

**HUDSON MALTA P.L.C.**  
Annual Financial Report  
31 December 2024

Company Registration Number: C 83425

|  | <b>Pages</b> |
|--|--------------|
| Directors' report                              | 1 - 3        |
| Corporate Governance - Statement of Compliance | 4-8          |
| Statements of financial position               | 9-10         |
| Statements of comprehensive income             | 11           |
| Statements of changes in equity                | 12 - 13      |
| Statements of cash flows                       | 14           |
| Notes to the financial statements              | 15-52        |
| Independent auditor's report                   |              |

The users of this financial report are reminded that the official statutory Annual Financial Report 2024, authorised for issue by the Board of Directors, is in European Single Electronic Format (ESEF) and is published on [www.borza.com.mt](http://www.borza.com.mt). A copy of the Independent auditor's report issued on the official statutory Annual Financial Report 2024, is included within this printed document and comprises the auditor's report in 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. In case of any conflicts and/or differences, the ESEF report prevails.

## **Directors' report**

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

### **Principal activities**

#### *The Company*

The principal activity of Hudson Malta P.L.C (the "Company") is to own the entities operating the retail stores in Malta for the Hudson Holdings Limited group (the "Hudson Group"), of which the Company is a fully owned subsidiary.

In 2018 the Company raised €12,000,000 from a public Bond issue for the main purpose of financing the retail expansion in Malta and overseas of the Hudson Group. The money raised was loaned to its subsidiary company, to its parent company Hudson Holdings Limited and a sister company also forming part of the Hudson Group. The Company earns interest from these loans.

#### *The Group*

The Hudson Malta P.L.C. Group (the "Group") is mainly involved in the operation of a number of retail stores in Malta as well as the importation and distribution of branded consumer products in Malta and Italy.

### **Review of business**

#### *The Company*

During the financial year 2024, the Company earned a gross dividend income of €9,076,923, a facility fee of €80,000 and €703,396 from interest income on loans advanced to Hudson Group companies against €558,301 of finance costs on the bond. After deducting expenses, the Company reported a profit before tax for the year of €9,280,738.

#### *The Group*

The Group benefited from its expansion in retail stores in 2023 that resulted in an increase in turnover of €4,374,376 (or 7.3%) to €64,138,876 with gross profit margin decreasing slightly to 33.8% from 35.1% while the overall gross profit increased by €725,264 (or 3.5%) to €21,695,971. Operating and administrative expenses grew by €454,723 which was impacted by various factors resulting in a stable operating profit of €2,395,047.

After taking into consideration the net impact of financing, which was €449,634 greater than in 2023 mainly due to higher interest rates, the Group reported a profit before tax of €733,829 compared to a profit before tax of €475,917 in 2023. From a balance sheet aspect, the liquidity position of the Group remains strong with net current assets amounting to €6,319,826 as at 31 December 2024 (2023: €5,442,656).

---

## **Directors' report-** continued

### **Corporate social responsibility**

As part of our values, we are committed to protecting the communities and surrounding environment. Some of our sustainability initiatives are annual planting of native trees, the support of impoverished sectors of society, the use of recycling bins for used clothes, shoes and packaging. Other initiatives include utilisation of rainwater for the upkeep of our offices and changing the company vehicles to electric vehicles.

### **Results and dividends**

During a meeting of the Company's Board of Directors held on 26 March 2024, the Board resolved to declare an interim dividend of €5,900,000. This dividend distribution was tied to a dividend distribution made by Hudson Malta Sales Limited to the Company on the same day.

The directors do not recommend the payment of a final dividend and, propose that the balance of retained earnings of the Company amounting to€ 453,958 (2023: €237,387) be carried forward to the next financial year.

### **Significant risks and uncertainty**

The Group's principal risks include financial risks as disclosed in Note 2 to these financial statements, possible obsolescence of inventories, potential loss of market share as competing retailers enter the market, and the risks associated with the current global environment with risks of disruption to the logistical chain which is expected to have a continued impact on inflation across the board resulting in higher costs going forward.

### **Directors**

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

Alfred Borg  
George Amato (resigned on 16 January 2025)  
Christopher Muscat  
Victor Spiteri  
Kevin Valenzia (resigned on 16 January 2025)  
Brian Zarb Adami  
Stephen Paris (appointed on 16 January 2025)

The Company's Articles of Association requires all directors to retire from office at least once every three years but shall be eligible for re-election.

### **Statement of directors' responsibilities for the financial statements**

The directors are required by the Companies Act (Cap. 386 of the laws of Malta) to prepare financial statements which give a true and fair view of the state of affairs of the 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 Company will continue in business as a going concern.

**Directors' report-** continued

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 Companies Act (Cap. 386 of the laws of Malta). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Hudson Malta P.L.C. for the year ended 31 December 2024 are included in the Annual Financial Report 2024, which will be made available on the 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 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.

**Going concern statement pursuant to Capital Markets Rule 5.62**

After making enquires and having taken into consideration the future plans of the Group and the Company, the directors have reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the operation of the consolidated finance 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.

*Signed on behalf of the Company's Board of Directors on 30 April 2025 by Christopher Muscat (Director) and Alfred Borg (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2024.*

Registered office:  
Hudson House,  
Burmarrad Road,  
Burmarrad,  
St. Paul's Bay, SPB 9060  
Malta

## Corporate Governance - Statement of Compliance

### Introduction

Hudson Malta P.L.C. (the "Company") is committed to observing the principles of transparency and responsible corporate governance. The Board considers compliance and corporate governance principles to constitute an important means of maintaining the confidence of present and future shareholders, bondholders, creditors, employees, business partners and the public. Pursuant to the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority, the Company hereby reports on how it has complied with the Code of Principles of Good Corporate Governance (the "Code") contained in Appendix 5.1 of the Capital Markets Rules for the financial period ended 31 December 2024, which report details the extent to which the Code has been adopted, as well as the effective measures taken by the Company to ensure compliance with said Code.

The Board recognises that, in virtue of Capital Markets Rule 5.101, the Company is exempt from the requirement to disclose the information prescribed by Capital Markets Rules 5.97.1 to 5.97.3, 5.97.6 and 5.97.8.

### Compliance with the Code

#### *Principles 1 and 4 - The Board of Directors and its Responsibilities*

The Board is responsible for overseeing the Company's strategic planning process, as well as reviewing and monitoring management's execution of the corporate and business plans. The Board delegates certain powers, authorities and discretions to the Audit Committee, as duly constituted in terms of the Capital Markets Rules, the role and competence of which committee are further described hereunder.

The Board of Directors has a composition that ensures that the Company is led by individuals who have the necessary skills and diversity of knowledge.

In fulfilling its mandate, the Board assumes responsibility for:

- reviewing the Company's strategy on an on-going basis, as well as setting the appropriate business objectives;
- reviewing the effectiveness of the Company's system of internal controls;
- implementing an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve the Company's objectives;
- identifying and ensuring that significant risks are managed satisfactorily; and
- ensuring that Company policies are being rigorously observed.

#### *Principle 2 - Chairman and Chief Executive Officer*

The roles of Chairman and Chief Executive Officer are filled by separate individuals, whereby the Hudson Group Chief Executive Officer, Mr Christopher Muscat, fulfilled the role of CEO during the period under review, while Mr Alfred Borg continued to act as Chairman of the Board.

The responsibilities and roles of the Chairman and the Chief Executive Officer are clearly established and agreed to by the Board of Directors.

The Chairman is responsible to lead the Board and set its agenda. The Chairman ensures that the Board is in receipt of precise, timely and objective information and also encourages active engagement by all members of the Board for discussion of issues presented to it for consideration.

## **Corporate Governance - Statement of Compliance** - continued

### *Principle 3 - Composition of the Board*

The Company's Memorandum and Articles of Association provide that the Board of directors shall consist of not less than four (4) and not more than eight (8) directors. Each director has one (1) vote. All directors are appointed by means of an ordinary resolution of the shareholders of the Company in the general meeting. All directors are to retire from office at least once every three (3) years but shall be eligible for re-election.

As at the date of this statement and during the reporting period under review the members of the Board, are as follows:

#### Executive directors:

Alfred Borg - Chairman  
Christopher Muscat  
George Amato (resigned on 16 January 2025)

#### Independent non-executive directors:

Victor Spiteri  
Kevin Valenzia (resigned on 16 January 2025)  
Brian Zarb Adami  
Stephen Paris (appointed on 16 January 2025)

Dr Luca Vella acts as company secretary.

In compliance with the Capital Markets Rules, the Board considers that the independent, non-executive directors are independent of management and free from any business, family or other relationship that could materially interfere with the exercise of their independent judgment. In assessing the independence of the independent directors, due notice has been taken of Rule 5.119 of the Capital Markets Rules. The composition of the Board has a balance of knowledge and experience, as well as a strong non-executive presence, to allow continued scrutiny of performance, strategy and governance.

### *Principle 5 - Board Meetings*

Meetings of the Board are held as frequently as considered necessary, with a minimum of four (4) meetings being held annually - the Board met four (4) times during 2024. The Board members are notified of forthcoming meetings at least seven (7) days before the said meeting. In addition, the notification includes the issue of an agenda and any supporting documentation as necessary, in order to ensure that all meetings are of a highly effective nature and all participants are well informed and able to effectively contribute to Board decisions. Attendance with regards to Board meetings is recorded in the minutes of the meetings. Minutes of all Board and Audit Committee meetings are circulated to all members and kept on file by the Company Secretary.

Board and Audit Committee meetings are attended by the Chief Finance Officer of Hudson Holdings Limited, which is the parent company of the Company, in order for the Board to have direct access to the financial operation and results of the Group, which, during the period under review, comprised the Company (as parent company) and Hudson Malta Sales Ltd (C 32438). This is also intended to ensure that the policies and strategies adopted by the Board are effectively implemented.

### **Corporate Governance - Statement of Compliance - continued**

All executive directors are employed on a full-time basis with Hudson Holdings Limited (C 37866), the ultimate parent company, and each have more than 15 years' work experience at Hudson, whereas all independent, non-executive directors have relevant experience related to the business in which the Group operates. The remuneration of the directors is reviewed periodically by the shareholders of the Company.

The Hudson Group CEO, Mr Christopher Muscat, promotes an open dialogue between himself and the directors at regular intervals, not only at Board meetings.

Furthermore, the composition of the Board (which includes 3 independent, non-executive directors) ensures that no individual has unfettered power of decision.

The Company's internal control system is structured in such a way as to manage and mitigate risks in the most appropriate manner, with the Hudson Group's internal auditor reporting to the Board and Audit Committee at regular intervals during scheduled meetings.

#### *Principle 6 - Information and Professional Development*

The Company firmly believes in the professional development of all the members in the Hudson organisation. The CEO is responsible for establishing and implementing schemes which are aimed to maintain and recruit employees and management personnel. Furthermore, regular training exercises are held for the Hudson Group's employees to keep abreast of current technological and other relevant subject matter trends and practices. Directors are encouraged to talk directly to any member of management regarding any questions or concerns the directors may have. Senior management are invited to attend Board meetings from time to time when and as appropriate.

#### *Principle 8 - Committees*

The Board delegates certain powers, authorities and discretions to the Audit Committee.

