene a meeting if they consider that it is necessary.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements.

In the period under review, the Audit Committee met 4 times (2021: 4).

### **Board of Directors**

The role of the Board is exercised in a manner designed to ensure that it can function independently of management and effectively supervises the operations of Plaza. Each Board meeting is presented with a report by the CEO. Such report regularly includes: (i) Plaza's management accounts circulated monthly to each Director; (ii) a management commentary on the results and on relevant events and decisions; and (iii) background information on any matter requiring the approval of the Board.

In fulfilling its mandate, the Board assumes responsibility to:

- a) Establish appropriate corporate governance standards;
- b) Review, evaluate and approve, on a regular basis, long-term plans for Plaza;
- c) Review, evaluate and approve Plaza's budgets and forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Review the financial and operating results of Plaza;
- f) Ensure appropriate policies and procedures are in place to manage risks and internal control;
- g) Review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities and plans for senior management development including succession;
- h) Review, evaluate and approve compensation to senior management; and
- i) Review periodically Plaza's objectives and policies relating to social, health and safety and environmental responsibilities.

The Board does not consider it necessary to constitute separate committees to deal, *inter alia*, with item (h) above, as might be appropriate in a larger company. In ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisor and other advisors.

In accordance with the above, the Board engages in periodic strategic reviews, which include consideration of long-term projections and the revaluation of the business objectives in the short term. Regular budgets and strategic plans are prepared and performance against these plans is monitored and reported to the Board using key risk and performance indicators annually, so that corrective measures can be taken to address any deficiencies and to ensure the future sustainability of the Company. These key risk and performance indicators are benchmarked against industry norms so that the Company's performance can be effectively evaluated.

As part of succession planning, the Board and CEO ensure that Plaza implements appropriate schemes to recruit, retain and motivate employees and senior management.

Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at Plaza's expense.

During the financial year under review, the Board held 8 meetings (2021: 8).

### **Principle Five: Board Meetings**

The Board believes that it complies fully with the requirements of this principle and the relative Code provisions, in that it has systems in place to ensure the reasonable notice of meetings of the Board and the circulation of discussion papers in advance of meetings so as to provide adequate time to Directors to prepare themselves for such meetings. To this effect, advance notice of *ad hoc* meetings of the Board is also given, so as to allow Directors sufficient time to re-arrange their commitments in order to be able to participate. Minutes are prepared during all Board meetings recording faithfully attendance, discussions and resolutions. These minutes are subsequently circulated to all Directors as soon as practicable after the meeting.

The Board meets as often and as frequently required in line with the nature and demands of the business of Plaza. Directors attend meetings on a frequent and regular basis and dedicate the necessary time and attention to their duties as directors of Plaza.

The following is the attendance at board meetings of each of the Directors during 2022:

Mr. Charles J. Farrugia - Chairman	8
Prof. Emanuel P. Delia	8
Mr. Brian R. Mizzi	6
Mr. Etienne Sciberras	6
Mr. Alfredo Munoz Perez	8
Mr. Gerald J. Zammit	8

The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all Directors every opportunity to contribute to relevant issues on the agenda. The agenda on the Board strikes a balance between long-term strategic and short-term performance issues.

#### ***Principle Six: Information and Professional Development***

The Board believes that this principle has been duly complied with for the period under review. The CEO is appointed by the Directors and enjoys the full confidence of the Board. The CEO actively participates in the appointment of senior management and ensures that there is adequate training in Plaza for directors, management and employees. The CEO adopts an open door policy with all staff and conducts various informal meetings with each employee to assess and monitor performance as well as staff morale. Staff duties are listed by role in order to make it easier for succession planning. Additionally, all new employees, staff, executives and Directors, undergo an induction programme upon joining, which covers, to the extent necessary, the Company's organization and activities and his/her responsibilities.

#### ***Principle Seven: Evaluation of the Board's performance***

Over the period under review it is the Board's opinion that all members of the Board, individually and collectively, have contributed in line with the required levels of diligence and skill. In addition, the Board believes that its current composition endows the Board with a cross-section of skills and experience and achieves the appropriate balance required for it to function effectively. During the year, the Directors carried out a self-evaluation performance analysis, including the Chairman. The results of this analysis did not require any material changes in Plaza's corporate governance structure.

#### ***Principle Eight: Committees***

***Code principle Eight A deals with the establishment of a Remuneration Committee for Plaza aimed at developing policies on remuneration for Directors and senior executives and devising appropriate remuneration packages.***

The Board has established a remuneration policy for Directors and senior executives, underpinned by formal and transparent procedures for the development of such a policy and the establishment of the remuneration packages of individual Directors.

The Board notes that the organisational set-up of Plaza consisted of 13 employees, of whom 1 is considered to be a senior officer. The size of its human resource does not, in the opinion of the Directors, warrant the establishment of an *ad-hoc* Remuneration Committee. Remuneration policies have therefore been retained within the remit of the Board itself. The Directors of Plaza are entitled to a variable bonus which is dependant on the performance of the Group (i.e. the Company, Tigne Place Ltd (C 76364) and Esports Avenue Limited (C 102562)) and which is calculated through an objective and automatic formula, being: (5 x Outperformance) x base remuneration of the directors, where the term 'Outperformance' refers to the percentage by which the profits before tax of Plaza registered for a particular financial year exceed 105% of the profits before tax registered by Plaza for the relative previous year, in both cases, in accordance with the audited financial statements of Plaza for the respective years. In no case shall the total bonuses payable exceed €44,000.

Further, the senior officer is entitled to a cash performance bonus, which varies in line with improvements in Plaza's profitability and which is subject to the review of the Board.

The aggregate amount of fixed remuneration paid to all Directors of Plaza was € 85,680 during 2022 and each Director received an annual remuneration of €10,000, apart from the Chairman who received €13,600. The aggregate amount of remuneration paid to all Directors also includes the amount of € 4,320, received by each of the two directors who sit on the Audit Committee, apart from the Chairman of the Audit Committee who received €4,800, amounting in total to €13,440 as an annual Audit Committee remuneration. The aggregate amount of remuneration paid to all Directors also includes the amount of €4,320 received by each of the two directors who sit on the Executive Committee, amounting in total to €8,640 as an annual Executive Committee remuneration. The total emoluments received by the senior officer during the current financial year amounted to € 91,329. The Directors are entitled for a variable bonus with respect to the group's performance during the current financial year. An aggregate payment of €44,000 will be paid to the directors during 2023, with respect to the performance bonus for the preceding financial year.

***Code principle Eight B of the Code deals with the requirement of a formal and transparent procedure for the appointment of Directors.***

The Board believes that the main principle has been duly complied with, in that it is the Articles of Association of Plaza themselves that establish a formal and transparent procedure for the appointment of Directors. The Company has however not established a Nominations Committee as suggested by the Code.

***Principles Nine and Ten: Relations with Shareholders and with the Market, and Institutional Shareholders***

The Board serves the legitimate interests of Plaza, accounts to shareholders and bondholders fully and ensures that Plaza communicates with the market effectively through a number of company announcements that it publishes, informing the market of significant events relevant to Plaza and its business, and of developments relevant to investors. Thus, Plaza recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood and disclosed in a timely manner. In this respect, the Board notes that the reaction of market participants to Plaza's communication strategy of important events has been positive.

Plaza will be holding its 23<sup>rd</sup> Annual General Meeting where the Board intends to communicate directly with shareholders on the performance of Plaza over the last financial year and to inform shareholders of the challenges that lie ahead.

Business at Plaza's Annual General Meeting covers the approval of the Annual Report and Audited Financial Statements, the declaration of a dividend, if any, the election of Directors, the determination of the maximum aggregate emoluments that may be paid to Directors, the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration.

Apart from the Annual General Meeting, Plaza intends to continue with its active communication strategy with the market, and shall accordingly continue to communicate with its shareholders and bondholders and the market by way of the Annual Report and Audited Financial Statements, by publishing its results on a six-monthly basis during the year, and by way of company announcements to the market in general. Plaza recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood and disclosed to the market in a timely manner. Plaza's website ([www.plaza-shopping.com](http://www.plaza-shopping.com)) also contains information about Plaza and its business, which is a source of further information to the market.

Plaza's Articles of Association allow minority shareholders to call special meetings on matters of importance to Plaza, provided that the minimum threshold of ownership established in the Articles of Association is met. Additionally, in practice, there exists the possibility for an open channel of communication between Plaza and minority shareholders via the Company Secretary, to the effect that any issue that may merit bringing to the attention of the Board may be transmitted via the Company Secretary, who is in attendance at all meetings of the Board of Directors.

***Principle Eleven: Conflicts of Interest***

It is the practice of the Board that when a potential conflict of interest arises in connection with any transaction or other matter, the potential conflict of interest is declared in line with internal policies so that steps may be

taken to ensure that such items are appropriately addressed. The steps taken will depend on the circumstances of the particular case, and may include the setting up of *ad-hoc* committees of independent Directors that would assist and monitor management as appropriate in the execution of specific transactions. By virtue of the Memorandum and Articles of Association, the Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of Plaza. The Board member concerned shall not take part in the assessment by the Board in determining whether a conflict of interest exists. A director shall not participate in a discussion concerning matters in which he has a conflict of interest (unless the Board finds no objection), nor shall he vote in respect of any contract, arrangement, transaction or proposal in which he has material interest in accordance with the Memorandum and Articles of Association. The Board believes that this is a procedure that achieves compliance with both the letter and rationale of Code principle eleven.

There were no changes in the Directors' interest in the shareholding of the Company between year-end and 26 April 2023. Commercial relationships between Plaza and other companies with common Directors and shareholders may include the purchase of supplies and services, and the letting of outlets. Such contracts are entered into in the ordinary course of business and terms and conditions of new contracts negotiated are reviewed by Plaza's Audit Committee. During the financial year under review, these contracts include income from lettings and premia of €16,931 (2021: €84,742): and during the preceding financial year also included supplies and services of €11,689. Other related party transactions as defined by IAS 24 are disclosed in Note 29 to the financial statements.

As at the date of this Statement, the interests of the Directors in the shares of Plaza, including indirect shareholdings through other companies, were as follows:

- Brian R. Mizzi has an indirect interest in the share capital of Plaza by virtue of his ultimate effective holding of 8.33% (2021: 8.33%) shares in Mizzi Organisation Limited that holds 4.76% (2021: 5.18%) shareholding in Plaza Centres p.l.c.
- Charles J. Farrugia has a direct interest in the share capital of Plaza by virtue of his holding of 0.09% (2021: 0.09%) shares in Plaza Centres p.l.c.
- Gerald J. Zammit has a direct interest in the share capital of Plaza by virtue of his holding of 0.01% (2021: 0.01%) shares in Plaza Centres p.l.c.

#### ***Principle Twelve: Corporate Social Responsibility***

The Directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of employees and their families as well as the local community and society at large. Plaza recognises the importance of its role in the corporate social responsibility arena and seeks to ensure that in its operations the environment is respected. The Directors are also aware of the importance of having good relations with stakeholders and strive to work together with them in order to invest in human capital and safety issues and to adopt environmentally friendly responsible practices.

#### **4. Non-Compliance with the Code**

The Directors set out below the Code Provisions with which they do not comply and an explanation as to the reasons for such non-compliance:

<b>Code Provision</b>	<b>Explanation</b>
2.3	With respect to Code Provision 2.3, the Board notes that the Chairman is also a member of the Executive Committee. However, the Board is of the view that this function of the Chairman does not impinge on his ability to bring to bear independent judgement to the Board.