The Company's Board has established an Audit Committee for the purpose of assisting the Board in fulfilling its responsibilities for overseeing the financial reporting process, the system of internal controls, the audit process and the process for monitoring compliance with applicable laws and regulations. The Board has formally appointed the following three (3) individuals as the members of the Audit Committee:

Kevin Valenzia - Chairperson & Independent, non-executive director (resigned on 16 January 2025)  
Stephen Paris - Chairperson & Independent, non-executive director (appointed on 16 January 2025)  
Brian Zarb Adami - Independent, non-executive director  
Victor Spiteri - Independent, non-executive director

Audit Committee members are appointed for a one (1) year term of office. Such term is automatically renewed for further periods of one (1) year each unless otherwise determined by the Board of directors of the Company. The Audit Committee meets at least four (4) times a year, with additional meetings to be called at the discretion of the Chairperson of the Audit Committee, which role was held by Kevin Valenzia during the financial year under review. The Audit Committee met four (4) times during 2024. The Chairperson will also call a meeting of the Audit Committee if required by any Committee member, by senior management or by the external auditors of the Company. In compliance with the Capital Markets Rules, Mr Kevin Valenzia was considered to be the member competent in accounting and/or auditing matters. The Company considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. As from 16 January 2025 Stephen Paris assumed the role of Chairperson of the Audit Committee and is considered the member competent in accounting and auditing matters.



### **Corporate Governance - Statement of Compliance - continued**

In addition, the Hudson Group has formally appointed and empowered an executive committee (EXCO) to manage the Hudson Group's operations composed of senior management, directors as well as a non-executive director appointed by the new shareholder of Hudson Holdings Limited (the ultimate parent company).

The EXCO is a decision-making entity set up to implement the Board's strategic business plans and policies consistent with the organisation's vision, values and behaviours in order to meet the Hudson Group's business objectives and targets.

A remuneration committee is set-up at Hudson Holdings Limited level, with the objective of determining and approving the remuneration for the executive directors and any close family members employed within the various entities within the Hudson Holdings Group, including Hudson Malta p.l.c. Group.

All directors of the Company, including, therefore, the independent, non-executive directors, have full access to the Hudson Group's in-house and external legal and financial advisors who keep said directors adequately informed of all statutory and regulatory requirements connected to the business of the Company and the Hudson Group generally on an on-going basis.

#### *Principle 9 - Relations with shareholders and with the Market*

The Company is committed to having an open and communicative relationship with its shareholders, bondholders and investors. The market is kept updated with all relevant information concerning the Company via the publication of Company Announcements in terms of the Capital Markets Rules and, furthermore, the Company regularly publishes such information on its website to ensure continuous relations with the market, including but not limited to the Interim and Annual Financial Statements. Even though Hudson Holdings Limited is not bound by the continuing obligations of the Capital Markets Rules, the board of directors of Hudson Holdings Limited has resolved to publish, on an annual basis, Hudson Holdings Limited's audited consolidated financial statements, by not later than two months after the publication of the Company's audited financial statements, through a company announcement. Furthermore, condensed financial information relating to Hudson Holdings Limited and the Hudson Group is provided in the annual publication of the Company's financial analysis summary. This commitment is made so as to provide the Company's bondholders, investors and the market generally with full access to financial information on the Hudson Group.

#### *Principle 11 - Conflicts of Interest*

Directors are expected to always act in the best interests of the Company and its shareholders and investors. In accordance with the provisions of the Articles of Association of the Company, any actual, potential or perceived conflict of interest must be immediately declared by a director to the other members of the Board, who then (also possibly through a referral to the Audit Committee) decide on whether such a conflict exists. In the event that the Board perceives such interest to be conflicting with the relative director's duties, said director shall not vote at a meeting of directors in respect of any contract, arrangement or proposal in which he has a material interest, whether direct or indirect.

#### *Principle 12 - Corporate Social Responsibility*

The Board is mindful of and seeks to adhere to sound principles of corporate social responsibility in its management practices. This helps the Hudson Group develop strong relationships with its stakeholders and create long-term value for society and its business. The Hudson Group is committed to play an effective role in the country's sustainable development, whilst tangibly proving itself to be a responsible and caring citizen of the community in which it operates. The Hudson Group continues to support a number of different local initiatives aimed at improving the quality of life of the local communities it supports.

## **Corporate Governance - Statement of Compliance - continued**

### **Remuneration Statement**

In terms of the Company's Memorandum and Articles of Association, it is the shareholders of the Company in the General Meeting who determine the maximum annual aggregate remuneration of the independent, non-executive directors. The independent, non-executive directors received €24,000 in aggregate for services rendered during 2024.

No part of the remuneration paid to the independent, non-executive directors is performance based. None of the directors, in their capacity as a Director of the Company, is entitled to profit sharing, share options or pension benefits.

### **Non-compliance with the Code**

Other than as stated below, the Company has fully implemented the principles set out in the Code.

#### *Principle 7 - Evaluation of the Board's performance*

At present, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role as the Board's performance is always under the scrutiny of the Company's shareholders.

#### *Principle 8 - Nomination Committee*

The Board believes that the setting up of a nomination committee is currently not suited to the Company as envisaged by the spirit of the Code as decisions on such matters are taken by the shareholders of its parent company Hudson Holdings Limited.

#### *Principle 10 - Institutional Shareholders*

The Company is ultimately privately held and has no institutional shareholders, therefore, Principle 10 does not, at present, apply to the Company.

*Approved by the Board of directors on 30 April 2025 as an integral part of these financial statements.*

## Statements of financial position

|                                    |       | As at 31 December |                   |                   |                   |
|------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|
|                                    |       | Group             |                   | Company           |                   |
|                                    | Notes | 2024              | 2023              | 2024              | 2023              |
|                                    |       | €                 | €                 | €                 | €                 |
| <b>ASSETS</b>                      |       |                   |                   |                   |                   |
| <b>Non-current assets</b>          |       |                   |                   |                   |                   |
| Intangible assets                  | 4     | 3,638,827         | 3,853,771         |                   |                   |
| Property, plant and equipment      | 5     | 5,961,465         | 6,695,753         |                   |                   |
| Right-of-use assets                | 6     | 23,199,776        | 30,180,311        |                   |                   |
| Investment in subsidiaries         | 7     |                   | -                 | 28,300,000        | 22,400,000        |
| Deferred tax assets                | 8     | 1,521,994         | 1,201,133         | 27,518            | 46,612            |
| Financial assets at amortised cost | 9     | 5,874,914         | 5,382,044         | 12,135,158        | 11,032,470        |
| Trade and other receivables        | 11    | 800,638           | 616,530           |                   |                   |
| Total non-current assets           |       | 40,997,614        | 47,929,542        | 40,462,676        | 33,479,082        |
| <b>Current assets</b>              |       |                   |                   |                   |                   |
| Inventories                        | 10    | 11,509,213        | 10,135,881        |                   |                   |
| Trade and other receivables        | 11    | 20,925,669        | 16,501,370        | 596,429           | 1,252,761         |
| Current tax assets                 |       |                   |                   |                   | 2,755             |
| Cash and cash equivalents          | 12    | 4,731,720         | 3,733,771         | 204,261           | 370,751           |
| Total current assets               |       | 37,166,602        | 30,371,022        | 800,690           | 1,626,267         |
| <b>Total assets</b>                |       | <b>78,164,216</b> | <b>78,300,564</b> | <b>41,263,366</b> | <b>35,105,349</b> |

**Statements of financial position - continued**

|                                      |    | As at 31 December |                   |                   |                   |
|--------------------------------------|----|-------------------|-------------------|-------------------|-------------------|
|                                      |    | Group             |                   | Company           |                   |
| Notes                                |    | 2024              | 2023              | 2024              | 2023              |
|                                      |    | €                 | €                 | €                 | €                 |
| <b>EQUITY AND LIABILITIES</b>        |    |                   |                   |                   |                   |
| <b>Capital and reserves</b>          |    |                   |                   |                   |                   |
| Share capital                        | 13 | 22,450,000        | 22,450,000        | 22,450,000        | 22,450,000        |
| Capital contribution                 | 14 | 5,900,000         |                   | 5,900,000         |                   |
| Other reserve                        | 14 | (15,994,856)      | (15,994,856)      |                   |                   |
| Retained earnings                    |    | 1,065,327         | 6,423,163         | 453,958           | 237,387           |
| <b>Total equity</b>                  |    | <b>13,420,471</b> | <b>12,878,307</b> | <b>28,803,958</b> | <b>22,687,387</b> |
| <b>Non-current liabilities</b>       |    |                   |                   |                   |                   |
| Borrowings                           | 17 | 12,310,201        | 12,633,849        | 11,964,731        | 11,935,680        |
| Lease liabilities                    | 15 | 21,428,298        | 27,860,042        |                   |                   |
| Trade and other payables             | 16 | 158,470           |                   |                   |                   |
| <b>Total non-current liabilities</b> |    | <b>33,896,969</b> | <b>40,493,891</b> | <b>11,964,731</b> | <b>11,935,680</b> |
| <b>Current liabilities</b>           |    |                   |                   |                   |                   |
| Borrowings                           | 17 | 6,071,213         | 3,272,701         |                   |                   |
| Lease liabilities                    | 15 | 2,857,068         | 3,575,129         |                   |                   |
| Trade and other payables             | 16 | 21,803,416        | 17,846,279        | 446,024           | 482,282           |
| Current tax liabilities              |    | 115,079           | 234,257           | 48,653            |                   |
| <b>Total current liabilities</b>     |    | <b>30,846,776</b> | <b>24,928,366</b> | <b>494,677</b>    | <b>482,282</b>    |
| <b>Total liabilities</b>             |    | <b>64,743,745</b> | <b>65,422,257</b> | <b>12,459,408</b> | <b>12,417,962</b> |
| <b>Total equity and liabilities</b>  |    | <b>78,164,216</b> | <b>78,300,564</b> | <b>41,263,366</b> | <b>35,105,349</b> |

The notes on pages 15 to 52 are an integral part of these financial statements.

*The financial statements on pages 9 to 52 were approved and authorised for issue by the Board of Directors on 30 April 2025. The financial statements were signed on behalf of the Company's Board of Directors by Christopher Muscat (Director) and Alfred Borg (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2024.*

## Statements of comprehensive income

|  | Notes  | Year ended 31 December |              |                    |           |
|--|--------|------------------------|--------------|--------------------|-----------|
|  |        | Group                  |              | Company            |           |
|  |        | 2024                   | 2023         | 2024               | 2023      |
|  |        | €                      | €            | €                  | €         |
| Revenue  | 18     | <b>64,138,876</b>      | 59,764,500   |                    |           |
| Cost of sales  | 19     | <b>(42,442,959)</b>    | (38,793,847) |                    |           |
| <b>Gross profit</b>  |        | <b>21,695,917</b>      | 20,970,653   |                    |           |
| Operating and administrative expenses                                | 19     | <b>(19,708,746)</b>    | (19,254,023) | <b>(75,341)</b>    | (110,003) |
| Net movement in impairment losses on financial and contract assets   | 19     | <b>56,181</b>          | 7,016        | <b>54,061</b>      | (13,064)  |
| Gain on lease reassessment   | 15, 19 | <b>467,354</b>         |              |                    |           |
| Other expenses   | 20     | <b>(115,659)</b>       | (36,145)     |                    |           |
| <b>Operating profit/(loss)</b>                                       |        | <b>2,395,047</b>       | 1,687,501    | <b>(21,280)</b>    | (123,067) |
| Income from investment in subsidiary                                 | 7      |                        |              | <b>9,076,923</b>   |           |
| Finance income   | 23     | <b>475,825</b>         | 476,000      | <b>783,396</b>     | 783,571   |
| Finance costs  | 24     | <b>(2,137,043)</b>     | (1,687,584)  | <b>(558,301)</b>   | (550,596) |
| <b>Prefit before tax</b>   |        | <b>733,829</b>         | 475,917      | <b>9,280,738</b>   | 109,908   |
| Income tax (expense)/credit  | 25     | <b>(191,665)</b>       | (362,263)    | <b>(3,164,167)</b> | 3,572     |
| <b>Profit for the year - total comprehensive income for the year</b> |        | <b>542,164</b>         | 113,654      | <b>6,116,571</b>   | 113,480   |

The notes on pages 15 to 52 are an integral part of these financial statements.