- 4.2 The Board has not formally developed a succession policy for the future composition of the Board of Directors as recommended by Code Provision 4.2.7.
- 7.1 The Board has not appointed a committee for the purpose of undertaking an evaluation of the Board's performance in accordance with the requirements of Code Provision 7.1. The Board believes that the size of Plaza and the Board itself does not warrant the establishment of a committee specifically for the purpose of carrying out a performance evaluation of its role. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of Plaza's Board is such that it should enable it to evaluate its own performance without the requirement of setting up an *ad-hoc* committee for this purpose. The Board does in fact conduct a self-evaluation performance exercise on an annual basis and takes the necessary actions to address any points raised by directors.
- 8A The Board has not appointed a Remuneration Committee in line with Code provision 8A, particularly in light of the objectivity with which variable remuneration is computed. Variable remuneration payable to Directors is subject to a cap and is computed on the basis of a simple, automatic formula, which, in the Board's view, does not necessitate the establishment of a separate Remuneration Committee. Variable remuneration for Directors was introduced in 2017. The Board intends to keep under review the utility and possible benefits of having a Remuneration Committee in due course.
- 8B The Board has not appointed a Nominations Committee in line with Code provision 8B, particularly in the light of the specific manner in which the Articles of Association require that Directors be appointed by a shareholding qualification to the Board. The Board believes that the current Articles of Association do not allow the Board itself to make any recommendations to the shareholders for appointments of Directors and that if this function were to be undertaken by the Board itself or a Nominations Committee, they would only be able to make a non-binding recommendation to the shareholders having the necessary qualification to appoint Directors pursuant to the Articles of Association. The Board, however, intends to keep under review the utility and possible advantages of having a Nominations Committee and following an evaluation may, if the need arises, make recommendations to the shareholders for a change to the Articles of Association.
- 9.3 There are no procedures in place within Plaza for the resolution of conflicts between minority and controlling shareholders, nor does the Memorandum and Articles of Association contemplate any mechanism for arbitration in these instances. This is mitigated by ongoing open dialogue between executive management and non-executive Directors of Plaza, to ensure that such conflicts do not arise and if they do are effectively managed.

## 5. Internal control

The Board is ultimately responsible for Plaza's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of Plaza's system of internal controls.

The key features of Plaza's system of internal control are as follows:

### ***Organisation***

Plaza operates through the CEO and Executive Committee with clear reporting lines and delegation of powers.

### ***Control Environment***

Plaza is committed to the highest standards of business conduct and seeks to maintain these standards across all its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

Plaza has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve its objectives

During the year Management introduced a Whistleblowing Policy following guidelines set in the Protection of the Whistleblowing (Amendment) Act 2021.

### ***Risk Identification***

Management is responsible for the identification and evaluation of key risks applicable to their respective areas of business.

## **6. General meetings**

The general meeting is the highest decision making body of Plaza and is regulated by Plaza's Articles of Association. All shareholders registered on the register of members of Plaza on a particular record date are entitled to attend and vote at general meetings. A general meeting is called by twenty-one (21) days' notice.

At an Annual General Meeting what is termed as "ordinary business" is transacted, namely, the declaration of a dividend, the consideration of the financial statements and the reports of the Directors and the auditors, the election of Directors, the appointment of auditors and the fixing of remuneration of Directors and auditors. Other business which may be transacted at a general meeting (including at the Annual General Meeting) will be dealt with as "Special Business".

Voting at any general meeting takes place by a show of hands, or a poll where this is demanded, or otherwise directed by the chair. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands each shareholder is entitled to one vote and on a poll each shareholder is entitled to one vote for each share carrying voting rights of which he is a holder. In the case of equality of votes, whether on a show of hands or on a poll, the chair of the meeting shall have a second or casting vote. Shareholders who cannot participate in the general meeting may appoint a proxy by written or electronic notification to Plaza. Appointed proxy holders enjoy the same rights to participate in the general meeting as those to which the shareholder they represent is entitled. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to the items on the agenda of the general meeting and to have such questions answered by the Directors or such persons as the Directors may delegate for such person.

The Directors' statement of responsibilities for preparing the financial statements is set out in the Directors' report.

The information required by Capital Markets Rule 5.97.5, where applicable for Plaza, is found in the Directors' Report.

Approved by the Board of Directors on 26 April 2023.

## **Remuneration report**

This statement on the remuneration of the board of directors and Chief Executive Officer of Plaza Centres plc (the “Company”) has been drawn up in compliance with the requirements of Chapter 12 of the Capital Markets Rules and contains the information required by the provisions of Appendix 12.1 of the Capital Markets Rules.

The Company’s remuneration of its board of directors and executive management is based on the remuneration policy adopted and approved by the shareholders at the annual general meeting of 22 June 2022. That policy is available for inspection on the Company’s website at <https://plaza-shopping.com>.

### **The Remuneration Policy**

The Company’s remuneration policy determines the basis for remuneration of all members of the board of directors, and the Chief Executive Officer (“CEO”) of the Company. It defines the principles and guidelines that apply to both fixed and variable remuneration, including all bonuses and benefits, which can be awarded to directors, and in the case of variable remuneration, indicate the relative proportion between fixed and variable components.

The Company’s remuneration policy is intended as a measure to attract and retain suitable candidates for the position of directors and CEO, calculated to provide the Company with the appropriate skills, technical knowledge experience, and expertise both for the determination of policies and strategies of the Company as well as the supervisory role of the board.

The overall remuneration of the board and the CEO consists of three components:

- The basic remuneration, consisting of fixed honoraria as sitting members of the board, or in the case of the CEO a fixed Salary;
- Additional remuneration where a member of the board is assigned additional duties to sit on or chair a board committee; and
- A Bonus scheme linked to the performance of the Company.

### **The Decision-making process with respect to remuneration**

The aggregate emoluments that may be paid to the directors excluding the CEO (who is not a member of the board) is decided upon by the shareholders in the annual general meeting following a recommendation made to shareholders by the board.

The board then decides on the remuneration of the Chairman and the other directors consisting of a fixed honorarium to each director. The board also establishes and fixes the remuneration of the CEO with respect to his executive roles within the Company.

### **Key principles of remuneration**

The board of directors of the Company consists of 6 individuals. During 2022, the Board was composed of two directors having an executive role as part of the Executive Committee and four other Directors acting in a non-executive capacity. The members of the Board for the year under review were Mr. Charles J. Farrugia (Chairman), Prof. Emanuel P. Delia, Mr. Brian R. Mizzi, Mr. Alfredo Munoz Perez, Mr. Etienne Sciberras and Mr. Gerald J. Zammit.

The Board considers each of the following Directors as independent within the meaning of the Code. The non-executive Directors who held office at 31 December 2022 were the following:

- i) Prof. Emanuel P. Delia
- ii) Brian R. Mizzi;
- iii) Alfredo Munoz Perez and
- iv) Etienne Sciberras

In view of their role in the executive committee of the Company, Charles J. Farrugia (Chairman) and Gerald J. Zammit are not considered as independent directors.

The aggregate remuneration approved by the shareholders for the financial year ended 31 December 2022 was set at €140,000, with €96,000 reserved for the fixed component and a maximum of €44,000 for the variable component.



This includes the three components of remuneration. The total remuneration due to the directors during the financial year ended 31 December 2022 amounted to €124,491, which includes both the fixed and variable components.

### **The Chairman and the other directors**

#### *Fixed Component*

The board believes that in line with local practice, the fixed honorarium for directors is the principal component that compensates directors for their contribution as members of the board. The Chairman of the board receives a higher honorarium in view of the role of acting as the most senior director on the board and as the person responsible for chairing board meetings, and co-ordinating board assignments.

Directors who are also delegated to sit on a sub-committee of the board or otherwise chair such sub-committee are paid additional fixed honoraria for each such assignment.

None of the directors have service contracts with the Company and each director serves from one annual general meeting to the next, when the appointment of directors is conducted at the annual general meeting. Accordingly, none of the directors have any entitlement to any compensation if they are removed from office. Such removal would require an ordinary resolution of the shareholders at a general meeting.

The Directors are entitled to be paid travelling and other reasonable expenses incurred by them in the performance of their duties as directors.

#### *Variable Component*

In addition to the fixed honorarium the chairman and the other directors of the Company are also entitled to a variable component of remuneration linked to the performance of the Company in that financial year.

In line with the Remuneration Policy approved by shareholders, the chairman and the other directors are entitled to a bonus payment based on the following basic criteria and subject to a cap of €44,000. The bonus works on the basis of the following formula:

$$(5 \times \text{Outperformance}) \times \text{base remuneration of the Director}$$

Where the term *Outperformance* refers to the percentage by which the profits before tax of the Group registered for a particular year exceed 105% of the profits before tax registered by the Group for the previous year, in both cases, in accordance with the audited financial statements of the Group for the respective years.

The table below shows the overall remuneration of Directors paid during the financial years ended 31 December 2022 and 2021:

#### **Fixed Component**

	Relating to the year ended 31 December 2022		Relating to the year ended 31 December 2021	
	Fixed honorarium €	Additional remuneration for sitting on subcommittees €	Fixed honorarium €	Additional remuneration for sitting on subcommittees €
<b>Charles J. Farrugia</b>	13,600	4,320	10,000	3,900
<b>David G. Curmi</b>	-	-	3,470	-
<b>Emanuel P. Delia</b>	10,000	4,320	7,200	3,900
<b>Alan Mizzi</b>	-	-	3,470	-
<b>Brian R. Mizzi</b>	10,000	4,320	7,200	3,900

<b>Alfredo Munoz Perez</b>	10,000	-	3,730	-
<b>Etienne Sciberras</b>	10,000	4,800	7,200	3,900
<b>Gerald J. Zammit</b>	10,000	4,320	7,200	4,220

### Variable Component

	Relating to the year ended 31 December 2022 €	Relating to the year ended 31 December 2021 €
<b>Charles J. Farrugia</b>	9,410	8,693
<b>Emanuel P. Delia</b>	6,918	6,257
<b>Brian R. Mizzi</b>	6,918	6,257
<b>Alfredo Munoz Perez</b>	6,918	6,257
<b>Etienne Sciberras</b>	6,918	6,257
<b>Gerald J. Zammit</b>	6,918	6,257

The Company does not remunerate the Chairman or the other directors in any other manner, nor does it provide any loans or other guarantees to them.

### Other information on remuneration in terms of Appendix 12.1 of the Capital Markets Rules

In terms of the requirements within Appendix 12.1 of the Capital Market Rules, the following table presents the annual change of remuneration, of the company's performance, and of average remuneration on a full-time equivalent basis of the company's employees (other than directors) over the two most recent financial years. The Company's Directors and CEO have been excluded from the table below:-

	<b>2022/2021</b> €	<b>2021/2020</b> €
Annual aggregate employee remuneration (excluding CEO)	37.03%	(0.16)%
The Group performance – Profit before tax	32.92%	13.7%
Average employee remuneration - full-time equivalent	2.78%	24.8%

### The CEO

The CEO of the company is not a member of the board, although he attends and participates at board meetings. The CEO has a service contract with the Company of a definite duration that entitles him to a fixed salary.