## Statements of changes in equity

### Group

|   | Share<br>capital<br>€ | Capital<br>contribution<br>€ | Other<br>reserves<br>€ | Retained<br>earnings<br>€ | Total<br>€        |
|---|-----------------------|------------------------------|------------------------|---------------------------|-------------------|
| Balance as at<br>1 January 2023                     | 22,450,000            | -                            | (15,994,856)           | 6,309,509                 | 12,764,653        |
| <b>Comprehensive income</b>                         |                       |                              |                        |                           |                   |
| Profit for the year - total<br>comprehensive income |                       |                              |                        | 113,654                   | 113,654           |
| <b>Balance as at<br/>31 December 2023</b>           | <b>22,450,000</b>     | <b>-</b>                     | <b>(15,994,856)</b>    | <b>6,423,163</b>          | <b>12,878,307</b> |
| Balance as at<br>1 January 2024                     | 22,450,000            | -                            | (15,994,856)           | 6,423,163                 | 12,878,307        |
| <b>Comprehensive income</b>                         |                       |                              |                        |                           |                   |
| Profit for the year - total<br>comprehensive income |                       |                              |                        | 542,164                   | 542,164           |
| <b>Transactions with owners</b>                     |                       |                              |                        |                           |                   |
| Dividend declared                                   |                       |                              |                        | (5,900,000)               | (5,900,000)       |
| Capital contribution                                |                       | 5,900,000                    |                        |                           | 5,900,000         |
| Total transactions with owners                      |                       | 5,900,000                    |                        | (5,900,000)               |                   |
| <b>Balance as at<br/>31 December 2024</b>           | <b>22,450,000</b>     | <b>5,900,000</b>             | <b>(15,994,856)</b>    | <b>1,065,327</b>          | <b>13,420,471</b> |

**Statements of changes in equity - continued**

**Company**

|   | Share<br>capital<br>€ | Capital<br>contribution<br>€ | Other<br>reserves<br>€ | Retained<br>earnings<br>€ | Total<br>€        |
|---|-----------------------|------------------------------|------------------------|---------------------------|-------------------|
| Balance as at<br>1 January 2023                     | 22,450,000            |                              |                        | 123,907                   | 22,573,907        |
| <b>Comprehensive income</b>                         |                       |                              |                        |                           |                   |
| Profit for the year - total<br>comprehensive income |                       |                              |                        | 113,480                   | 113,480           |
| <b>Balance at<br/>31 December 2023</b>              | <b>22,450,000</b>     |                              |                        | <b>237,387</b>            | <b>22,687,387</b> |
| Balance as at<br>1 January 2024                     | 22,450,000            |                              |                        | 237,387                   | 22,687,387        |
| <b>Comprehensive income</b>                         |                       |                              |                        |                           |                   |
| Profit for the year - total<br>comprehensive income |                       |                              |                        | 6,116,571                 | 6,116,571         |
| <b>Transactions with owners</b>                     |                       |                              |                        |                           |                   |
| Dividend declared                                   |                       |                              |                        | (5,900,000)               | (5,900,000)       |
| Capital contribution                                |                       | 5,900,000                    |                        |                           | 5,900,000         |
| <b>Total transactions with owners</b>               |                       | <b>5,900,000</b>             |                        | <b>(5,900,000)</b>        |                   |
| <b>Balance at<br/>31 December 2024</b>              | <b>22,450,000</b>     | <b>5,900,000</b>             |                        | <b>453,958</b>            | <b>28,803,958</b> |

The notes on pages 15 to 52 are an integral part of these financial statements.

## Statements of cash flows

|  |       | Year ended 31 December |                  |                |                |
|--|-------|------------------------|------------------|----------------|----------------|
|  |       | Group                  |                  | Company        |                |
|  | Notes | 2024<br>€              | 2023<br>€        | 2024<br>€      | 2023<br>€      |
| <b>Cash flows from operating activities</b>            |       |                        |                  |                |                |
| Cash generated from/(used in) operations               | 27    | 5,923,369              | 6,351,813        | 541,496        | (895,808)      |
| Interest paid on lease liabilities                     | 15,24 | (1,215,777)            | (991,002)        |                |                |
| Interest paid on borrowings                            | 24    | (892,670)              | (667,986)        | (529,705)      | (522,000)      |
| Interest received                                      | 23    | 475,825                | 476,000          | 783,396        | 783,571        |
| Income tax paid  |       | (631,705)              | (413,290)        | 83,259         | (34,531)       |
| Net cash generated from/(used in) operating activities |       | 3,659,042              | 4,755,535        | 878,446        | (668,768)      |
| <b>Cash flows from investing activities</b>            |       |                        |                  |                |                |
| Purchases of property, plant and equipment             | 5     | (903,544)              | (3,116,486)      |                |                |
| Loans provided to related parties                      | 9     | (461,600)              |                  | (1,044,936)    | (1,066,382)    |
| Net cash (used in)/generated from investing activities |       | (1,365,144)            | (3,116,486)      | (1,044,936)    | (1,066,382)    |
| <b>Cash flows from financing activities</b>            |       |                        |                  |                |                |
| Net proceeds from borrowings                           | 27    | 2,872,405              | 1,991,622        |                |                |
| Net repayment of borrowings                            | 27    | (387,489)              |                  |                |                |
| Principal elements of lease payments                   | 15    | (3,742,217)            | (3,068,038)      |                |                |
| Net cash (used in)/generated from financing activities |       | (1,257,301)            | (1,076,416)      |                |                |
| Movement in cash and cash equivalents                  |       | 1,036,597              | 562,633          | (166,490)      | (1,735,150)    |
| Cash and cash equivalents at the beginning of the year |       | 3,338,137              | 2,775,504        | 370,751        | 2,105,901      |
| <b>Cash and cash equivalents at end of year</b>        | 12    | <b>4,374,734</b>       | <b>3,338,137</b> | <b>204,261</b> | <b>370,751</b> |

The notes on pages 15 to 52 are an integral part of these financial statements.



## Notes to the financial statements

### 1. Summary of material 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 Company*

The principal activity of Hudson Malta P.L.C (the "Company") is to own the entities operating the retail stores in Malta for the Hudson Holdings Limited group (the "Hudson Group"), of which the Company is a fully owned subsidiary.

In 2018 the Company raised €12m from a public Bond issue for the main purpose of financing the retail expansion in Malta and overseas of the Hudson Group. The money raised was loaned to its subsidiary company, to its parent company Hudson Holdings Limited and a sister company also forming part of the Hudson Group. The Company earns interest from these loans.

##### *The Group*

The Hudson Malta P.L.C. Group (the "Group") is mainly involved in the operation of a number of retail stores in Malta as well as the importation and distribution of branded consumer products in Malta and Italy.

The consolidated financial statements include the financial statements of Hudson Malta P.L.C. and its subsidiaries and are prepared in accordance **with** the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386).

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

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

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

In 2024, the Group and Company adopted amendments to existing standards that are mandatory for the Group and Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group and Company's accounting policies impacting the financial performance and position.

**1. Summary of material accounting policies - continued**

**1.1 Basis of preparation - continued**

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2024.

The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Directors are of the opinion that there are no requirements which will have a possible material impact on the Group's and Company's financial statements in the period of initial application, other than what is described below.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 (issued on 9 April 2024) is yet to be endorsed for use in the EU however it is set to replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance. IFRS 18 will also require the disclosure of management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's and Company's financial statements.

The new standard will be applicable from its mandatory effective date of 1 January 2027, subject to endorsement for use in the EU, with retrospective application.

**1.2 Consolidation**

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations that fall within the scope of IFRS 3. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) 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 recognised amounts of the acquiree's identifiable net assets.

**1. Summary of material accounting policies - continued**

**1.2 Consolidation - continued**

*Subsidiaries - continued*

Goodwill is initially measured as 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 Group's share of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Business combinations between entities under common control, which do not fall within the scope of IFRS 3, are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values, which are the carrying values of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control and for which consolidated financial statements are prepared. When the controlling party does not prepare consolidated financial statements because it is not a parent company, the financial statements amount of the acquired entity are used.

No new goodwill arises in predecessor accounting, and any difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of transaction) of the acquired entity, is included in equity in a separate reserve. The financial statements incorporate the acquired entity's results only from the date on which the business combination between entities under common control occurred.

Under both methods of accounting, upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**1. Summary of material accounting policies - continued**

**1.2 Consolidation - continued**

*Subsidiaries - continued*

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. Cost includes directly attributable costs of the investment. 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.

**1.3 Foreign currency translation**

*(a) Functional and presentation currency*

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

*(b) Transactions and balances*

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income/(expense)'.

**1.4 Intangible assets**

*(a) Goodwill*

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

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

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

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

**1. Summary of material accounting policies - continued**

**1.4 Intangible assets - continued**

*(b) Trademarks*

Separately acquired trademarks are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years.

*(c) Supplier relationships*

Supplier relationships acquired in a business combination are recognised at fair value at the acquisition date. Supplier relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of supplier relationships over their estimated useful lives of 15 years. The remaining amortisation period as at 31 December 2024 was of 11 years.

**1.5 Property, plant and equipment**

Property, plant and equipment, is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over the shorter of their estimated useful life, or the property lease term in the case of improvements to premises, as follows:

|   | %       |
|---|---------|
| Improvement to premises                 | 10      |
| Motor vehicles                          | 20      |
| Furniture, fixtures and other equipment | 10 - 25 |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised within 'Other operating income' in the statement of comprehensive income.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 1.7).

**1. Summary of material accounting policies - continued**

**1.6 Leases**

*The Group as 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.

The Group leases various properties. Rental contracts are typically made of fixed periods but may have extension options to renew the lease after the original period as described below. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in the property leases. These terms are used to maximise operational flexibility in respect of managing contracts. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 4.2% to 12% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

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.

**1. Summary of material accounting policies - continued**

**1.6 Leases - continued**

*The Group as the lessee - continued*

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 of equipment and vehicles 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).

For leases of properties, the following factors are normally the most relevant:

If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);  
If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate);  
Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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.

**1. Summary of material accounting policies - continued**

**1.6 Leases - continued**

*The Group as the lessee - continued*

Contracts might contain both lease and non-lease components. For leases of real estate for which the Group is a lessee, the Group has elected not to separate lease and non-lease components, and it accounts for these instead as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes.

**1.7 Impairment of non-financial assets**

Assets that have an indefinite useful life, for example intangible assets, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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 an 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 Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. 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 instruments when and only when its business model for managing those assets changes.



**1. Summary of material accounting policies - continued**

**1.8 Financial Assets - continued**

*(b) Recognition and derecognition*

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. The Group classifies its debt instruments at amortised cost as 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 and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

*(d) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (see Note 2.1(b) for further details).

**1.8.1 Trade and other receivables**

Trade receivables comprise amounts due from customers for merchandise sold or 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 1.8(d)). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

**1. Summary of material accounting policies - continued**

**1.8 Financial Assets - continued**

**1.8.2 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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**1.9 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to be incurred in marketing, selling and distribution.

**1.10 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, other than derivative contracts, are classified as financial liabilities measured at amortised cost, i.e. which are not at fair value through profit or loss. 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 financial 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.

*(a) 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. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

*(b) Borrowings*

Borrowings are recognised initially at 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 company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**1.11 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. Summary of material accounting policies - continued**

**1.12 Provisions**

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

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

**1.13 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.

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 income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**1.14 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is recognised upon delivery of products or 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 company's activities as described below.

**1. Summary of material accounting policies - continued**

**1.14 Revenue recognition - continued**

*(a) Sales of goods - retail*

Sales of goods are recognised when the group sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in 'cost of sales'. It is the group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

*(b) Sales of goods - customer loyalty programme*

The group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognised at the time of the sale. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. Revenue is recognised when the points are redeemed. The transaction price is allocated to the product and the Points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. A contract liability is recognised until the points are redeemed.

*(c) Sales of goods - wholesale*

The Group sells a range of branded consumer products in the wholesale market. Sales of goods are recognised when the Group has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the wholesaler, and the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied.

*(d) Interest income*

Interest income is recognised for all interest-bearing instruments, using the effective interest method, unless collectability is in doubt.

*(e) Dividend income*

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

**1.15 Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's 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 currency risk, fair value interest rate risk and cash flow 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 board of directors provides principles for overall company risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments to hedge certain risk exposure ensuring the current and preceding financial years.

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. A portion of the company's purchases and its revenues are denominated in Great Britain Pound (GBP) and United States Dollar (USO).

Management does not consider foreign exchange risk attributable to recognised assets and liabilities arising from transactions denominated in foreign currencies, to be significant. Accordingly, the impact of any reasonable sensitivities to changes in these foreign currencies is not deemed to be material to the Group at the end of the reporting period.

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

The Group's interest principally arises from the financial assets at amortised cost (Note 9) and the bond listing (Note 17) that have fixed interest rates whilst the bank borrowings (Note 17) are subject to variable interest rates. In this respect, the Group and 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. For bank borrowings subject to variable interest rates, management performed a sensitivity analysis factoring in a reasonable shift in interest rates and determined that the impact would not be material.

#### (b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, credit exposures to customers, including outstanding receivables and intra-group balances. The credit quality of the customer is assessed, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The maximum exposure to credit risk at the reporting date was:

|                                       | Group             |                   | Company           |                   |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                       | 2024              | 2023              | 2024              | 2023              |
|                                       | €                 | €                 | €                 | €                 |
| <b>As at 31 December</b>              |                   |                   |                   |                   |
| Trade and other receivables (Note 11) | 20,820,807        | 15,664,749        | 594,410           | 1,250,558         |
| Loans receivable (Note 9)             | 5,874,914         | 5,382,044         | 12,135,158        | 11,032,470        |
| Cash and cash equivalents (Note 12)   | 4,731,720         | 3,733,771         | 204,261           | 370,751           |
|                                       | <b>31,427,441</b> | <b>24,780,564</b> | <b>12,933,829</b> | <b>12,653,779</b> |

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### *(b) Credit risk - continued*

The figures disclosed in the table above in respect of trade and other receivables exclude prepayments.

#### *(i) Third party trade and other receivables (including contract assets)*

The Group assesses the credit quality of its third-party trade customers, the majority of which are unrated, taking into account financial position, past experience and other factors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. It has policies in place to ensure that sales of services are affected to customers with an appropriate credit history. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Group's standard payment and service delivery terms and conditions are offered. The creditworthiness analysis for new customers includes a review through external creditworthiness databases when available. The Group monitors the performance of its trade and other 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.

The Group is exposed to significant concentration of credit risk with respect to three of its main trading customers amounting to 78% (2023: 54%) of the total trade receivables. These material exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the respective Group undertaking and are deemed by management to have positive credit standing, usually taking cognisance of the performance history without defaults.

The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters.

#### Impairment of third party trade and other receivables (including contract assets)

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

To measure the expected credit losses, trade receivables 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 historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivables. The Group adjusts the historical loss rates based on expected changes in these factors. The Group's debtors are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any material losses from non-performance by these customers.

The Group monitors information available on macroeconomic factors, affecting repayment ability, as well as the actual and projected impact of the pandemic on the business model of the customers serviced by the Group. Payment patterns attributable to the Group's customers are thoroughly and regularly assessed to determine whether any deterioration in collection rates is being experienced. The Group determined that the expected credit losses have not materially changed taking cognisance of the projected impact on the repayment ability of the Group's customers, the repayment pattern actually experienced, and the estimated life of receivables.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### (b) Credit risk - continued

##### (i) Third party trade and other receivables (including contract assets) - continued

##### Impairment of third party trade and other receivables (including contract assets) - continued

Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables. 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. In this respect, the group had previously recognised specific impairment provisions in prior years on the basis of objective evidence of such balances being impaired. As a result, the related provision was released in the current year.

As at 31 December 2024, provision on trade receivables for the Group amounted to:

|  | Group           |          |
|--|-----------------|----------|
|  | 2024            | 2023     |
|  | €               | €        |
| At beginning of the year                           | <b>103,947</b>  | 149,236  |
| Reversal of provision due to bad debts written-off | <b>(15,408)</b> | (67,592) |
| Movement in provision                              | <b>(3,158)</b>  | 22,303   |
| At end of year                                     | <b>85,381</b>   | 103,947  |

As part of the company's policy, trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### (ii) Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### (b) Credit risk - continued

##### (iii) Other financial assets at amortised cost

The Group and Company's other financial assets at amortised cost include loans (Note 9) and other current balances (Note 11) due from group and related undertakings. The Group and Company monitor intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of its overall liquidity management.

The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Group's management uses judgement in making these assumptions, based on the counterparty's history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

As at year-end, based on the directors' assessments of these factors, the equity position of the respective counterparty, and, where the probability of default is high, the recovery strategies contemplated by management and the support of shareholders in place, the resulting expected credit loss allowance required for Group and Company was as follows:

|                                       | Group            |           | Company         |         |
|---------------------------------------|------------------|-----------|-----------------|---------|
|                                       | 2024             | 2023      | 2024            | 2023    |
|                                       | €                | €         | €               | €       |
| At beginning of the year (Note 9, 11) | <b>1,020,657</b> | 982,384   | <b>133,177</b>  | 120,113 |
| Movement in provision (Note 9)        | <b>(37,615)</b>  | 38,273    | <b>(54,061)</b> | 13,064  |
| At end of year (Note 9, 11)           | <b>983,042</b>   | 1,020,657 | <b>79,116</b>   | 133,177 |

Furthermore, during the year the Group did not write off any intercompany balances on the basis that they were deemed unrecoverable (2023: €Nil).

#### (c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise interest-bearing borrowings (Note 17), lease liabilities (Note 15) and trade and other payables (Note 16). 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 carrying amounts of the Group's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date in the respective notes to the financial statements.

The following table analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.



**2. Financial risk management - continued**

**2.1 Financial risk factors - continued**

*(c) Liquidity risk - continued*

| <b>Group</b>                          | Carrying<br>amount<br>€ | Contractual<br>cash flows<br>€ | Within<br>one year<br>€ | Two to<br>five years<br>€ | More than<br>Five years<br>€ |
|---------------------------------------|-------------------------|--------------------------------|-------------------------|---------------------------|------------------------------|
| <b>31 December 2023</b>               |                         |                                |                         |                           |                              |
| Lease liabilities                     | 31,435,171              | 39,929,360                     | 4,854,903               | 15,550,850                | 19,523,607                   |
| Listed bond (Note 17)                 | 11,935,680              | 13,566,000                     | 522,000                 | 13,044,000                | -                            |
| Trade and other payables<br>(Note 16) | 17,846,279              | 17,846,279                     | 17,846,279              | -                         | -                            |
| Bank borrowings<br>(Note 17)          | 3,970,870               | 4,129,705                      | 3,384,624               | 745,081                   | -                            |
|                                       | <b>65,188,000</b>       | <b>75,471,344</b>              | <b>26,607,806</b>       | <b>29,339,931</b>         | <b>19,523,607</b>            |
| <b>31 December 2024</b>               |                         |                                |                         |                           |                              |
| Lease liabilities                     | 24,285,366              | 29,300,278                     | 4,611,333               | 14,322,190                | 10,366,755                   |
| Listed bond (Note 17)                 | 11,964,731              | 13,044,000                     | 522,000                 | 12,522,000                | -                            |
| Trade and other payables<br>(Note 16) | 21,961,886              | 21,803,416                     | 21,803,416              | -                         | -                            |
| Bank borrowings<br>(Note 17)          | 6,416,683               | 6,455,221                      | 6,101,278               | 353,943                   | -                            |
|                                       | <b>64,628,666</b>       | <b>70,602,915</b>              | <b>33,038,027</b>       | <b>27,198,133</b>         | <b>10,366,755</b>            |
| <b>Company</b>                        | Carrying<br>Amount<br>€ | Contractual<br>cash flows<br>€ | Within<br>one year<br>€ | Two to<br>five years<br>€ | More than<br>Five years<br>€ |
| <b>31 December 2023</b>               |                         |                                |                         |                           |                              |
| Listed bond (Note 17)                 | 11,935,680              | 13,566,000                     | 522,000                 | 13,044,000                | -                            |
| Trade and other payables<br>(Note 16) | 482,282                 | 482,282                        | 482,282                 | -                         | -                            |
|                                       | <b>12,417,962</b>       | <b>14,048,282</b>              | <b>1,004,282</b>        | <b>13,044,000</b>         | -                            |
| <b>31 December 2024</b>               |                         |                                |                         |                           |                              |
| Listed bond (Note 17)                 | 11,964,731              | 13,044,000                     | 522,000                 | 12,522,000                | -                            |
| Trade and other payables<br>(Note 16) | 446,024                 | 446,024                        | 446,024                 | -                         | -                            |
|                                       | <b>12,410,755</b>       | <b>13,490,024</b>              | <b>968,024</b>          | <b>12,522,000</b>         | -                            |

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

### 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 company may issue new shares or adjust the amount of dividends paid to shareholders.

The Group monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt.

The figures in respect of the Group's and Company's equity and borrowings as at 31 December are reflected below:

|  | <b>Group</b>       |             | <b>Company</b>    |            |
|--|--------------------|-------------|-------------------|------------|
|  | <b>2024</b>        | 2023        | <b>2024</b>       | 2023       |
| Borrowings (Note 17)                     | <b>18,381,414</b>  | 15,906,550  | <b>11,964,731</b> | 11,935,680 |
| Lease liabilities (Note 15)              | <b>24,285,366</b>  | 31,435,171  |                   |            |
| Less: Cash at bank and in hand (Note 12) | <b>(4,731,720)</b> | (3,733,771) | <b>(204,261)</b>  | (370,751)  |
| Net debt                                 | <b>37,935,060</b>  | 43,607,950  | <b>11,760,470</b> | 11,564,929 |
| Total equity                             | <b>13,420,471</b>  | 12,878,307  | <b>28,803,958</b> | 22,687,387 |
| <b>Total capital</b>                     | <b>51,355,531</b>  | 56,486,257  | <b>40,564,428</b> | 34,252,316 |
| Net debt ratio                           | <b>73.9%</b>       | 77.2%       | <b>29.0%</b>      | 33.8%      |

The Group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital, as reflected in the consolidated statement of financial position, is maintained by reference to the Group's respective financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the Directors.

### 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates **will**, by definition, seldom equal the related actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group's management also makes judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

#### Determination of extension for right-of-use assets and liabilities

The Group leases various properties. Rental contracts may have extension options to renew the lease after the original period. Determination of the lease term considered is deemed to be a critical accounting estimate in view of the magnitude of lease payments considered in the extension periods. Details surrounding critical judgements and assumptions are further disclosed in Note 6 and Note 15.

In the opinion of the directors, other than those stated above, 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. In addition, the directors confirm that there is no significant measurement uncertainty associated with the accounting estimates and judgements made in preparing these financial statements.