### Fixed Remuneration – Salary

For the year under review the CEO received a gross salary of €67,012 (2021: €63,861) per annum. He is also covered by health insurance, life insurance, paid mobile phone and subscription, company car and fuel allowance in aggregate amounting to €11,545 (2021: €11,860).

#### *Variable Remuneration – Bonus*

The CEO is entitled to a discretionary bonus which is linked to the performance of the Company and the individual performance of the CEO over the course of the financial year. The board sets targets at the beginning of the year to be reached by the CEO and then assess the performance against the benchmarks set at the beginning of each year and awards the bonus accordingly.

In the year 2022 the CEO received a bonus of €12,772 (2021: €6,000).

The Company does not remunerate its CEO in any other manner, nor does it provide any loans or other guarantees to him. The CEO receives no remuneration from any other company in which the Company has a controlling interest.

The contents of the Remuneration report have been reviewed by the external auditor to ensure that the information required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules has been included.

Approved by the Board of Directors on 26 April 2023.

## Statements of financial position

		As at 31 December			
		Group		Company	
		2022	2021	2022	2021
		€	€	€	€
ASSETS	Notes				
<b>Non-current assets</b>					
Property, plant and equipment	4	<b>32,310,228</b>	32,319,171	<b>32,151,017</b>	32,319,171
Intangible assets	5	<b>3,105</b>	8,633	-	8,633
Investments in subsidiary	6	-	-	<b>51,000</b>	100,000
Financial assets at FVOCI	7.1	<b>2,102,485</b>	2,943,444	<b>2,102,485</b>	2,943,444
Loans Receivable	8.1	<b>44,100</b>	-	<b>292,610</b>	-
Total non-current assets		<b>34,459,918</b>	35,271,248	<b>34,597,112</b>	35,371,248
<b>Current assets</b>					
Trade and other receivables	8.2	<b>353,566</b>	372,768	<b>307,634</b>	372,598
Financial assets at FVPL	7.2	<b>437,894</b>	345,072	<b>437,894</b>	345,072
Cash and cash equivalents	9	<b>1,552,060</b>	2,630,864	<b>1,483,291</b>	2,630,864
Total current assets		<b>2,343,520</b>	3,348,704	<b>2,228,819</b>	3,348,534
<b>Total assets</b>		<b>36,803,438</b>	38,619,952	<b>36,825,931</b>	38,719,782
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	10	<b>5,098,400</b>	5,098,400	<b>5,098,400</b>	5,098,400
Share premium	11	<b>3,094,868</b>	3,094,868	<b>3,094,868</b>	3,094,868
Revaluation reserves	12	<b>14,459,923</b>	14,601,360	<b>14,459,923</b>	14,601,360
Retained earnings		<b>3,968,823</b>	4,035,376	<b>3,996,282</b>	4,005,036
Total capital and equity attributable to owners of the Company		<b>26,622,014</b>	26,830,004	<b>26,649,473</b>	26,799,664
Non-controlling interests	6.1	<b>(3,893)</b>	-	-	-

Total equity		<b>26,618,121</b>	26,830,004	<b>26,649,473</b>	26,799,664
<hr/>					
Non-current liabilities					
Trade and other payables	13	<b>71,224</b>	83,234	<b>71,224</b>	83,234
Lease liabilities	4	<b>615</b>	6,993	<b>615</b>	6,993
Borrowings	14	<b>5,630,987</b>	7,264,135	<b>5,630,987</b>	7,264,135
Deferred tax liabilities	15	<b>3,185,338</b>	3,208,373	<b>3,185,338</b>	3,208,373
<hr/>					
Total non-current liabilities		<b>8,888,164</b>	10,562,735	<b>8,888,164</b>	10,562,735
<hr/>					
Current liabilities					
Trade and other payables	13	<b>864,552</b>	863,742	<b>855,693</b>	993,700
Lease liabilities	4	<b>6,878</b>	6,695	<b>6,878</b>	6,695
Current tax liabilities		<b>425,723</b>	356,776	<b>425,723</b>	356,988
<hr/>					
Total current liabilities		<b>1,297,153</b>	1,227,213	<b>1,288,294</b>	1,357,383
<hr/>					
Total liabilities		<b>10,185,317</b>	11,789,948	<b>10,176,458</b>	11,920,118
<hr/>					
Total equity and liabilities		<b>36,803,438</b>	38,619,952	<b>36,825,931</b>	38,719,782
<hr/>					

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2023. The financial statements were signed on behalf of the Board of Directors by Charles J Farrugia (Chairman) and Etienne Sciberras (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

## Income statements

		Year ended 31 December			
		Group		Company	
Notes		2022	2021	2022	2021
		€	€	€	€
<b>Revenue</b>	16	<b>2,869,850</b>	2,533,514	<b>2,846,697</b>	2,533,514
Marketing and maintenance costs	17	<b>(208,604)</b>	(229,661)	<b>(192,829)</b>	(229,661)
Administrative expenses	17	<b>(723,187)</b>	(671,785)	<b>(664,749)</b>	(664,617)
<hr/>					
<b>Operating profit before depreciation</b>		<b>1,938,059</b>	1,632,068	<b>1,989,119</b>	1,639,236
Depreciation and amortisation	17	<b>(510,324)</b>	(518,665)	<b>(490,664)</b>	(518,665)
<hr/>					
<b>Operating profit</b>		<b>1,427,735</b>	1,113,403	<b>1,498,455</b>	1,120,571
Investment and other related (expense)/ income	19	<b>(25,165)</b>	41,394	<b>7,873</b>	3,531,234
Finance income	20	<b>79,736</b>	61,415	<b>86,269</b>	61,415
Finance costs	21	<b>(327,901)</b>	(347,712)	<b>(327,500)</b>	(347,736)
<hr/>					
<b>Profit before tax</b>		<b>1,154,405</b>	868,500	<b>1,265,097</b>	4,365,484
Tax expense	22	<b>(435,099)</b>	(347,564)	<b>(435,099)</b>	(487,404)
<hr/>					
<b>Profit for the year</b>		<b>719,306</b>	520,936	<b>829,998</b>	3,878,080
<hr/>					

<b>Profit/(loss) attributable to:</b>					
Owners of the parent		<b>772,199</b>	520,936	-	-
Non-controlling interests	6.1	<b>(52,893)</b>	-	-	-
		<b>719,306</b>	520,936	<b>829,998</b>	3,878,080
Earnings per share (cents)	24	<b>2c82</b>	2c04		

The accompanying notes are an integral part of these financial statements.

## Statements of comprehensive income

		Year ended 31 December			
		Group		Company	
Notes		2022 €	2021 €	2022 €	2021 €
	<b>Profit for the year</b>	<b>719,306</b>	520,936	<b>829,998</b>	3,878,080
	<b>Other comprehensive income:</b>				
	<i>Items that will not be reclassified to profit or loss</i>				
	Movements in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	12, 15	3,881	3,881	3,881
	<i>Items that may be reclassified to profit or loss</i>				
	(Losses)/ gains from changes in fair value of debt instruments at FVOCI		27,205	(157,888)	27,205
	Reclassification adjustments for net losses included in profit or loss upon disposal of debt instruments at FVOCI	12	23,818	-	-
	Total other comprehensive income	<b>(130,189)</b>	31,086	<b>(130,189)</b>	31,086
	<b>Total comprehensive income for the year</b>	<b>589,117</b>	552,022	<b>699,809</b>	3,909,166
	<b>Total comprehensive income attributable to:</b>				
	Owners of the parent	<b>642,010</b>	552,022	<b>699,809</b>	3,909,166
	Non-controlling interests	<b>(52,893)</b>	-	-	-
		<b>589,117</b>	552,022	<b>699,809</b>	3,909,166

The accompanying notes are an integral part of these financial statements.

## Statements of changes in equity



liability determined on the basis applicable to property disposals	12, 15	-	-	-	3,881	-	3,881	-	3,881
Depreciation transfer through asset use, net of deferred tax	12, 15	-	-	-	(11,248)	11,248	-	-	-
Losses from changes in fair value of financial assets at FVOCI	12	-	-	-	(157,888)	-	(157,888)	-	(157,888)
Reclassification adjustments for net losses in profit or loss upon disposal of debt instruments at FVOCI		-	-	-	23,818	-	23,818	-	23,818
<b>Total other comprehensive income</b>		-	-	-	(141,437)	11,248	(130,189)	-	(130,189)
<b>Total comprehensive income</b>		-	-	-	(141,437)	783,447	642,010	(52,893)	589,117
<b>Transactions with owners</b>									
Dividends for 2021	25	-	-	-	-	(600,000)	(600,000)	-	(600,000)
Dividends for 2022	25	-	-	-	-	(250,000)	(250,000)	-	(250,000)
Share capital		-	-	-	-	-	-	49,000	49,000
<b>Total Transactions with owners</b>		-	-	-	-	(850,000)	(850,000)	49,000	(801,000)
<b>Balance at 31 December 2022</b>		<b>5,098,400</b>	<b>-</b>	<b>3,094,868</b>	<b>14,459,923</b>	<b>3,968,823</b>	<b>26,622,014</b>	<b>(3,893)</b>	<b>26,618,121</b>

Company	Notes	Share capital €	Treasury shares reserve €	Share Premium €	Revaluation Reserves €	Retained Earnings €	Total Equity €
Balance at 1 January 2021		5,648,400	(550,000)	3,094,868	14,581,522	515,708	23,290,498
<b>Comprehensive income</b>							
Profit for the year		-	-	-	-	3,878,080	3,878,080
<b>Other comprehensive income:</b>							
Movements in deferred tax liability determined on the basis applicable to property disposals	12, 15	-	-	-	3,881	-	3,881
Depreciation transfer through asset use, net of deferred tax	12, 15	-	-	-	(11,248)	11,248	-
Gains from changes in fair value of financial assets at FVOCI	12	-	-	-	27,205	-	27,205
<b>Total other comprehensive income</b>		-	-	-	19,838	11,248	31,086
<b>Total comprehensive income</b>		-	-	-	19,838	3,889,328	3,909,166

**Transactions with owners**

Dividends for 2020	25	-	-	-	-	(400,000)	(400,000)
Cancellation of re-purchased shares	10	(550,000)	550,000	-	-	-	-

<b>Total transactions with owners</b>		(550,000)	550,000	-	-	(400,000)	(400,000)
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<b>Balance at 31 December 2021</b>		<b>5,098,400</b>	-	<b>3,094,868</b>	<b>14,601,360</b>	<b>4,005,036</b>	<b>26,799,664</b>
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**Comprehensive income**

Profit for the year		-	-	-	-	829,998	829,998
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**Other comprehensive income:**

## Movements in deferred tax

liability determined on the basis applicable to property disposals	12, 15	-	-	-	3,881	-	3,881
Depreciation transfer through asset use, net of deferred tax	12, 15	-	-	-	(11,248)	11,248	-
Gains from changes in fair value of financial assets at FVOCI	12	-	-	-	(157,888)	-	(157,888)
Reclassification adjustment for net losses included in profit or loss upon disposal of debt instruments at FVOCI		-	-	-	23,818	-	23,818

Total other comprehensive income		-	-	-	(141,437)	11,248	(130,189)
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<b>Total comprehensive income</b>		-	-	-	(141,437)	841,246	699,809
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**Transactions with owners**

Dividends for 2021	25	-	-	-	-	(600,000)	(600,000)
Dividends for 2022	25	-	-	-	-	(250,000)	(250,000)

<b>Total transactions with owners</b>		-	-	-	-	(850,000)	(850,000)
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<b>Balance at 31 December 2022</b>		<b>5,098,400</b>	-	<b>3,094,868</b>	<b>14,459,923</b>	<b>3,996,282</b>	<b>26,649,473</b>
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The accompanying notes are an integral part of these financial statements.

**Statements of cash flows****Year ended 31 December**

	Notes	Group		Company	
		2022 €	2021 €	2022 €	2021 €
<b>Cash flows from operating activities</b>					
Cash generated from operations	26	1,959,646	1,642,191	2,078,281	1,650,905
Interest received		1,431	-	1,431	-
Interest paid		(233,262)	(337,593)	(232,907)	(337,593)
Net income tax paid		(385,306)	(325,400)	(385,518)	(325,400)
Net cash generated from operating Activities		1,342,509	979,198	1,461,287	987,912

**Cash flows from investing activities**

Payments for property, plant and



equipment and intangible assets	4, 5	<b>(504,538)</b>	(435,709)	<b>(322,562)</b>	(435,709)
Payments for purchase of debt Investments	7.1	<b>(717,129)</b>	(1,666,739)	<b>(717,129)</b>	(1,666,739)
Disposal of debt investments		<b>1,400,200</b>	-	<b>1,400,200</b>	-
Payments for purchase of equity investments		<b>(117,436)</b>	-	<b>(117,436)</b>	-
Investment in subsidiary		-	-	<b>(51,000)</b>	-
Advances to subsidiary		-	-	<b>(276,102)</b>	-
Other advances		<b>(49,000)</b>	-	<b>(49,000)</b>	-
Loans repaid by subsidiary	29	-	-	-	133,038
Dividends received from equity Investments	19	<b>23,267</b>	41,394	<b>23,267</b>	3,376,432
Interest received from debt investments	19	<b>78,259</b>	61,415	<b>84,838</b>	61,415
Net cash generated from/ (used in) investing activities		<b>113,623</b>	(1,999,639)	<b>(24,924)</b>	1,468,437
<b>Cash flows from financing activities</b>					
Consideration paid for bonds redeemed, including related costs	14	<b>(1,726,556)</b>	(491,898)	<b>(1,726,556)</b>	(491,898)
Principal elements of lease payments	4	<b>(7,380)</b>	(7,380)	<b>(7,380)</b>	(7,380)
Transactions with non-controlling interests		<b>49,000</b>	-	-	-
Dividends paid	25	<b>(850,000)</b>	(400,000)	<b>(850,000)</b>	(400,000)
Net cash used in financing activities		<b>(2,534,936)</b>	(899,278)	<b>(2,583,936)</b>	(899,278)
<b>Net movement in cash and cash Equivalents</b>		<b>(1,078,804)</b>	(1,919,719)	<b>(1,147,573)</b>	1,557,071
<b>Cash and cash equivalents at beginning of year</b>		<b>2,630,864</b>	4,550,583	<b>2,630,864</b>	1,073,793
<b>Cash and cash equivalents at end of year</b>	9	<b>1,552,060</b>	2,630,864	<b>1,483,291</b>	2,630,864

The accompanying notes are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of significant accounting policies

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.

#### 1.1 Basis of preparation

The consolidated financial statements include the financial statements of Plaza Centres p.l.c. and its subsidiary. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings class of property, plant and equipment, and measured at fair value.

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 judgement in the process of applying the Group's accounting policies (see Note 3 - Critical accounting estimates and judgements).

The Group is adequately capitalised and sufficiently liquid to meet its financial obligations, including the necessary funds to finance the payment of bond interest falling due in September 2023 and going forward. The cash reserve for 31 December 2023 is being forecasted at circa €2 million. Accordingly, the Board remains confident that with the Group's strong financial fundamentals together with its prudent and timely measures, it can continue to withstand unprecedented challenges and be in a position to continue creating value for its stakeholders.

On the basis of the matters disclosed above, the board continues to adopt the going concern basis in preparing the Group's and the company's financial statements and considers that there are no material uncertainties which may cast doubt about the ability of the Group and the company to continue operating as a going concern.

#### *Standards, interpretations and amendments to published standards effective in 2022*

In 2022, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group accounting period beginning on 1 January 2022. 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.

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

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 mandatory for the Group's current financial period ended 31 December 2022. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the parent company's Directors are of the opinion that, there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

### **1.2 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Parent Company's Board of Directors that makes strategic decisions. The Board of Directors considers the Group to be made up of one segment, that is to lease, manage and market commercial property.

### **1.3 Consolidation**

Subsidiaries 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 uses the acquisition method of accounting 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 and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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 this 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 profit or loss.

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 are 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 i.e. at cost less impairment. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. 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 of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional currency and the Group's 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**

The Group owns and operates commercial property that is fully serviced and which activity extends beyond the mere leasing out of retail space. The extent of the services provided by the Group is deemed to be significant to the arrangement with the tenants as a whole. Accordingly, the commercial property owned and managed by the Group is treated as property, plant and equipment under the requirements of IAS 16 rather than investment property under IAS 40.

Property, plant and equipment, comprising land and buildings, electrical installations, plant, machinery and equipment, and furniture and fittings are initially recorded at cost. Land and buildings are subsequently shown at market value, based on periodic, but at least triennial valuations by external independent valuers, 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 restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. 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 1.20).

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 directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset 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.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

Buildings	1 – 5
Electrical installations	6.67
Plant, machinery and equipment	6.67-10
Furniture and fittings	5 – 20

Assets in the course of construction are not depreciated.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of 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 are determined by comparing proceeds with the carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### **1.6 Intangible assets – computer software**

Acquired computer software applications are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives four (4) years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Amortisation is included within 'administrative expenses' in profit or loss.

### **1.7 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation 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. 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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **1.8 Financial assets**

#### ***(a) Classification***

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

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity'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 (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.

#### ***(b) 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.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

### **(c) 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.

#### *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 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 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.

#### *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 investment in OCI, there's 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 as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss 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.

### **(d) Impairment**

The Group assess 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 and other receivables, the Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For debt investments at FVOCI any credit loss allowances are recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

### **1.9 Loans receivable**

All loans receivable are recognised when cash is advanced to the borrowers. Loans receivable are initially recognised at the fair value of cash consideration given or proceeds advanced, plus transaction costs. These financial assets are subsequently carried at amortised cost using the effective interest method, less expected credit loss allowances.

### **1.10 Trade and other receivables**

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

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 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 receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

### **1.11 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts, if any. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### **1.12 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown as a deduction in equity from the proceeds.

### **1.13 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 measured at amortised cost, i.e. not at fair value through profit or loss other than derivative contracts, 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.

### **1.14 Trade and other payables**

Trade payables comprise 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.

Deferred income comprises advance payments for rent receivable relating to subsequent periods and rental premia that are credited to profit or loss on a straight-line basis over the lease term.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **1.15 Borrowings**

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried 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 end of the reporting period.

### **1.16 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.

### **1.17 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.

Deferred tax is recognised 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, deferred 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 substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Under this method, the Group is required to make a provision for deferred taxes on the revaluation of property, plant and equipment. Such deferred tax is charged or credited directly to the revaluation reserve. Deferred tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of the property is realised through profit or loss.

Deferred tax assets are recognised only 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.

### **1.18 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is recognised upon performance of services, and is stated net of sales tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

#### **(a) Rental income**

Rents receivable and premia charged to clients are included in the financial statements as revenue. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received under operating leases are credited to profit or loss on a straight-line basis over the period of the lease.

#### **(b) Finance income**

Interest income is recognised in profit or loss as it accrues, unless collectability is in doubt.

### **1.19 Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or a series of payment, the right to use an asset for an agreed period of time.

(a) A group undertaking is the lessee

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. 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 consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at 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 as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments 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 leases in the Group, 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;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, where there is no third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

Right-of-use assets are measured at cost comprising 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; and
- any initial direct costs.

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. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all 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. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(b) 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 1.5. 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.

### **1.20 Borrowing costs**

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment, are capitalised as part of its cost. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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 ready for its intended use or sale 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 interest-bearing borrowings.

### **1.21 Deferred Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants related to assets, i.e. in respect of the purchase of property, plant and equipment, are included in liabilities as deferred government grants, and are credited to profit or loss on a straight-line basis over the expected lives of the related assets, presented within 'Other operating income'.

Grants related to income are presented as a deduction in reporting the related expense.

### **1.22 Dividend distribution**

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

## **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 price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group did not make use of derivative financial instruments to hedge risk exposures during the current and preceding financial years. The Board provides principles for overall risk management, as well as policies covering risks referred to above.

#### *(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. The Group's transactions and recognised assets and liabilities are all denominated in euro and hence the Group is not exposed to foreign exchange risk.

##### *(ii) Cash flow and fair value interest rate risk*

The Group's significant interest-bearing assets and liabilities, and related interest rate and maturity information, are disclosed in Notes 7 and 14.

The Group's instruments which are subject to fixed interest rates comprise the bonds issued to the general public (Note 14) and the debt investments disclosed in Note 7.1. 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.

The Group's cash flow interest rate risk principally arises from bank borrowings issued at variable rates (Note 14), which exposes the Group to cash flow interest rate risk. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments. The Group's operating cash flows are substantially independent of changes in market interest rates. Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

(iii) Price risk

The Group is exposed to price risk in view of listed investments held by the Parent Company which have been classified in the statement of financial position as financial assets at FVOCI and financial assets at FVPL (refer to Notes 7.1 and 7.2 respectively). To manage its price risk the Group diversifies its portfolio in terms of listing status and business sectors of investees. These investments are quoted on the Malta Stock Exchange and Irish Stock Exchange and are accordingly incorporated in the MSE equity index and Ireland Stock Exchange Overall Index. In the context of the Group's and Company's figures reported in the statement of financial position, the impact of a reasonable possible shift in the MSE equity index and ISEQ on the Group's income statement and revaluation reserve is not deemed significant.

(b) Credit risk

Financial assets that potentially subject the Group to credit risk consist principally of cash and cash equivalents, contractual cash flows of debt investments at FVOCI and credit exposure to customers, including outstanding receivables and committed transactions.

The Group's and the Company's exposures to credit risk as at the end of each reporting period are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Debt instruments measured at FVOCI (Note 7.1)	<b>2,102,485</b>	2,943,444	<b>2,102,485</b>	2,943,444
Financial assets measured at amortised cost:				
Loans receivable (Note 8.1)	<b>44,100</b>	-	<b>292,610</b>	-
Trade and other receivables (Note 8.2)	<b>252,901</b>	322,969	<b>257,443</b>	322,969
Cash and cash equivalents (Note 9)	<b>1,552,060</b>	2,630,864	<b>1,483,291</b>	2,630,864
	<b>3,951,546</b>	5,897,277	<b>4,135,829</b>	5,897,277

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount. The Group does not hold any collateral as security in this respect.

*Cash and cash equivalents*

The Group's cash and cash equivalents are held with local financial institutions with high quality standing or rating. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

*Debt instruments*

The Group's debt investments at FVOCI are considered to have low credit risk and the issuers, have a strong capacity to meet the contractual cash obligations. While debt investments are also subject to impairment requirements, any identified impairment loss was deemed insignificant.