**4. Intangible assets**

**Group**

|                                    | Goodwill<br>€    | Trademarks<br>€ | Supplier<br>relationships<br>€ | Total<br>€       |
|------------------------------------|------------------|-----------------|--------------------------------|------------------|
| <b>Year ended 31 December 2023</b> |                  |                 |                                |                  |
| Opening balance                    | 1,065,688        | 131,825         | 2,871,202                      | 4,068,715        |
| Amortisation charge (Note 19)      |                  | (2,262)         | (212,682)                      | (214,944)        |
| Closing net book amount            | <b>1,065,688</b> | <b>129,563</b>  | <b>2,658,520</b>               | <b>3,853,771</b> |
| <b>At 31 December 2023</b>         |                  |                 |                                |                  |
| Cost                               | 1,065,688        | 141,065         | 3,190,224                      | 4,396,977        |
| Accumulated depreciation           |                  | (11,502)        | (531,704)                      | (543,206)        |
| Net book amount                    | <b>1,065,688</b> | <b>129,563</b>  | <b>2,658,520</b>               | <b>3,853,771</b> |
| <b>Year ended 31 December 2024</b> |                  |                 |                                |                  |
| Opening balance                    | 1,065,688        | 129,563         | 2,658,520                      | 3,853,771        |
| Amortisation charge (Note 19)      |                  | (2,263)         | (212,681)                      | (214,944)        |
| Closing net book amount            | <b>1,065,688</b> | <b>127,300</b>  | <b>2,445,839</b>               | <b>3,638,827</b> |
| <b>At 31 December 2024</b>         |                  |                 |                                |                  |
| Cost                               | 1,065,688        | 141,065         | 3,190,224                      | 4,396,977        |
| Accumulated depreciation           |                  | (13,765)        | (744,385)                      | (758,150)        |
| Net book amount                    | <b>1,065,688</b> | <b>127,300</b>  | <b>2,445,839</b>               | <b>3,638,827</b> |

*Impairment test for goodwill with an indefinite useful life*

The Group's reported goodwill is attributable to business combinations effected in prior years. The Group tests whether goodwill suffered any impairment on an annual basis.

For the purposes of the impairment test, one cash generating unit was identified, which comprises the operations of Hudson Malta Sales Ltd (HMS CGU). The recoverable amount of goodwill has been determined based on value-in-use calculations of the HMS CGU. These calculations use post-tax cash flow projections reflecting the estimates for the years 2024 to 2029 as approved by the Board of Directors. Management considers the timing of the future tax cash flows to have an immaterial impact on the impairment assessment performed. Accordingly, the pre-tax discount rate utilised can be derived from the post-tax discount rate utilised.

The key assumptions in the determination of the recoverable amount of the HMS CGU are the levels of forecast EBITDA, capital expenditure, the terminal value growth rates applied to the estimated cash flows beyond the explicit forecast period and the discount rate. Forecast EBITDA levels are based on past experience, adjusted for market developments and industry trends.

**4. Intangible assets - continued**

The post-tax discount rate applied to in the value-in-use calculation of the HMS CGU was 12.5% (2023: 12.5%) whilst the long-term growth rate applied in the valuation of the residual value was 1.0% (2023: 1.0%). These parameters have been principally based on market observable data.

Group management's method for determining the values inherent to each significant assumption is based on experience and expectations regarding the performance of the market. It was determined that the recoverable amount is greater than the carrying amount and consequently, no impairment charge was required for 2024.

The recoverable amount of the HMS CGU currently exceeds its carrying amount by €6,160,000 (2023: €13,700,000). The recoverable amount of this CGU would equal its carrying amount if the post-tax discount rate is increased from 12.5% to 15.5% (2023: from 12.5% to 22.8%) or projected annual EBITDA is 17% lower (2023: 27% lower).

**5. Property, plant and equipment**

**Group**

|                                    | Improvement<br>to leasehold<br>premises<br>€ | Motor<br>vehicles<br>€ | Furniture,<br>fittings and<br>other<br>equipment<br>€ | Assets under<br>construction<br>€ | Total<br>€       |
|------------------------------------|--|------------------------|---|-----------------------------------|------------------|
| <b>At 1 January 2023</b>           |  |                        |   |                                   |                  |
| Cost                               | 764,771                                      | 19,346                 | 6,212,582   |                                   | 6,996,699        |
| Accumulated depreciation           | (87,832)                                     | (19,346)               | (1,727,487)   | -                                 | (1,834,665)      |
| Net book amount                    | <b>676,939</b>                               |                        | <b>4,485,095</b>                                      |                                   | <b>5,162,034</b> |
| <b>Year ended 31 December 2023</b> |  |                        |   |                                   |                  |
| Opening net book amount            | 676,939                                      |                        | 4,485,095   |                                   | 5,162,034        |
| Additions                          |  |                        | 3,116,486   |                                   | 3,116,486        |
| Disposals                          |  |                        | (103,848)   |                                   | (103,848)        |
| Depreciation charge (Note 19)      | (36,966)                                     | -                      | (1,507,826)   | -                                 | (1,544,792)      |
| Depreciation released on disposal  |  |                        | 65,873  |                                   | 65,873           |
| Closing net book amount            | <b>639,973</b>                               |                        | <b>6,055,780</b>                                      |                                   | <b>6,695,753</b> |
| <b>At 31 December 2023</b>         |  |                        |   |                                   |                  |
| Cost                               | 764,771                                      | 19,346                 | 9,225,220   |                                   | 10,009,337       |
| Accumulated depreciation           | (124,798)                                    | (19,346)               | (3,169,440)   | -                                 | (3,313,584)      |
| Net book amount                    | <b>639,973</b>                               |                        | <b>6,055,780</b>                                      |                                   | <b>6,695,753</b> |

**5. Property, plant and equipment - continued**

**Group**

|  | Improvement<br>to leasehold<br>premises<br>€ | Motor<br>vehicles<br>€ | Furniture,<br>fittings and<br>other<br>equipment<br>€ | Assets<br>under<br>construction<br>€ | Total<br>€       |
|--|--|------------------------|---|--------------------------------------|------------------|
| <b>Year ended 31 December 2024</b>                 |  |                        |   |                                      |                  |
| Opening net book amount                            | 639,973                                      |                        | 6,055,780   |                                      | 6,695,753        |
| Additions  |  |                        | 857,478   | 46,067                               | 903,544          |
| Disposals  |  |                        | (529,438)   |                                      | (529,438)        |
| Depreciation charge (Note 19)                      | (25,047)                                     | -                      | (1,510,068)   | -                                    | (1,535,115)      |
| Depreciation released on disposal                  |  |                        | 426,720   |                                      | 426,720          |
| Reclassification - net of accumulated depreciation | (553,984)                                    |                        | 553,984   |                                      |                  |
| Closing net book amount                            | <b>60,942</b>                                |                        | <b>5,854,456</b>                                      | <b>46,067</b>                        | <b>5,961,465</b> |
| <b>At 31 December 2024</b>                         |  |                        |   |                                      |                  |
| Cost   | 347,772                                      | 19,346                 | 12,097,855  | 46,067                               | 12,511,040       |
| Accumulated depreciation                           | (286,830)                                    | (19,346)               | (6,243,399)   | -                                    | (6,549,575)      |
| Net book amount                                    | <b>60,942</b>                                |                        | <b>5,854,456</b>                                      | <b>46,067</b>                        | <b>5,961,465</b> |

**6. Right-of-use assets**

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

| Group                              | Property leases<br>€ | Total<br>€        |
|------------------------------------|----------------------|-------------------|
| <b>Year ended 31 December 2023</b> |                      |                   |
| Opening net book value             | 20,914,547           | 20,914,547        |
| Additions                          | 12,749,704           | 12,749,704        |
| Lease modifications                | (89,731)             | (89,731)          |
| Amortisation charge (Note 19)      | (3,394,209)          | (3,394,209)       |
| Closing net book amount            | <b>30,180,311</b>    | <b>30,180,311</b> |
| <b>Year ended 31 December 2024</b> |                      |                   |
| Opening net book value             | 30,180,311           | 30,180,311        |
| Additions                          | 184,671              | 184,671           |
| Lease reassessment (Note 15)       | (3,124,905)          | (3,124,905)       |
| Amortisation charge (Note 19)      | (4,040,301)          | (4,040,301)       |
| Closing net book amount            | <b>23,199,776</b>    | <b>23,199,776</b> |

The statement of profit or loss shows the following amounts relating to leases:

|   | 2024<br>€          | 2023<br>€   |
|---|--------------------|-------------|
| Depreciation charge of right-of-use assets  | <b>(4,040,301)</b> | (3,394,209) |
| Gain on lease reassessment (Note 15)  | <b>467,354</b>     |             |
| Interest expense (Note 15)  | <b>(1,215,777)</b> | (991,002)   |
| Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses) | <b>(1,036,318)</b> | (824,982)   |

**7. Investment in subsidiaries**

| Company        | 2024              | 2023       |
|----------------|-------------------|------------|
|                | €                 | €          |
| At 1 January   | <b>22,400,000</b> | 22,400,000 |
| Additions      | <b>5,900,000</b>  |            |
| At 31 December | <b>28,300,000</b> | 22,400,000 |

During the year-ended 31 December 2024, Hudson Malta Sales Limited declared an interim dividend of €5,900,000, net of tax, to the Company. Through a board resolution subsequent to the declaration of the dividend, the Company has undertaken a commitment to convert the receivable due from the subsidiary in relation to this dividend into shares in Hudson Malta Sales Limited. Although as at year-end this process has not yet started, given that through the above mentioned board resolution, the Company has forfeited its right for receipt of this dividend, this balance is being classified as an investment in subsidiary.

The principal subsidiaries as at 31 December 2024 are shown below:

| Subsidiaries           | Registered office  | Percentage of shares directly held by company |      |
|------------------------|--|---|------|
|                        |  | 2024  | 2023 |
| Hudson Malta Sales Ltd | Hudson House,<br>Burmarrad Road,<br>Burmarrad,<br>St. Paul's Bay,<br>Malta | 100%  | 100% |

**8. Deferred tax assets**

|                                  | Group            |           | Company         |        |
|----------------------------------|------------------|-----------|-----------------|--------|
|                                  | 2024             | 2023      | 2024            | 2023   |
|                                  | €                | €         | €               | €      |
| At beginning of the year         | <b>1,201,133</b> | 1,164,163 | <b>46,612</b>   |        |
| Credited to the income statement | <b>320,861</b>   | 36,970    | <b>(19,094)</b> | 46,612 |
| At end of year                   | <b>1,521,994</b> | 1,201,133 | <b>27,518</b>   | 46,612 |

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2023: 35%).



**8. Deferred tax assets - continued**

The balance at 31 December represents temporary differences on:

|   | <b>Group</b>       |              | <b>Company</b> |             |
|---|--------------------|--------------|----------------|-------------|
|   | <b>2024</b>        | <b>2023</b>  | <b>2024</b>    | <b>2023</b> |
|   | €                  | €            | €              | €           |
| Provision on receivables                      | <b>372,726</b>     | 393,611      | <b>27,518</b>  | 46,612      |
| Depreciation of property, plant and Equipment | <b>270,328</b>     | 250,870      |                |             |
| Lease liabilities                             | <b>8,774,359</b>   | 11,002,310   |                |             |
| Right-of-use assets                           | <b>(7,998,183)</b> | (10,712,388) |                |             |
| Other provisions                              | <b>102,764</b>     | 266,730      |                |             |
|   | <b>1,521,994</b>   | 1,201,133    | <b>27,518</b>  | 46,612      |

Deferred tax assets arising on lease liabilities are being offset against deferred tax liabilities arising on right-of-use assets in line with the accounting policy as described in Note 1.13.

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months from the end of the reporting period.