### Trade receivables

The Group's trade receivables, including accrued income, do not contain significant financing components, and accordingly the Group applies the IFRS 9 simplified approach to provide for lifetime expected credit loss for all trade receivables, irrespective of whether these have demonstrated a significant increase in credit risk. The Group assesses the credit quality of its tenants, the majority of which are unrated, taking into account financial position, past experience and other factors. The Group manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from tenants as at the end of the reporting period. The Group monitors the performance of its trade 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. Concentration of credit risk with respect to trade receivables is limited due to the number of customers comprising the Group's debtor base.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding credit losses experienced within the current and preceding financial periods. The identified loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivables. Credit loss allowances also include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables. On that basis, the loss allowance for the Group was determined as follows:

	Up to 30 days past due	31 to 60 Days past due	60 to 90 days past due	91 to 120 Days past due	121 to 150 days past due	150 days past due	180 Days past due	Total
<b>31 December 2022</b>								
Expected loss rate	6%	10%	28%	58%	75%	90%	90%	
Gross carrying amount (€)	62,556	60,565	20,340	21,563	10,935	10,276	85,415	271,650
Loss allowance (€)	3,810	5,957	5,620	12,454	8,188	9,249	77,803	123,081
<hr/>								
	Up to 30 days past due	31 to 60 Days past due	60 to 90 days past due	91 to 120 Days past due	121 to 150 days past due	150 days past due	180 Days past due	Total
<b>31 December 2021</b>								
Expected loss rate	8%	12%	24%	61%	78%	94%	100%	
Gross carrying amount (€)	53,409	73,376	25,668	18,363	11,862	6,059	78,072	266,809
Loss allowance (€)	4,021	8,662	6,171	11,162	9,269	5,724	78,072	123,081

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 independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations.

Trade receivables 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. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The Group does not hold any significant collateral as security in respect of credit impaired assets. The movements in credit loss allowances are disclosed in Note 17.

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 December 2022 and 2021, the Group had no significant amounts which were past due but not credit impaired.

#### *Other receivables*

With respect to other receivables while such amounts are also subject to the impairment requirements of IFRS 9, the identified expected credit loss is not deemed to be significant.

#### *Loans receivable*

The Company's loans receivable referred to in the table above consist mainly of advances to subsidiary. Management monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The Company assesses the credit quality of the subsidiary taking into account financial position, performance and other factors. The Company takes cognisance of the related party relationship with this entity and management does not expect any losses from non-performance or default. As at 31 December 2022, the application of the expected credit risk model of IFRS 9, resulted in the recognition of a credit loss allowance on the advances to subsidiary amounting €27,592 (2021: nil).

With respect to the other loans receivable, while such amounts are also subject to the impairment requirements of IFRS 9, the identified expected credit loss is not deemed to be significant.

#### *(c) Liquidity risk*

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (refer to Notes 14 and 13 respectively). 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.

The Group's liquidity risk is actively managed by ensuring that net cash inflows from the Group's trading operations are monitored in relation to cash outflows principally arising from the Group's bonds, covering principle and interest payments as disclosed in more detail in Note 14. Such note gives an analysis of the Group's borrowings into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and when applicable are inclusive of interest.

The key objective of the Group's liquidity management process is that of channelling a regular stream of net cash flows to fund bond and other interest and capital repayment obligations, and strengthening the Group's reserves with the residual amounts. Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that no additional financing facilities are expected to be required over the coming year. The Directors are of the opinion that the Group's liquidity risk is not deemed to be material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, expectations for future income streams from existing and new contracts, coupled with the Group's committed borrowing facilities that it can access to meet liquidity needs as disclosed further in Note 14.

Balances due within twelve months are stated at their carrying amount, as the impact of discounting is not significant.

## 2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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's equity, as disclosed in the statement of financial position, constitutes its capital. The Group maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. 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 is deemed adequate by the Directors.

## 2.3 Fair values of financial instruments

### *(a) Financial instruments carried at fair value*

The Group is required to disclose for financial instruments that are measured in the statement of financial position at fair value, fair value measurements by level of the following fair value measurement hierarchy:

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

The fair value of the Group's debt and equity investments (refer to Notes 7.1 and 7.2 respectively) is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer or broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price quoted on the Malta Stock Exchange and Irish Stock Exchange. Accordingly, the Group's investments are categorised as level 1 instruments since these investments are listed in an active market. These assets have been categorised as level 1 since initial recognition.

### *(b) Financial instruments not carried at fair value*

At 31 December 2022 and 2021, the carrying amounts of cash at bank, receivables, payables and accrued expenses 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 carrying amounts of the other financial liabilities as at 31 December 2022, comprising lease liabilities, are reasonable estimates of their fair value as there has not been significant changes in the Group's internal borrowing rate since the date of first application of 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 bonds issued to the public is disclosed in Note 14 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. Critical 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, the accounting estimates and judgements made in the course of preparing these financial statements, are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

As referred to in Note 4 to the financial statements, the Company's property, plant and equipment is fair valued on 31 December on the basis of professional advice, which considers the cash flows emanating from the operation of the property and other key inputs, namely the discount and growth rates.

#### 4. Property, plant and equipment

##### Group

	Land and buildings €	Electrical installations €	Plant, machinery and equipment €	Furniture, fixtures and fittings €	Right-of-use assets €	Total €
<b>At 1 January 2021</b>						
Cost or valuation	29,960,411	1,273,074	5,641,246	2,161,894	27,966	39,064,591
Accumulated depreciation	-	(855,214)	(4,119,418)	(1,661,993)	(10,720)	(6,647,345)
Net book amount	29,960,411	417,860	1,521,828	499,901	17,246	32,417,246

##### Year ended 31 December 2021

Opening net book amount	29,960,411	417,860	1,521,828	499,901	17,246	32,417,246
Additions	-	98,561	331,884	30,172	-	460,617
Disposals	-	(2,914)	(44,000)	-	-	(46,914)
Depreciation charge	(99,382)	(74,284)	(241,437)	(95,200)	(4,662)	(514,965)
Depreciation release on disposal	-	231	2,956	-	-	3,187
Closing net book amount	<b>29,861,030</b>	<b>439,478</b>	<b>1,571,209</b>	<b>434,871</b>	<b>12,584</b>	<b>32,319,171</b>

##### At 31 December 2021

Cost or valuation	29,960,411	1,368,722	5,929,129	2,192,066	27,966	39,478,294
Accumulated depreciation	(99,382)	(929,267)	(4,357,897)	(1,757,195)	(15,382)	(7,159,123)
Net book amount	<b>29,861,029</b>	<b>439,455</b>	<b>1,571,232</b>	<b>434,871</b>	<b>12,584</b>	<b>32,319,171</b>

##### Year ended 31 December 2022

Opening net book amount	29,861,029	439,455	1,571,232	434,871	12,584	32,319,171
Additions	-	129,251	323,167	47,980	-	500,398
Depreciation charge	(99,382)	(85,023)	(229,962)	(89,381)	(5,593)	(509,341)
Closing net book amount	<b>29,761,647</b>	<b>483,683</b>	<b>1,664,437</b>	<b>393,470</b>	<b>6,991</b>	<b>32,310,228</b>

##### At 31 December 2022

Cost or valuation	29,960,411	1,499,008	6,252,296	2,240,046	27,966	39,978,692
Accumulated depreciation	(198,764)	(1,015,325)	(4,587,859)	(1,846,576)	(20,975)	(7,668,464)
Net book amount	<b>29,761,647</b>	<b>483,683</b>	<b>1,664,437</b>	<b>393,470</b>	<b>6,991</b>	<b>32,310,228</b>

##### Company

	Land and buildings €	Electrical installations €	Plant, machinery and equipment €	Furniture, fixtures and fittings €	Right-of-use assets €	Total €
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##### At 1 January 2021

Cost or valuation	29,960,411	1,273,074	5,641,246	2,161,894	27,966	39,064,591
Accumulated depreciation	-	(855,214)	(4,119,418)	(1,661,993)	(10,720)	(6,647,345)
Net book amount	29,960,411	417,860	1,521,828	499,901	17,246	32,417,246
<b>Year ended 31 December 2021</b>						
Opening net book amount	29,960,411	417,860	1,521,828	499,901	17,246	32,417,246
Additions	-	98,561	331,884	30,172	-	460,617
Disposals	-	(2,914)	(44,000)	-	-	(46,914)
Depreciation charge	(99,382)	(74,284)	(241,437)	(95,200)	(4,662)	(514,965)
Depreciation release on disposal	-	231	2,956	-	-	3,187
Closing net book amount	<b>29,861,030</b>	<b>439,478</b>	<b>1,571,209</b>	<b>434,871</b>	<b>12,584</b>	<b>32,319,171</b>
<b>At 31 December 2021</b>						
Cost or valuation	29,960,411	1,368,722	5,929,129	2,192,066	27,966	39,478,294
Accumulated depreciation	(99,382)	(929,267)	(4,357,897)	(1,757,195)	(15,382)	(7,159,123)
Net book amount	<b>29,861,029</b>	<b>439,455</b>	<b>1,571,232</b>	<b>434,871</b>	<b>12,584</b>	<b>32,319,171</b>
<b>Year ended 31 December 2022</b>						
Opening net book amount	29,861,029	439,455	1,571,232	434,871	12,584	32,319,171
Additions	-	48,645	244,776	29,141	-	322,562
Depreciation charge	(99,382)	(73,508)	(224,736)	(87,497)	(5,593)	(490,716)
Closing net book amount	<b>29,761,647</b>	<b>414,592</b>	<b>1,591,272</b>	<b>376,515</b>	<b>6,991</b>	<b>32,151,017</b>
<b>At 31 December 2022</b>						
Cost or valuation	29,960,411	1,417,367	6,173,905	2,221,207	27,966	39,800,856
Accumulated depreciation	(198,764)	(1,002,775)	(4,582,633)	(1,844,692)	(20,975)	(7,649,839)
Net book amount	<b>29,761,647</b>	<b>414,592</b>	<b>1,591,272</b>	<b>376,515</b>	<b>6,991</b>	<b>32,151,017</b>

Bank borrowings are secured on the Group's land and buildings (refer to Note 14).

### Fair value of land and buildings

As at 31 December 2022, the Company's property, plant and equipment represent the Plaza Shopping and Commercial Centre, which was revalued by an independent professionally qualified valuer on 31 December 2022. Such valuation was based on projected income streams. No adjustment to the Group's revaluation as at 31 December 2022 was deemed to be necessary, since the fair value of the property approximated its carrying amount. Previously recognised revaluation surplus is included in the revaluation reserve in shareholders' equity (Note 12), net of applicable deferred taxes.

The Directors are of the opinion that the principal assumptions used reflect a prudent approach and that the carrying amount of the Group's property as at the end of current financial period, is an appropriate estimate of its fair value and its current use equates to the highest and best use.

The Group is required to disclose fair value measurements by level of the following fair value measurement hierarchy for non-financial assets carried at fair value:

- Quoted prices (unadjusted) in active markets for identical assets (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's recurring fair value measurements are categorised as level 3 as they are based on significant unobservable inputs. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. During the current and the preceding financial years there were no transfers between the fair value levels. 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 years, is reflected in the table above.

#### *Valuation process and techniques*

The Group's property valuation is reviewed annually by an independent professionally qualified valuer who holds a recognised relevant professional qualification and has the necessary experience in the location and segments of the property being valued. When external valuations are carried out in accordance with this policy, the valuer reports directly to the Audit Committee and discussions on the valuation technique and its results, including an evaluation of the inputs to the valuation, are held between these parties.