**9. Financial assets at amortised cost**

|                                       | <b>Group</b>     |             | <b>Company</b>    |             |
|---------------------------------------|------------------|-------------|-------------------|-------------|
|                                       | <b>2024</b>      | <b>2023</b> | <b>2024</b>       | <b>2023</b> |
|                                       | €                | €           | €                 | €           |
| Loans receivable from subsidiaries    |                  |             | <b>6,298,983</b>  | 5,715,647   |
| Loans receivable from group companies | <b>5,911,600</b> | 5,450,000   | <b>5,911,600</b>  | 5,450,000   |
| Less: credit loss allowance           | <b>(36,686)</b>  | (67,956)    | <b>(75,425)</b>   | (133,177)   |
|                                       | <b>5,874,914</b> | 5,382,044   | <b>12,135,158</b> | 11,032,470  |

|                     | <b>Group</b>     |             | <b>Company</b>    |             |
|---------------------|------------------|-------------|-------------------|-------------|
|                     | <b>2024</b>      | <b>2023</b> | <b>2024</b>       | <b>2023</b> |
|                     | €                | €           | €                 | €           |
| Non-current portion | <b>5,874,914</b> | 5,382,044   | <b>12,135,158</b> | 11,032,470  |

Loans receivable from subsidiaries and group undertakings bear interest at 5.5% and are repayable by 2026. These balances are guaranteed by group undertakings.

The fair value of the financial assets at amortised cost is an approximation of the carrying amount of the financial asset.

**10. Inventories**

|                       | <b>Group</b>      |             | <b>Company</b> |             |
|-----------------------|-------------------|-------------|----------------|-------------|
|                       | <b>2024</b>       | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                       | €                 | €           | €              | €           |
| Goods held for resale | <b>11,509,213</b> | 10,135,881  |                |             |

Inventory is stated at net of write-downs of €624,420 (2023: €761,455). Write-downs to net realisable value have been charged to profit and loss and are included within 'Cost of sales' in the statement of comprehensive income.

**11. Trade and other receivables**

|   | <b>Group</b>      |             | <b>Company</b> |             |
|---|-------------------|-------------|----------------|-------------|
|   | <b>2024</b>       | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|   | €                 | €           | €              | €           |
| Trade receivables                                     | <b>1,790,622</b>  | 1,779,508   |                |             |
| Less: expected credit loss                            | <b>(85,381)</b>   | (103,947)   |                |             |
| Trade receivables - net                               | <b>1,705,241</b>  | 1,675,561   |                |             |
| Amounts owed by parent (net of provisions)            | <b>9,990,087</b>  | 6,032,891   | <b>289,463</b> | 321,780     |
| Amount owed by group undertakings (net of provisions) | <b>8,245,478</b>  | 7,139,907   | <b>304,946</b> | 928,778     |
| Other receivables                                     | <b>796,550</b>    | 511,464     |                |             |
| Prepayments   | <b>905,500</b>    | 1,453,151   | <b>2,019</b>   | 2,203       |
| Contract assets                                       | <b>83,451</b>     | 304,926     |                |             |
|   | <b>21,726,307</b> | 17,117,900  | <b>596,429</b> | 1,252,761   |

|             | <b>Group</b>      |             | <b>Company</b> |             |
|-------------|-------------------|-------------|----------------|-------------|
|             | <b>2024</b>       | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|             | €                 | €           | €              | €           |
| Non-current | <b>800,638</b>    | 616,530     |                |             |
| Current     | <b>20,925,669</b> | 16,501,370  | <b>596,429</b> | 1,252,761   |
|             | <b>21,726,307</b> | 17,117,900  | <b>596,429</b> | 1,252,761   |

**11. Trade and other receivables - continued**

Amounts owed by parent and group undertakings are interest-free and repayable on demand.

Amounts owed by parent company and company undertakings are stated at net of expected credit loss provision in line with the requirements of IFRS 9, as per table below:

|   | <b>Group</b>   |             | <b>Company</b> |             |
|---|----------------|-------------|----------------|-------------|
|   | <b>2024</b>    | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|   | €              | €           | €              | €           |
| Provision on amounts owed by parent company     | <b>61,819</b>  | 65,581      | <b>1,791</b>   |             |
| Provision on amounts owed by group undertakings | <b>884,537</b> | 887,120     | <b>1,900</b>   |             |
|   | <b>946,356</b> | 952,701     | <b>3,691</b>   |             |

The remaining amounts are unsecured, interest-free and repayable on demand.

**12. Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

|                           | <b>Group</b>     |             | <b>Company</b> |             |
|---------------------------|------------------|-------------|----------------|-------------|
|                           | <b>2024</b>      | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                           | €                | €           | €              | €           |
| Cash at bank and in hand  | <b>4,731,720</b> | 3,733,771   | <b>204,261</b> | 370,751     |
| Bank overdrafts (Note 17) | <b>(356,986)</b> | (395,634)   |                |             |
|                           | <b>4,374,734</b> | 3,338,137   | <b>204,261</b> | 370,751     |

**13. Share capital**

|   | <b>Group and Company</b> |             |
|---|--------------------------|-------------|
|   | <b>2024</b>              | <b>2023</b> |
|   | €                        | €           |
| <b>Authorised, Issued and fully paid</b>                        |                          |             |
| 22,450,000 (2023: 22,450,000) ordinary 'A' shares of €1.00 each | <b>22,450,000</b>        | 22,450,000  |
|   | <b>22,450,000</b>        | 22,450,000  |

The holders of Ordinary shares rank '*pari passu*' in all respects. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**14. Other reserves**

|  | <b>Group</b> |              | <b>Company</b> |             |
|--|--------------|--------------|----------------|-------------|
|  | <b>2024</b>  | <b>2023</b>  | <b>2024</b>    | <b>2023</b> |
|  | €            | €            | €              | €           |
| <i>Acquisition reserves</i>                |              |              |                |             |
| Debit balance at beginning and end of year | (15,944,856) | (15,944,856) |                |             |
| <i>Capital contribution</i>                |              |              |                |             |
| Balance at beginning of year               |              |              |                |             |
| Additions                                  | 5,900,000    |              | 5,900,000      |             |
| Balance at end of year                     | 5,900,000    |              | 5,900,000      |             |

*Acquisition reserves*

The acquisition reserves relate to the acquisition via share-for-share exchange transaction in 2017, whereby the Company had acquired the entire share capital of Hudson Malta Sales Limited (previously Time International (Sport) Limited and Hudson International Company Limited) from Hudson Holdings Limited.

This transaction was considered as a business combination between entities under common control, which do not fall within the scope of IFRS 3, and were accounted for using the predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values, which are the carrying values of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control and for which consolidated financial statements are prepared.

No new goodwill arises in predecessor accounting, and any difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of transaction) of the acquired entity, is include in equity in a separate reserve.

*Capital contribution*

As further disclosed in note 26, during the year-ended 31 December 2024, the Company declared an interim dividend of €5,900,000 to its parent. Through a board resolution subsequent to the declaration of the dividend, Hudson Holdings Limited have undertaken a commitment to convert the receivable due from the Company in relation to this dividend into shares in Hudson Malta pie. Given that at year-end, this process has not yet started, this balance is being classified as a non-distributable reserve in equity.

**15. Lease liabilities**

|                            | <b>Group</b>       |             |
|----------------------------|--------------------|-------------|
|                            | <b>2024</b>        | <b>2023</b> |
|                            | <b>€</b>           | <b>€</b>    |
| Non-current                | <b>21,428,298</b>  | 27,860,042  |
| Current                    | <b>2,857,068</b>   | 3,575,129   |
|                            | <b>24,285,366</b>  | 31,435,171  |
|                            | <b>2024</b>        | <b>2023</b> |
|                            | <b>€</b>           | <b>€</b>    |
| At beginning of the year   | <b>31,435,171</b>  | 21,574,377  |
| Additions                  | <b>184,671</b>     | 12,749,704  |
| Lease reassessment         | <b>(3,592,259)</b> | 179,128     |
| Interest expense (Note 24) | <b>1,215,777</b>   | 991,002     |
| Payments effected          | <b>(4,957,994)</b> | (4,059,040) |
|                            | <b>24,285,366</b>  | 31,435,171  |

Included in the lease liabilities for properties are amounts of €2,649,962 (2023: €3,498,802) which are attributable arrangements with the ultimate parent, of which €1,725,842 (2023: €2,616,843) are non-current amounts.

The contractual discounted cash flows attributable to lease liabilities as at 31 December are analysed in Note 2.1(c).

Specific extension options in property leases have been included in the lease liability as the lease term reflects the exercise of such options. As at 31 December 2024, potential future cash outflows of €18,406,829 (2023: nil) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset (ROU) recognised on the balance sheet:

| <b>ROU asset</b> | No of ROU assets leased | Range of remaining lease term (years) | Average remaining lease term (years) | Average extension option considered (years) | No of leases with extension options | No of leases with option to purchase | No of leases with termination options |
|------------------|-------------------------|---------------------------------------|--------------------------------------|---|-------------------------------------|--------------------------------------|---------------------------------------|
| Properties       | 34                      | 1 - 9                                 | 6                                    | 3   | 24                                  |                                      | 29                                    |

**15. Lease liabilities** - continued

*Reassessment of extension for right-of-use assets and liabilities*

During the year under review, management have revised certain lease agreements with the objective of extending the contracted fixed lease term and lease period extension options, as well as revising the contracted lease payments. As a result, management performed a reassessment of the lease liability related to these respective locations.

Furthermore, during the current year, management performed a reassessment of the optional extension period being considered for the determination of the lease liabilities and related right-of-use assets specific to other lease agreements. This assessment took into consideration changes in the expected exit period for properties whereby the performance of the respective location is not in line with the original expected performance at the last assessment period, hence resulting in a downward revision of the optional extension period being considered for determination of the lease liabilities and related right-of-use asset. The reassessment of the lease term of certain locations resulted in a decrease in the lease liability that exceeded the carrying amount of the respective right-of-use asset at the date of the reassessment. Such excess amounts were recognised as a gain within the Income Statement.

The impact of these reassessments is being summarised in the table below:

|   | Before<br>reassessment<br>€ | After<br>reassessment<br>€ | Impact<br>€        |
|---|-----------------------------|----------------------------|--------------------|
| <b>Right-of-use assets</b>                |                             |                            |                    |
| Reassessment of revised agreements        | 3,034,064                   | 9,502,516                  | 6,468,452          |
| Reassessment of optional extension period | 16,777,185                  | 7,183,828                  | (9,593,367)        |
|   | <u>19,811,249</u>           | <u>16,686,344</u>          | <u>(3,124,905)</u> |
| <br><b>Lease liabilities</b>              |                             |                            |                    |
| Reassessment of revised agreements        | 3,520,864                   | 9,989,316                  | 6,468,452          |
| Reassessment of optional extension period | 18,106,288                  | 8,045,577                  | (10,060,711)       |
|   | <u>21,627,152</u>           | <u>18,034,893</u>          | <u>(3,592,259)</u> |
| <br>Gain on lease reassessment            |                             |                            | <u>467,354</u>     |

**16. Trade and other payables**

|                                    | <b>Group</b>      |             | <b>Company</b> |             |
|------------------------------------|-------------------|-------------|----------------|-------------|
|                                    | <b>2024</b>       | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                                    | €                 | €           | €              | €           |
| Trade payables                     | <b>7,118,958</b>  | 5,684,925   | <b>6,551</b>   | 1,293       |
| Amounts owed to group undertakings | <b>9,602,003</b>  | 5,065,068   |                | 44,117      |
| Indirect taxation                  | <b>2,398,280</b>  | 2,923,202   | <b>6,000</b>   | 6,000       |
| Other payables                     |                   |             |                |             |
| Accruals                           | <b>1,771,541</b>  | 3,385,996   | <b>433,473</b> | 430,872     |
| Contract liabilities               | <b>1,071,104</b>  | 787,088     |                |             |
|                                    | <b>21,961,886</b> | 17,846,279  | <b>446,024</b> | 482,282     |
|                                    |                   |             |                |             |
|                                    | <b>Group</b>      |             | <b>Company</b> |             |
|                                    | <b>2024</b>       | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                                    | €                 | €           | €              | €           |
| Non-current                        | <b>158,470</b>    |             |                |             |
| Current                            | <b>21,803,416</b> | 17,846,279  | <b>446,024</b> | 482,282     |
|                                    | <b>21,961,886</b> | 17,846,279  | <b>446,024</b> | 482,282     |

The amounts owed to group undertakings are unsecured, interest-free, and are repayable on demand.