Findings are discussed with the Audit Committee, and an adjustment to the carrying amount of the property is only reflected if it has been determined that there has been a significant change. Any changes to the carrying amount are ultimately approved by the Board

As noted above, an external valuation on the Group's property has been carried out at the end of the current reporting period. The external valuation of the property has been performed using the discounted cash flow (DCF) approach, which is the valuation technique considered by the external valuer and management as the most appropriate for this property and the one also used for the preceding financial year.

The DCF approach is based on the projected future cash flows from the continued operation of the Plaza Shopping and Commercial Centre in its remaining useful life, which are discounted to present value at a rate of return that reflects what an investor should fairly expect from an investment of this type. At the end of the expected useful life of the property, the residual value reflects the underlying land value. Accordingly, the significant unobservable inputs applied in the property's valuation are the following:

- *Projected pre-tax cash flows:* The projected cash-flows are initially based on the existing rental income streams less operating costs that reflect the existing cost structure. As at 31 December 2022, the aggregated projected net cash generation for the forthcoming financial year (2023) from the rentals relating to the retail activity and from the office rentals amounts to €1.7 million (2021: €1.9 million projected for financial year 2022). Going forward, all the rental streams are adjusted to reflect contracted rental adjustments and assumed to increase at an average rate of 4% (2021: 4%) per annum.
- *Discount rates:* The discount rate applied is based on current market interest rates and a risk premium that reflects the valuer's assessment of the specific risk attached to the property being valued and its underlying activity. In view of the different risk premium between the rental agreements for the retail and office areas, a different pre-tax discount rate may be applied to the respective income streams. However, for the valuation of the current and the preceding financial years, the pre-tax discount rate applied was 9.5% for the retail and the office rentals.

Generally, an increase in the projected cash flows will result in an increase to the fair value of the property. Conversely, a lower discount rate will give a higher fair value.

#### **Historical cost of land and buildings**

The carrying value of land and buildings classified within property, plant and equipment, would have been as follows had these assets been included in the financial statements at cost less depreciation:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Cost	12,652,498	12,652,498
Accumulated depreciation	(1,437,402)	(1,355,325)
Net book amount	11,215,096	11,297,173



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## Leases

### *Group and Company*

The Group's leasing activity as a lessee is only in respect of a motor vehicle lease. The rental contract is typically made for a fixed period of 5 years. The lease agreement does not impose any covenants. The leased asset may not be used as security for borrowing purposes. Any extension and termination options held are exercisable only by the Group and not by the lessor. These terms are used to maximise operational flexibility in respect of managing contracts.

In February 2019, the Group recognised lease liabilities amounting to €27,966 as a result of commencement of the respective motor vehicle lease. The liabilities were measured at the present value of the lease payments over the term of the lease, discounted using the lessee's relevant incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on commencement of the lease was 3.9%. The associated right-of-use assets for leases were measured at the amount equal to the lease liability.

(a) The statements of financial position include the following carrying amounts relating to leases:

	2022 €	2021 €
<i>Right-of-use assets, classified within Property, plant and equipment</i>		
Motor vehicle	<b>6,991</b>	12,584
	<hr/>	
<i>Lease liabilities</i>		
Current	<b>6,878</b>	6,695
Non-current	<b>615</b>	6,993
	<hr/>	
	<b>7,493</b>	13,688
	<hr/>	

The movement in the carrying amount of the right-of-use assets is analysed in the principal table of the property, plant and equipment note, whilst the movement in the carrying amount of the liabilities is analysed in the table below:

	2022 €	2021 €
As at 1 January	<b>13,688</b>	19,150
Payments	<b>(7,380)</b>	(7,380)
Interest charge	<b>1,185</b>	1,918
	<hr/>	
As at 31 December	<b>7,493</b>	13,688
	<hr/>	

The contractual undiscounted cash flows attributable to the lease liabilities analysed into relevant maturity groupings based on the remaining term at the end of the reporting period to the maturity date are analysed below:

	2022 €	2021 €
Within 1 year	<b>7,380</b>	7,380
Between 1 and 2 years	<b>615</b>	7,380
Between 2 and 5 years	-	615
	<hr/>	

**7,995**      15,375

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(b) The income statements include the following amounts relating to leases:

	<b>2022</b>	2021
	€	€
<i>Depreciation charge of right-of-use assets</i>		
Motor vehicle	<b>5,593</b>	4,662
	<hr/>	<hr/>
<i>Interest expense (included in finance costs)</i>	<b>1,185</b>	1,918
	<hr/>	<hr/>

## 5. Intangible assets

<b>Group</b>	<b>Website</b>	<b>Software application</b>	<b>Total</b>
	€	€	
<b>Year ended 31 December 2021</b>			
Opening net book amount	-	12,333	12,333
Amortisation charge	-	(3,700)	(3,700)
		<hr/>	<hr/>
Closing net book amount	-	<b>8,633</b>	<b>8,633</b>
		<hr/>	<hr/>
<b>At 31 December 2021</b>			
Cost	-	18,500	18,500
Accumulated amortisation	-	(9,867)	(9,867)
		<hr/>	<hr/>
Net book amount	-	<b>8,633</b>	<b>8,633</b>
		<hr/>	<hr/>
<b>Year ended 31 December 2022</b>			
Opening net book amount	-	8,633	8,633
Additions	4,140	-	4,140
Amortisation charge	(1,035)	-	(1,035)
Disposals	-	(18,500)	(18,500)
Amortisation release on disposal	-	9,867	9,867
		<hr/>	<hr/>
Closing net book amount	<b>3,105</b>	-	<b>3,105</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>			
Cost	4,140	-	4,140
Accumulated amortisation	(1,035)	-	(1,035)
	<hr/>	<hr/>	<hr/>

Net book amount	<b>3,105</b>	-	<b>3,105</b>
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<b>Company</b>	<b>Software application €</b>	<b>Total</b>
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**Year ended 31 December 2021**

Opening net book amount	12,333	12,333
Amortisation charge	(3,700)	(3,700)

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Closing net book amount	<b>8,633</b>	<b>8,633</b>
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**At 31 December 2021**

Cost	18,500	18,500
Accumulated amortisation	(9,867)	(9,867)

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Net book amount	<b>8,633</b>	<b>8,633</b>
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**Year ended 31 December 2022**

Opening net book amount	8,633	8,633
Disposals	(18,500)	(18,500)
Amortisation release on disposal	9,867	9,867

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Closing net book amount	-	-
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**At 31 December 2022**

Cost	-	-
Accumulated amortisation	-	-

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Net book amount	-	-
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**6. Investment in subsidiaries**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
<b>At 31 December</b>		
Opening cost and carrying amount	<b>100,000</b>	100,000
Additions	<b>51,000</b>	-

Derecognition of carrying amount upon liquidation of subsidiary	<b>(100,000)</b>	-
Closing cost and carrying amount	<b>51,000</b>	100,000

During the current financial year, the company was allotted 51% of the ordinary shares of Esports Avenue Limited, a newly incorporated company, with its registered address at The Plaza Commercial Centre, Bisazza Street, Sliema. Tigne Place Limited.

As at 31 December 2021, the Company's investments consisted of 100% of the ordinary shares in Tigne Place Limited, with its registered address at The Plaza Commercial Centre, Level 6, Bisazza Street, Sliema, SLM 1640, Malta. This subsidiary was placed into voluntary liquidation on 15 September 2022 and its carrying amount has been derecognised from investments in subsidiaries accordingly. The resulting gain upon derecognition was credited to profit or loss (refer to Note 19). The said subsidiary has been struck off the Malta Business Registry on 15 March 2023.

### 6.1 Non-controlling interests

The non-controlling interests amounting to €3,893 represent the 49% share of the ordinary shares of Esports Avenue Limited, with a carrying amount of €49,000, less the share of the results of the subsidiary which for the year ended 31 December 2022 amounted to €52,893.

## 7. Financial assets

### 7.1 Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income (FVOCI) consist of debt instruments where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting cash flows and selling financial assets. Such debt instruments represent corporate bonds redeemable between 2025-2031. These investments are listed on the Malta and Irish Stock Exchange and fair value is determined by reference to quoted market prices, and are subject to a fixed interest rate per annum. The quoted market price of the bonds as at 31 December 2022 in the opinion of the Directors fairly represented the fair value of these financial assets.

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
<b>Year ended 31 December</b>		
Opening carrying amount	<b>2,943,444</b>	1,249,500
Additions	<b>717,129</b>	1,666,739
Disposals	<b>(1,400,200)</b>	-
Net (losses)/gains from changes in fair value (Note 12)	<b>(157,888)</b>	27,205
Closing carrying amount	<b>2,102,485</b>	2,943,444
<b>At 31 December</b>		
Cost	<b>2,186,975</b>	2,893,864
Fair value (losses)/ gains	<b>(84,490)</b>	49,580
Carrying amount	<b>2,102,485</b>	2,943,444

### 7.2 Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss (FVPL) consist of equity instruments and are fair valued annually. These investments are traded on the Malta Stock Exchange and fair value is determined by reference to quoted market prices.

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
<b>Year ended 31 December</b>		
Opening carrying amount	<b>345,072</b>	330,110
Additions	<b>117,436</b>	-
Net (losses)/gains from changes in fair value (Note 19)	<b>(24,614)</b>	14,962
	<hr/>	<hr/>
Closing carrying amount	<b>437,894</b>	345,072
	<hr/>	<hr/>
<b>At 31 December</b>		
Cost	<b>411,697</b>	294,261
Fair value gains	<b>26,197</b>	50,811
	<hr/>	<hr/>
Carrying amount	<b>437,894</b>	345,072
	<hr/>	<hr/>

## 8. Receivables

### 8.1 Loans receivable

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Advances to subsidiary	-	-	<b>248,510</b>	-
Other advances	<b>44,100</b>	-	<b>44,100</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>
Trade receivables – net	<b>44,100</b>	-	<b>292,610</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>

The loans receivable disclosed above are both subject to a fixed interest rate of 3.9% per annum. The advances to subsidiary are repayable as follows:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Between 1 and 2 years	<b>31,064</b>	-
Between 2 and 5 years	<b>93,192</b>	-
Later than 5 years	<b>124,254</b>	-
	<hr/>	<hr/>
	<b>248,510</b>	-
	<hr/>	<hr/>

The other advances are repayable by 2028, in accordance with the terms of the loan agreement. The advances to subsidiary and the other advances are stated net of credit loss allowances amounting to €27,592 and €4,900 respectively.

### 8.2 Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
<b>Current</b>				
Trade receivables – gross	<b>273,638</b>	266,809	<b>271,650</b>	266,809

Less: Credit loss allowances	<b>(123,081)</b>	(123,081)	<b>(123,081)</b>	(123,081)
Trade receivables – net	<b>150,557</b>	143,728	<b>148,569</b>	143,728
Other receivables	-	4,431	-	4,431
Accrued income	<b>108,874</b>	174,810	<b>108,874</b>	174,810
Indirect taxation	<b>45,090</b>	9,117	<b>3,500</b>	9,117
Prepayments	<b>49,045</b>	40,682	<b>46,691</b>	40,512
	<b>353,566</b>	372,768	<b>307,634</b>	372,598

## 9. Cash and cash equivalents

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Cash at bank and in hand	<b>1,552,060</b>	2,630,864	<b>1,483,291</b>	2,630,864

## 10. Share capital

	Group and Company	
	2022	2021
	€	€
<b>Authorised</b> 75,000,000 ordinary shares of €0.20 each	<b>15,000,000</b>	15,000,000
<b>Issued and fully paid</b> 25,492,000 ordinary shares of €0.20 each	<b>5,098,400</b>	5,098,400

The Parent Company's share capital consists of only one class of shares, and all shares in that class are admitted to trade on the MSE, other than as disclosed above. All the remaining shares in the Parent Company are freely transferable. There are no shareholders having special control rights in the Parent Company, nor are there any restrictions on voting rights in the Parent Company.

## 11. Share premium

	Group and Company	
	2022	2021
	€	€
At beginning and end of year	<b>3,094,868</b>	3,094,868

## 12. Revaluation reserves

	Group and Company	
	2022	2021
	€	€
<b>Surplus arising on fair valuation of:</b>		
Land and buildings	<b>14,544,413</b>	14,551,780
Financial assets at FVOCI	<b>(84,490)</b>	49,580

<b>14,459,923</b>	14,601,360
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The movements during the year are analysed as follows:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	€	€
<b>Land and buildings</b>		
At beginning of year, before deferred tax	<b>17,537,883</b>	17,555,188
Transfer upon realisation through asset use	<b>(17,305)</b>	(17,305)
At end of year, before deferred tax	<b>17,520,578</b>	17,537,883
Deferred taxation (Note 15)	<b>(2,976,165)</b>	(2,986,103)
At end of year	<b>14,544,413</b>	14,551,780
<b>Financial assets at FVOCI</b>		
At beginning of year	<b>49,580</b>	22,375
Net (losses)/gains from changes in fair value (Note 7.1)	<b>(157,888)</b>	27,205
Reclassification adjustments for net losses included in profit or loss upon disposal of debt instruments at FVOCI	<b>23,818</b>	-
At end of year	<b>(84,490)</b>	49,580

The tax impact relating to components of other comprehensive income relates only to deferred taxation arising on the surplus on fair valuation of land and buildings and is presented in the respective table above and in Note 15.

Gains and losses arising from changes in fair value of debt instruments classified as financial assets at FVOCI are recognised directly in equity in other comprehensive income through the revaluation reserve in accordance with the Group's accounting policy. When debt investments are disposed of, the cumulative gain or loss recognised in OCI is reclassified from equity to profit or loss within 'Investments and other related income'.

The revaluation reserves are non-distributable.

### 13. Trade and other payables

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	€	€	€	€
<b>Current</b>				
Trade payables	<b>159,776</b>	106,343	<b>159,776</b>	106,343
Amounts owed to subsidiary	-	-	-	133,038
Other payables	<b>520,118</b>	560,768	<b>520,032</b>	560,767
Accruals	<b>152,055</b>	168,110	<b>143,282</b>	165,032
Deferred income	<b>32,603</b>	28,521	<b>32,603</b>	28,520
	<b>864,552</b>	863,742	<b>855,693</b>	993,700
<b>Non-current</b>				
Deferred income	<b>71,224</b>	83,234	<b>71,224</b>	83,234

### 14. Borrowings

**Group and Company**

	2022 €	2021 €
<b>Non-current</b>		
56,800 (2021: 73,500) 3.9% unsecured bonds 2026	<b>5,630,987</b>	7,264,135
	<hr/>	
Total borrowings	<b>5,630,987</b>	7,264,135
	<hr/>	

### **Unsecured bonds**

By virtue of the Prospectus dated 11 August 2016, the Parent Company issued for subscription by the general public 85,000 unsecured bonds for an amount of €8,500,000. The bonds have a nominal value of €100 per bond and have been issued at par.

The bonds are subject to a fixed interest rate of 3.9% per annum payable annually in arrears on 19 September of each year. All bonds are redeemable at par (€ 100 for each bond) on 22 September 2026 unless they are previously re-purchased and cancelled (refer to note below).

The proceeds from the bond issue were used by the issuer to grant a loan to the subsidiary for the purpose of the acquisition of the Tigne Place Commercial Property and to refinance the issuer's own bank facilities.

The bonds have been admitted to the Official List of the Malta Stock Exchange. The quoted market price of the bonds at 31 December 2022 was €100 (2021: €104.50), which in the opinion of the Directors fairly represented the fair value of these financial liabilities.

During 2022, the Directors continued to exercise the early redemption option of the bonds and redeemed 14,550 bonds at the market price of €103.50; 2,000 bonds at the market price of €101.50 and 150 bonds at the market price of €100, for an aggregate consideration of €1,723,925. Bonds redeemed during 2021 were 4,700 at a market price of €104.50, for an aggregate consideration of €491,150.

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

	<b>Group and Company</b>	
	2022 €	2021 €
<b>3.9% unsecured bonds 2026</b>		
Face value of bonds at beginning of the year	<b>7,350,000</b>	7,820,000
Face value of bonds redeemed during the year	<b>(1,670,000)</b>	(470,000)
	<hr/>	
Face value of bonds at end of year	<b>5,680,000</b>	7,350,000
	<hr/>	
Gross amount of bond issue costs	<b>(185,700)</b>	(185,700)
	<hr/>	
Amortisation of gross amount of bond issue costs:		
Accumulated amortisation at beginning of year	<b>99,835</b>	77,109
Amortisation charge	<b>36,852</b>	22,726
	<hr/>	
Accumulated amortisation at the end of year	<b>136,687</b>	99,835
	<hr/>	
Unamortised bond issue costs	<b>(49,013)</b>	(85,865)
	<hr/>	
<b>Amortised cost and closing carrying amount of the bonds</b>	<b>5,630,987</b>	7,264,135
	<hr/>	

The following are the contracted undiscounted cash flows of the bonds analysed into relevant maturity groupings based on the remaining term at the end of the reporting period to the maturity date:



	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Within 1 year	<b>221,520</b>	286,650
Between 1 and 2 years	<b>221,520</b>	286,650
Between 2 and 5 years	<b>6,062,350</b>	8,132,201
	<b>6,505,390</b>	8,705,501

### **Bank facilities**

As at 31 December 2022, the Group avails itself of a general bank facility amounting to €1,000,000 (2021: €1,000,000). Such facility is mainly secured by a general hypothec on the Group's assets for €1,500,000.

## **15. Deferred taxation**

Deferred 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% (2021: 35%), with the exception of deferred tax on the fair valuation of property which is computed on the basis applicable to disposals of immovable property, that is, tax effect of 10% (2021:10%) of the transfer value.

The movement on the deferred tax account is as follows:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
At beginning of year	<b>3,208,373</b>	3,254,389
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals (Note 12)	<b>(3,881)</b>	(3,881)
Realisation through asset use (Notes 12 and 22)	<b>(6,057)</b>	(6,057)
Deferred tax on other temporary differences (Note 22)	<b>(13,097)</b>	(36,078)
At end of year	<b>3,185,338</b>	3,208,373

The amounts referenced to Note 22 as disclosed in the table above, are recognised in profit or loss, whilst the other amounts, referenced to Note 12, have been recognised directly in equity in other comprehensive income.

The balance at 31 December represents:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Temporary differences on fair valuation of Property	<b>2,976,165</b>	2,986,103
Temporary differences arising on depreciation of property, plant and Equipment	<b>277,180</b>	298,688
Temporary differences attributable to deferred premium income	<b>(24,928)</b>	(33,339)
Other temporary differences	<b>(43,079)</b>	(43,079)

At end of year

**3,185,338**      3,208,373

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months.

## 16. Revenue

The Group's revenue is principally derived from rental income attributable to retail outlets and office space in its commercial property.

During 2021, certain rental discounts were granted to tenants as a result of the COVID-19 pandemic. Such rent concessions were not considered to be a modification of lease arrangements, as the respective lease scope and term remained unchanged. Accordingly, these rent concessions were considered as variable lease payments and debited to revenue during that financial year.

## 17. Expenses by nature

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Employee benefit expense (Note 18)	<b>362,316</b>	269,021	<b>297,719</b>	269,021
Depreciation of property, plant and equipment and amortisation of intangible assets (Notes 4 and 5)	<b>510,376</b>	518,665	<b>490,716</b>	518,665
Directors' emoluments (Note 23)	<b>124,490</b>	109,268	<b>124,490</b>	109,268
Legal and professional fees	<b>45,26</b>	26,282	<b>34,138</b>	23,507
Movement in credit loss allowances	<b>4,900</b>	(9,956)	<b>32,492</b>	(9,956)
Other expenses	<b>394,765</b>	506,831	<b>368,687</b>	502,438
Total operating costs	<b>1,442,115</b>	1,420,111	<b>1,348,242</b>	1,412,943

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2022 and 2021 relate to the following:

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Annual statutory audit	<b>38,700</b>	33,000	<b>34,700</b>	30,500
Other assurance services	<b>1,600</b>	1,650	<b>1,600</b>	1,650
Tax advisory and compliance services	<b>3,560</b>	2,281	<b>3,560</b>	1,300
	<b>43,860</b>	36,931	<b>39,860</b>	33,450

## 18. Employee benefit expense

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Wages and salaries, excluding Directors' fees	<b>440,142</b>	330,230	<b>377,906</b>	330,230
Social security costs	<b>24,406</b>	20,410	<b>22,045</b>	20,410
	<b>464,548</b>	350,640	<b>399,951</b>	350,640
Less: recharges relating to common area Maintenance	<b>(102,232)</b>	(81,619)	<b>(102,232)</b>	(81,619)
	<b>362,316</b>	269,021	<b>297,719</b>	269,021

Wages and salaries are presented net of a payroll grant receivable from the Government amounting to €2,146 (2021: €46,163) 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 during the year:

	Group		Company	
	2022	2021	2022	2021
Administration (excluding Directors)	11	7	8	7
Maintenance	5	5	5	5
Security	1	1	1	1
	<b>17</b>	<b>13</b>	<b>14</b>	<b>13</b>

#### 19. Investment and other related (expense)/ income

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Gross dividends from subsidiary	-	-	-	3,489,840
Gross dividends from equity investments	<b>23,267</b>	26,432	<b>23,267</b>	26,432
Net losses on disposal of debt instruments at FVOCI	<b>(23,818)</b>	-	<b>(23,818)</b>	-
Net fair value (losses)/gains on financial assets at FVPL (Note 7.2)	<b>(24,614)</b>	14,962	<b>(24,614)</b>	14,962
Income derived from subsidiary in the course of winding up (Note 6)	-	-	<b>33,038</b>	-
	<b>(25,165)</b>	41,394	<b>7,873</b>	3,531,234

#### 20. Finance income

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Interest income from debt instruments	<b>77,217</b>	61,415	<b>77,217</b>	61,415
Interest income on trade receivables	<b>1,431</b>	-	<b>1,431</b>	-
Interest income from loans to subsidiary	-	-	<b>6,533</b>	-
Interest income on loan to non-controlling interest	<b>1,088</b>	-	<b>1,088</b>	-
	<b>79,736</b>	61,415	<b>86,269</b>	61,415

#### 21. Finance costs

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Bank charges	<b>2,811</b>	3,845	<b>2,456</b>	3,869
Bond interest expense	<b>230,451</b>	320,061	<b>230,451</b>	320,062
Bond redemption costs	<b>93,408</b>	21,887	<b>93,408</b>	21,887
Interest charges on lease liabilities	<b>1,231</b>	1,918	<b>1,185</b>	1,918
	<b>327,901</b>	347,712	<b>327,500</b>	347,736

## 22. Tax expense

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Current taxation				
Current tax expense	<b>454,253</b>	379,071	<b>454,253</b>	518,911
Under provision of current tax in prior periods	-	10,632	-	10,628
Deferred taxation (Note 15)	<b>(19,154)</b>	(42,139)	<b>(19,154)</b>	(42,135)
	<b>435,099</b>	347,564	<b>435,099</b>	487,404

The tax on the Group's and the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Profit before tax	<b>1,154,403</b>	868,500	<b>1,265,097</b>	4,365,484
Tax on profit at 35%	<b>404,041</b>	303,975	<b>442,784</b>	1,527,920
Tax effect of:				
- rental income charged at 15% final withholding tax	<b>(559,386)</b>	(497,180)	<b>(559,386)</b>	(497,180)
- non-deductible depreciation and expenses	<b>618,729</b>	586,099	<b>579,986</b>	586,630
- movements in temporary differences	<b>(13,097)</b>	(36,078)	<b>(13,097)</b>	(36,078)
- income taxed at reduced rates	<b>(15,188)</b>	(9,252)	<b>(15,188)</b>	(1,093,888)
Tax charge in the accounts	<b>435,099</b>	347,564	<b>435,099</b>	487,404

## 23. Directors' emoluments

	Group and Company	
	2022	2021
	€	€
Directors' fees - short term employment benefits:		
- Fixed remuneration	<b>80,490</b>	69,290
- Variable remuneration	<b>44,000</b>	39,978
	<b>124,490</b>	109,268

Included in the fees disclosed above, is an amount of €35,690 (2021: €18,300) that was recharged by a shareholder of the Parent Company.