Contract liabilities pertain to Hudson coins or consumer vouchers currently in circulation. The Group's performance obligation will be fulfilled when customers redeem these coins or vouchers for their purchases. Each coin or voucher expires one year from the date of issuance.

**17. Borrowings**

|                            | <b>Group</b>      |             | <b>Company</b>    |             |
|----------------------------|-------------------|-------------|-------------------|-------------|
|                            | <b>2024</b>       | <b>2023</b> | <b>2024</b>       | <b>2023</b> |
|                            | €                 | €           | €                 | €           |
| <b>Non-current</b>         |                   |             |                   |             |
| Bond loan                  | <b>11,964,731</b> | 11,935,680  | <b>11,964,731</b> | 11,935,680  |
| Bank loan                  | <b>345,470</b>    | 698,169     |                   |             |
|                            | <b>12,310,201</b> | 12,633,849  | <b>11,964,731</b> | 11,935,680  |
|                            |                   |             |                   |             |
| <b>Current</b>             |                   |             |                   |             |
| Bank overdrafts            | <b>356,986</b>    | 395,634     |                   |             |
| Bank loan                  | <b>439,368</b>    | 474,613     |                   |             |
| Other bank trade financing | <b>5,274,859</b>  | 2,402,454   |                   |             |
|                            | <b>6,071,213</b>  | 3,272,701   |                   |             |
| Total borrowings           | <b>18,381,414</b> | 15,906,550  | <b>11,964,731</b> | 11,935,680  |

**17. Borrowings - continued**

The Bond of €12,000,000 is repayable by 2026, bears interest at 4.35%, payable annually in arrears on 6 April of each year and is stated at net of unamortised bond issue costs of €35,269 (2023: €64,320).

During 2020, the Group applied for loans through the COVID-19 Guarantee Scheme supported by the Malta Development Bank (MOB) amounting to €1,850,000 repayable within five years from initial drawdown and carries interest of 2.5% plus 3-month EURIBOR. These facilities were drawn down during the financial year ending 31 December 2021.

The Group has unutilised overdraft facilities as at 31 December 2024 amounting to €1,142,658 (2023: €1,104,010). The overdraft facilities carry floating interest rates averaging 4.43% (2023: 4.43%). Furthermore, during 2024, the Group utilised the other bank trade financing made available to them amounting to €5,274,859 (2023: €2,402,454) out of a total limit of €5,275,000 (2023: €5,275,000). The other bank trade facilities carry floating interest rate of 6.1% as at 31 December 2024 (2023: 6.1%).

The fair value of the financial liabilities at amortised cost is an approximation of the carrying amount of the financial liability.

**18. Revenue**

|           | <b>Group</b>      |             | <b>Company</b> |             |
|-----------|-------------------|-------------|----------------|-------------|
|           | <b>2024</b>       | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|           | €                 | €           | €              | €           |
| Retail    | <b>49,622,274</b> | 45,827,458  |                |             |
| Wholesale | <b>14,516,602</b> | 13,937,042  |                |             |
|           | <b>64,138,876</b> | 59,764,500  |                |             |

Revenue represents the amounts receivable for goods sold during the year, net of any indirect taxes.



**19. Expenses by nature (net)**

|   | <b>Group</b>      |             | <b>Company</b>  |             |
|---|-------------------|-------------|-----------------|-------------|
|   | <b>2024</b>       | <b>2023</b> | <b>2024</b>     | <b>2023</b> |
|   | €                 | €           | €               | €           |
| Purchases of goods for resale                                     | <b>39,448,041</b> | 35,968,586  |                 |             |
| Franchise fees (Royalties)  | <b>1,290,239</b>  | 1,504,672   |                 |             |
| Other direct expenses   | <b>1,704,679</b>  | 1,320,589   |                 |             |
| Employee benefit expense (Note 21)                                | <b>8,067,444</b>  | 7,468,148   |                 |             |
| Directors' emoluments (Note 22)                                   | <b>24,000</b>     | 24,000      | <b>24,000</b>   | 24,000      |
| Amortisation of intangible assets (Note 4)                        | <b>214,944</b>    | 214,944     |                 |             |
| Depreciation of property, plant and equipment (Note 5)            | <b>1,535,115</b>  | 1,544,792   |                 |             |
| Depreciation of right-of-use assets (Note 6)                      | <b>4,040,301</b>  | 3,394,209   |                 |             |
| Professional fees   | <b>87,867</b>     | 133,577     | <b>24,322</b>   | 70,024      |
| Rent and common charges   | <b>1,036,318</b>  | 824,982     |                 |             |
| Bad debts written off   | <b>7,722</b>      | 144,785     |                 |             |
| Management fees (Note 29)   | <b>1,363,249</b>  | 2,289,512   |                 |             |
| Advertising   | <b>1,017,065</b>  | 1,068,970   |                 |             |
| Bank charges  | <b>453,720</b>    | 442,515     | <b>450</b>      | 432         |
| Net movement in expected credit loss allowance (Note 9, 11)       | <b>(56,181)</b>   | (7,016)     | <b>(54,061)</b> | 13,064      |
| Gain on lease reassessment (Note 6)                               | <b>(467,354)</b>  |             |                 |             |
| Other expenses  | <b>1,861,001</b>  | 1,727,589   | <b>26,569</b>   | 39,547      |
| <b>Total cost of sales, operating and administrative expenses</b> | <b>61,628,170</b> | 58,040,854  | <b>21,280</b>   | 123,067     |

**Auditor's fees**

|                              | <b>Group</b>  |             | <b>Company</b> |             |
|------------------------------|---------------|-------------|----------------|-------------|
|                              | <b>2024</b>   | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                              | €             | €           | €              | €           |
| Annual statutory audit       | <b>72,054</b> | 63,300      | <b>26,569</b>  | 20,800      |
| Other non-assurance services | <b>7,000</b>  | 6,800       | <b>2,750</b>   | 3,100       |
|                              | <b>79,054</b> | 70,100      | <b>29,319</b>  | 23,900      |

During the current year fees in relation to non-assurance services amounting to €7,000 and €500 (2023: €6,800 and €3,100) have been charged by connected undertakings of the Company's auditor to the Group and the Company respectively, in respect of tax advisory and compliance services.

**20. Other expenses**

|                | <b>Group</b>   |             | <b>Company</b> |             |
|----------------|----------------|-------------|----------------|-------------|
|                | <b>2024</b>    | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                | €              | €           | €              | €           |
| Other expenses | <b>115,659</b> | 36,145      |                |             |

**21. Employee benefit expense**

|                       | <b>Group</b>     |             | <b>Company</b> |             |
|-----------------------|------------------|-------------|----------------|-------------|
|                       | <b>2024</b>      | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                       | €                | €           | €              | €           |
| Wages and salaries    | <b>7,530,069</b> | 6,989,553   |                |             |
| Social security costs | <b>537,374</b>   | 478,595     |                |             |
|                       | <b>8,067,444</b> | 7,468,148   |                |             |

The average number of persons employed (full-time equivalent) by the group during the financial reporting period was:

|            | <b>Group</b> |             | <b>Company</b> |             |
|------------|--------------|-------------|----------------|-------------|
|            | <b>2024</b>  | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
| Operations | <b>69</b>    | 69          |                |             |
| Retail     | <b>287</b>   | 246         |                |             |
|            | <b>356</b>   | 315         |                |             |

**22. Directors' emoluments**

|                               | <b>Group</b>  |             | <b>Company</b> |             |
|-------------------------------|---------------|-------------|----------------|-------------|
|                               | <b>2024</b>   | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|                               | €             | €           | €              | €           |
| Salaries and other emoluments | <b>24,000</b> | 24,000      | <b>24,000</b>  | 24,000      |

Directors' emoluments are inclusive of amounts recharged from the ultimate parent company. In 2024, no directors' fees were recharged from the ultimate parent company (2023: nil).

**23. Finance income**

|  | <b>Group</b>   |             | <b>Company</b> |             |
|--|----------------|-------------|----------------|-------------|
|  | <b>2024</b>    | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|  | €              | €           | €              | €           |
| Interest on amounts due from subsidiary      |                |             | <b>307,571</b> | 307,571     |
| Interest on amounts due from ultimate parent | <b>247,500</b> | 247,500     | <b>247,500</b> | 247,500     |
| Interest on amounts due from group companies | <b>148,325</b> | 148,500     | <b>148,325</b> | 148,500     |
| Facility fee                                 | <b>80,000</b>  | 80,000      | <b>80,000</b>  | 80,000      |
|  | <b>475,825</b> | 476,000     | <b>783,396</b> | 783,571     |

**24. Finance costs**

|  | <b>Group</b>     |             | <b>Company</b> |             |
|--|------------------|-------------|----------------|-------------|
|  | <b>2024</b>      | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|  | €                | €           | €              | €           |
| Interest payable on bond                           | <b>529,356</b>   | 522,000     | <b>529,705</b> | 522,000     |
| Amortisation of bond issue costs                   | <b>28,596</b>    | 28,596      | <b>28,596</b>  | 28,596      |
| Bank interest and charges                          | <b>363,314</b>   | 145,986     |                |             |
| Interest charges on lease liabilities<br>(Note 15) | <b>1,215,777</b> | 991,002     |                |             |
|  | <b>2,137,043</b> | 1,687,584   | <b>558,301</b> | 550,596     |

**25. Tax expense/ (credit)**

|  | <b>Group</b>     |             | <b>Company</b>   |             |
|--|------------------|-------------|------------------|-------------|
|  | <b>2024</b>      | <b>2023</b> | <b>2024</b>      | <b>2023</b> |
|  | €                | €           | €                | €           |
| Current tax expense                    | <b>512,526</b>   | 399,233     | <b>3,145,073</b> | 43,040      |
| Deferred tax (credit)/expense (Note 8) | <b>(320,861)</b> | (36,970)    | <b>19,094</b>    | (46,612)    |
|  | <b>191,665</b>   | 362,263     | <b>3,164,167</b> | (3,571)     |

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

|   | <b>Group</b>     |             | <b>Company</b>   |             |
|---|------------------|-------------|------------------|-------------|
|   | <b>2024</b>      | <b>2023</b> | <b>2024</b>      | <b>2023</b> |
|   | €                | €           | €                | €           |
| Profit before tax   | <b>733,829</b>   | 475,917     | <b>9,280,738</b> | 109,908     |
| Tax at 35%  | <b>256,840</b>   | 166,571     | <b>3,248,258</b> | 38,468      |
| Tax effect of:  |                  |             |                  |             |
| Unrecognised deferred tax in prior year                   | <b>(236,274)</b> | (14,681)    |                  | (42,040)    |
| Over provision of current tax in prior year               | <b>37,596</b>    |             | <b>(84,264)</b>  |             |
| Expenses and provisions not allowable<br>for tax purposes | <b>135,438</b>   | 210,373     |                  |             |
| Other   | <b>(1,935)</b>   |             | <b>173</b>       |             |
| Tax expense/(credit)                                      | <b>191,665</b>   | 362,263     | <b>3,164,167</b> | (3,572)     |

**26. Dividends**

During a meeting of the Company's Board of Directors held on 26<sup>th</sup> March 2024, the Board resolved to declare an interim dividend of €5,900,000. This dividend distribution by Company was tied to a dividend distribution made by Hudson Malta Sales Limited to the Company on the same day.