During the current financial year, the Company has paid insurance premiums of €6,772 (2021: €6,328) in respect of professional indemnity in favour of its Directors and senior officers.

The total variable remuneration for 2021 amounted to €39,978 in aggregate and was paid to the Directors during 2022. The variable remuneration for 2022 is payable during 2023.

## 24. Earnings per share

Earnings per share is based on the net profit for the year divided by the weighted average number of ordinary shares in issue during the year. The diluted earnings per share is equal to the basic earnings per share.

	<b>Group</b>	
	<b>2022</b>	2021
Net profit attributable to shareholders	<b>€719,306</b>	€520,936
Weighted average number of ordinary shares (refer to Note 10)	<b>25,492,000</b>	25,492,000
Earnings per share (€ cents)	<b>2c82</b>	2c04

## 25. Dividends

Final dividends declared and paid in 2022 in respect of the financial year ended 31 December 2021 amounted to €600,000 (€0.0235 per share). Furthermore, interim dividends declared and paid in 2022 in respect of the financial year ended 31 December 2022 amounted to €250,000 (€0.0098 per share).

In addition to the above dividends, at the forthcoming Annual General Meeting a final net dividend in respect of 2022 of €0.0137 per share, amounting to a total net dividend of €350,000 is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2023. The total net dividend being declared for the year under review amounts to €600,000 (2021:€600,000)..

Final dividends declared and paid in 2021 in respect of the financial year ended 31 December 2020 amounted to €400,000 (€0.0157 per share).

## 26. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	€	€	€	€
Operating profit	<b>1,427,735</b>	1,113,403	<b>1,498,455</b>	1,120,571
Adjustments for:				
Depreciation of property, plant and equipment (Note 4)	<b>509,341</b>	554,390	<b>490,716</b>	554,390
Amortisation of intangible assets (Note 5)	<b>1,035</b>	3,700	-	3,700
Loss on disposal of intangible assets (note 5)	<b>8,633</b>	-	<b>8,633</b>	-
Deferred premium income	<b>(12,010)</b>	(12,020)	<b>(12,010)</b>	(12,020)
Movement in credit loss allowances	<b>4,900</b>	(9,956)	<b>32,492</b>	(9,956)
Changes in working capital:				
Trade and other receivables	<b>19,202</b>	(47,755)	<b>64,964</b>	(46,209)
Trade and other payables	<b>810</b>	40,430	<b>(4,969)</b>	40,430
Cash generated from operations	<b>1,959,646</b>	1,642,191	<b>2,078,281</b>	1,650,905

### *Net debt reconciliation*

The principal movements in the Group's and the Company's net debt related to cash flow movements and are disclosed as part of the financing activities in the statements of cash flows.

## 27. Capital commitments

Commitments for capital expenditure not provided for in these financial statements are as follows:

<b>Group</b>	<b>Company</b>
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	2022 €	2021 €	2022 €	2021 €
Authorised but not contracted	1,306,000	496,000	1,036,000	496,000

## 28. Operating lease commitments

*Where Group is the lessor*

Future minimum lease payments due to the Group under non-cancellable operating leases are as set out below. They are determined by reference to the point in time in the rental contract when the tenant is given the option to cancel a lease without the requirement of any additional payment thereon.

Group undertakings lease units both for office and retail activity under operating lease arrangements. Leases are usually for fixed periods ranging from 6 months to 4 years. After every expiry period, the lease may be renewed for further periods, in accordance with the respective lease agreements, unless the lessee gives the lessor a minimum of 6 months' notice of termination prior to renewal, as specified in the same agreement.

	<b>Group and Company</b>	
	2022 €	2021 €
Not later than 1 year	2,560,878	2,666,950
Later than 1 year and not later than 5 years	3,263,965	1,723,791
	<u>5,824,843</u>	<u>4,390,741</u>
Rental income derived from operating leases	<u>2,777,168</u>	<u>2,459,759</u>

## 29. Related party transactions

No transactions with related parties as defined by IAS 24 were carried out by the Group during the current and the preceding financial years, other than those disclosed in Note 20.

With respect to the Company, the other material transactions entered into with a related party as defined by IAS 24, during the current and the preceding financial years, relate to the following:

- advances to subsidiary during 2022, amounting to €276,102 (Note 8.1);
- interest income from the advances to subsidiary, as disclosed in Note 20;
- advances from subsidiary during 2021, amounting to €133,038, which amount was derecognised upon liquidation of subsidiary (refer to Note 6).

Year end balances with subsidiary are disclosed separately in Note 13 to the financial statements.

Key management personnel comprise the Directors of the Parent Company. Key management personnel compensation, consisting of Directors' remuneration is disclosed in Note 23 to these financial statements.

## 30. Statutory information

Plaza Centres p.l.c. is a public limited company and is incorporated in Malta.



## *Independent auditor's report*

To the Shareholders of Plaza Centres p.l.c.

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion:

- The Group financial statements and Parent Company financial statements (the “financial statements”) of Plaza Centres p.l.c. give a true and fair view of the Group and the Parent Company’s financial position as at 31 December 2022, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (‘IFRSs’) as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

#### **What we have audited**

Plaza Centres p.l.c.’s financial statements comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2022;
- the Consolidated and Parent Company income statements and statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

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

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the parent company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 January 2022 to 31 December 2022, are disclosed in Note 18 to the financial statements.

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## Our audit approach

### Overview

• Overall group materiality: €59,000, which represents 5% of the profit before tax
• The audit carried out by the group engagement team covered the two components within the Group (being the parent and its subsidiary).
• Valuation of property, plant and equipment relating to the Group and the Parent Company

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.



Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b><i>Overall group materiality</i></b>	€59,000
<b><i>How we determined it</i></b>	5% of the profit before tax.
<b><i>Rationale for the materiality benchmark applied</i></b>	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €5,900 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p data-bbox="181 324 718 380"><i>Valuation of property, plant and equipment relating to the Group and the Parent Company (Note 4)</i></p> <p data-bbox="181 430 718 622">The property of the Group and Parent Company represents the Plaza Shopping and Commercial Centre which as at 31 December 2022 had a carrying value of €32 million. The property's units are leased for office and retail activity.</p> <p data-bbox="181 676 718 907">As explained in Note 4 to the financial statements, the valuation was determined using the discounted cash flow approach. The most significant estimates and judgements affecting this valuation include the projected pre-tax cash flows or rental income, the growth rates and the discount rate.</p> <p data-bbox="181 960 718 1153">Following the valuation assessment performed by an independent architect as at 31 December 2022, no adjustment to the property's value was deemed necessary, as the fair value as per the architect's valuation approximated the carrying amount.</p> <p data-bbox="181 1207 718 1400">We focused on this area because of the significance of the carrying value of the properties in the consolidated and parent company statements of financial position and the judgemental nature of the assumptions used in the valuation model.</p>	<p data-bbox="794 483 1410 611">We reviewed the valuation report and discussed the document with the valuer and management and confirmed that the valuation approach used was in accordance with professional valuation standards.</p> <p data-bbox="794 665 1410 763">We agreed the property information in the document to the underlying property records held by the Group and the Parent Company.</p> <p data-bbox="794 817 1410 945">We tested the data inputs, including the rental income streams and the contracted rental inflation adjustments by agreeing them to supporting rental agreements.</p> <p data-bbox="794 999 1410 1191">We also engaged our in-house valuation experts to assess the appropriateness of the fair value, particularly by understanding the methodology and assumptions being used, testing the accuracy of the workings within the valuation model and challenging the assumptions used.</p> <p data-bbox="794 1245 1410 1373">We discussed the valuation with the Audit Committee and concluded, based on our audit work, that the Group's and the Parent Company's property valuation is within an acceptable range of values.</p>

### **How we tailored our group audit scope**

The Group is composed of two components: Plaza Centres p.l.c. (the parent company) and Esports Avenue Limited (its subsidiary). We tailored the scope of our audit in order to perform sufficient work on both components to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

### *Other information*

The directors are responsible for the other information. The other information comprises the Directors' report, the Corporate Governance – Statement of compliance and the Remuneration report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

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

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.

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### *Responsibilities of the directors and those charged with governance for the financial statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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### *Auditor's responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company'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 Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## *Report on other legal and regulatory requirements*

*Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6*

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Annual Financial Report of Plaza Centres p.l.c. for the year ended 31 December 2022, entirely prepared in a single electronic reporting format.

### **Responsibilities of the directors**

The directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

## **Our responsibilities**

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, the Annual Financial Report for the year ended 31 December 2022 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

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## ***Other reporting requirements***

The *Annual Financial Report and Consolidated Financial Statements 2022* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the Annual Financial Report and Consolidated Financial Statements 2022 and the related Directors' responsibilities	Our responsibilities	Our reporting
<p><b>Directors' report</b></p> <p>The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> <li>the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li> <li>the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).</li> </ul> <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>

<p><b>Corporate Governance - Statement of compliance</b>  The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.</p>	<p>We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements.</p> <p>We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97.</p> <p>We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.</p>	<p>In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.</p> <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>
<p><b>Remuneration report</b>  The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.</p>	<p>We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.</p>	<p>In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.</p>

	<p><b>Other matters on which we are required to report by exception</b></p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.</li> <li>• the financial statements are not in agreement with the accounting records and returns.</li> <li>• we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.</li> </ul> <p>We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.</p>	<p>We have nothing to report to you in respect of these responsibilities.</p>
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### *Other matter – use of this report*

Our report, including the opinions, has been prepared for and only for the Parent Company’s shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

### *Appointment*

We were first appointed as auditors of the Parent Company for the financial year ended 31 December 1978. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 45 years. The Parent Company became listed on a regulated market on 6 June 2000.

### **PricewaterhouseCoopers**

78, Mill Street  
Zone 5, Central Business District  
Qormi  
Malta

Simon Flynn  
Partner  
26 April 2023