No further dividends were declared and paid to shareholders in 2024 and 2023.

**27. Cash generated from/(used in) operations**

Reconciliation of operating profit/(loss) to net cash generated from operations:

|  | <b>Group</b>       |             | <b>Company</b>  |             |
|--|--------------------|-------------|-----------------|-------------|
|  | <b>2024</b>        | <b>2023</b> | <b>2024</b>     | <b>2023</b> |
|  | €                  | €           | €               | €           |
| Operating profit/(loss)                                | <b>2,395,047</b>   | 1,687,501   | <b>(21,280)</b> | (123,067)   |
| Adjustments for:                                       |                    |             |                 |             |
| Amortisation of intangible assets (Note 4)             | <b>214,944</b>     | 214,944     |                 |             |
| Depreciation on property, plant and equipment (Note 5) | <b>1,535,115</b>   | 1,544,792   |                 |             |
| Depreciation on right-of-use assets (Note 6)           | <b>4,040,301</b>   | 3,394,209   |                 |             |
| Loss on disposal of property, plant and equipment      | <b>102,718</b>     | 37,975      |                 |             |
| Lease modifications (Note 6, 15)                       | <b>(467,354)</b>   | 268,859     |                 |             |
| Movement in expected credit loss allowance (Note 19)   | <b>(56,181)</b>    | (7,016)     | <b>(54,061)</b> | 13,064      |
| Bad debts written off (Note 19)                        | <b>7,722</b>       | 144,785     |                 |             |
| Changes in working capital:                            |                    |             |                 |             |
| Inventories  | <b>{1,373,332}</b> | (2,295,989) |                 |             |
| Trade and other receivables                            | <b>(4,591,218)</b> | (2,686,260) | <b>652,641</b>  | (783,571)   |
| Trade and other payables                               | <b>4,115,607</b>   | 4,048,016   | <b>(35,803)</b> | 10,830      |
| Cash generated from/(used in) operations               | <b>5,923,369</b>   | 6,351,816   | <b>541,497</b>  | (882,744)   |

**Net debt reconciliation**

|  | <b>Group</b>       |             |
|--|--------------------|-------------|
|  | <b>2024</b>        | <b>2023</b> |
|  | €                  | €           |
| Cash and cash equivalents (Note 12)              | <b>(4,374,734)</b> | (3,338,137) |
| Borrowings (excluding bank overdrafts) (Note 17) | <b>18,024,428</b>  | 15,510,916  |
| Lease liabilities (Note 15)                      | <b>24,285,366</b>  | 31,435,171  |
| Net debt   | <b>37,935,060</b>  | 43,607,950  |

**27. Cash generated from operations - continued**

**Net debt reconciliation - continued**

| Group   | Liabilities from financing activities |                           |                   | Other assets                |                   |
|---|---------------------------------------|---------------------------|-------------------|-----------------------------|-------------------|
|   | Borrowings<br>€                       | Lease<br>liabilities<br>€ | Sub-total<br>€    | Cash/Bank<br>overdraft<br>€ | Total<br>€        |
| Net debt as at<br>1 January 2023  | 13,490,698                            | 21,574,377                | 35,065,075        | (2,775,504)                 | 32,289,571        |
| Financing cashflows   | 1,991,622                             | (3,068,038)               | (1,076,416)       | (562,633)                   | (1,639,049)       |
| New leases (Note 15)  |                                       | 12,749,704                | 12,749,704        |                             | 12,749,704        |
| Lease modifications<br>(Note 15)  |                                       | 179,128                   | 179,128           |                             | 179,128           |
| Interest expense<br>(Note 24)   | 696,582                               | 991,002                   | 1,687,584         |                             | 1,687,584         |
| Interest payments<br>(presented as<br>operating cashflows)<br>(Note 24) | (667,986)                             | (991,002)                 | (1,658,988)       |                             | (1,658,988)       |
| Net debt as at<br>31 December 2023                                      | <b>15,510,916</b>                     | <b>31,435,171</b>         | <b>46,946,087</b> | <b>(3,338,137)</b>          | <b>43,607,950</b> |
| Net debt as at<br>1 January 2024  | 15,510,916                            | 31,435,171                | 46,946,087        | (3,338,137)                 | 43,607,950        |
| Financing cashflows   | 2,484,916                             | (3,742,217)               | (1,257,301)       | (1,036,597)                 | (2,293,898)       |
| New leases (Note 15)  |                                       | 184,671                   | 184,671           |                             | 184,671           |
| Lease modifications<br>(Note 15)  |                                       | (3,592,259)               | (3,592,259)       |                             | (3,592,259)       |
| Interest expense<br>(Note 24)   | 921,266                               | 1,215,777                 | 2,137,043         |                             | 2,137,043         |
| Interest payments<br>(presented as<br>operating cashflows)<br>(Note 24) | (892,670)                             | (1,215,777)               | (2,108,447)       |                             | (2,108,447)       |
| Net debt as at<br>31 December 2024                                      | <b>18,024,428</b>                     | <b>24,285,366</b>         | <b>42,309,794</b> | <b>(4,374,734)</b>          | <b>37,935,060</b> |

**28. Contingent liabilities and guarantees**

As at 31 December 2024, the Group provided third parties with guarantees amounting to €3,801,295 (2023: €4,330,956).

The Group's bank facilities disclosed in note 17 are mainly secured by first general hypothecs and guarantees over the Hudson Malta P.L.C. Group and Hudson Holdings Group's assets. Furthermore, the assets of Hudson Malta P.L.C. Group are used as security against bank facilities available to the ultimate parent company and other fellow subsidiaries.

**29. Related party transactions**

The Company and its subsidiaries have a related party relationship with Hudson Holdings Limited, the ultimate controlling parent (Note 32) and all related entities ultimately controlled or significantly influenced by Hudson Holdings Limited.

In the ordinary course of its operations, the company sells goods to companies forming part of the group for trading purposes. The following transactions were entered into with related parties during the financial reporting period:

|   | <b>Group</b>     |             | <b>Company</b> |             |
|---|------------------|-------------|----------------|-------------|
|   | <b>2024</b>      | <b>2023</b> | <b>2024</b>    | <b>2023</b> |
|   | €                | €           | €              | €           |
| <b>Revenue</b>                                  |                  |             |                |             |
| Sales - fellow subsidiaries                     | <b>9,908,790</b> | 8,834,366   |                |             |
| Interest income - parent (Note 23)              | <b>247,500</b>   | 247,500     | <b>247,500</b> | 247,500     |
| Interest income - subsidiary (Note 23)          |                  |             | <b>307,571</b> | 307,571     |
| Interest income - fellow subsidiaries (Note 23) | <b>148,325</b>   | 148,500     | <b>148,325</b> | 148,500     |
| Other income - parent                           | <b>65,872</b>    |             |                |             |
| Other income - fellow subsidiaries              | <b>113,978</b>   |             |                |             |
| Facility fee (Note 23)                          | <b>80,000</b>    | 80,000      | <b>80,000</b>  | 80,000      |
| <b>Expenses</b>                                 |                  |             |                |             |
| Cost of sales - fellow subsidiaries             | <b>2,658,394</b> | 2,091,589   |                |             |
| Management fees - parent (Note 19)              | <b>1,363,249</b> | 2,289,512   |                |             |
| Other expenses - parent                         | <b>731,008</b>   | 593,078     |                |             |
| Other expenses - fellow subsidiaries            | <b>42,015</b>    |             |                |             |

Year-end balances with related parties are disclosed in Notes 9, 11, 16 and 17 to these financial statements.

**30. Events after the end of reporting period**

There are no events occurring after the reporting period that require disclosure.

**31. Comparative information**

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of fairer presentation.

**32. Statutory information**

Hudson Malta P.L.C. is a public limited liability company and is incorporated in Malta.

The ultimate parent company of Hudson Malta P.L.C., is Hudson Holdings Limited, a company registered in Malta with its registered address at Hudson House, Burmarrad Road, Burmarrad, St. Paul's Bay SPB 9060 Malta.

The financial statements of Hudson Malta P.L.C. are included in the consolidated financial statements prepared by Hudson Holdings Limited.



## *Independent auditor's report*

To the Shareholders of Hudson Malta P.L.C.

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

---

#### *Our opinion*

In our opinion:

- The Group financial statements and the Parent Company financial statements (the "financial statements") of Hudson Malta P.L.C. give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2024, 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**

Hudson Malta P.L.C.'s financial statements comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2024;
- the Consolidated and Parent Company 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, comprising material accounting policy information and other explanatory information.

---

#### *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 2024 to 31 December 2024, are disclosed in note 19 to the financial statements.

## Our audit approach

### Overview



Overall group materiality: €545,000, which represents 0.85% of revenue.

The audit carried out by the group auditor covered the parent and its subsidiary.

Recoverability of group balances for the Group and Parent Company.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the 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>Overall group materiality</b>                       | €545,000  |
| <b>How we determined it</b>                            | 0.85% of revenue  |
| <b>Rationale for the materiality benchmark applied</b> | We chose revenue as the benchmark because, in our view, it is the appropriate measure for this type of entity. We chose 0.85% 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 €54,500 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   |
|---|--|
| <b>Recoverability of group balances for the Group and Parent Company</b>  |  |
| As at 31 December 2024, loans receivables with related party undertakings amounted to C5.91m for the Group and C12.21m at Parent Company level, as disclosed in Note 9. In addition, as disclosed in Note 11, further current receivables with related party undertakings amounted to C18.24m for the Group and Co.59m for the Company. | We agreed the terms of the loans to supporting documentation.  |
| As explained in the accounting policy 1.8(d) and note 2.1(b), Hudson Malta P.L.C. assesses its expected credit losses on a forward-looking basis in accordance with IFRS 9. The loss  | We assessed the financial soundness of the subsidiary guarantor (being the guarantor of the bond) and Hudson Holdings Limited, the ultimate parent. In doing this, we made reference to the latest audited financial statements, management accounts, and other relevant information made available to us. |



allowance for the financial assets is based on assumptions about risk of default and expected loss rates. The Group's management uses judgement in making these assumptions, based on counterparty's history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

We have given additional attention to this area because of the nature and magnitude of these balances.

In addition, we understood and evaluated the workings and assumptions underlying the assessment for the loss allowance under IFRS 9-

Based on evidence and explanations obtained, we concur with management's view with respect to the recoverability of these balances.

---

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

The Group is composed of two components: Hudson Malta P.L.C. (the parent company) and its wholly owned subsidiary, Hudson Malta Sales Limited. We tailored the scope of our audit in order to perform sufficient work on all components to enable us to provide an opinion on the 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 auditor 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 and the Corporate Governance - Statement of Compliance (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.

---

### *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.

---

### *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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 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 Hudson Malta P.L.C. for the year ended 31 December 2024, 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 tagging 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 2024 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

### *Other reporting requirements*

The *Annual Financial Report 2024* 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 2024 and the related Directors' responsibilities   | Our responsibilities   | Our reporting   |
|--|--|---|
| <b>Directors' report</b><br>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>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> |
| <b>Corporate Governance - Statement of Compliance</b><br>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 | <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>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</p>  |

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.

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.

stated within the *Other information* section.

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.

---

**Other matters on which we are required to report by exception**

We have nothing to report to you in respect of these responsibilities.

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.
- the financial statements are not in agreement with the accounting records and returns.
- we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

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.

---

*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 Company on 10 November 2017 for the financial period ended 31 December 2018. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 7 years. The parent company became listed on a regulated market on 2 May 2018.

Lucienne Pace Ross  
Principal

*For and on behalf of*  
**PricewaterhouseCoopers**  
78, Mill Street  
Zone 5, Central Business District  
Qormi  
Malta

30 April 2025