

**G2G P.L.C.**

**Annual Report and Audited Financial  
Statements for the year ended  
31 December 2023**

**Company Registration Number C 87768**

**G26 P.L.C.**

**Financial Statements for the year ended 31 December 2023**

---

General Information	2
Directors' report	3-4
Statement of financial position	5
Statement of profit or loss and other comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 23
Independent auditor's report	

**G2G P.L.C.****Financial Statements for the year ended 31 December 2023**

---

**GENERAL INFORMATION****Registration**

G2G P.L.C. is a public limited company registered in Malta in terms of the Companies Act of 1995. The company's registration number is C87768. The company was registered on 10 August 2018.

**Directors**

Antonio Rossi  
Ettore Spinoccia

**Company secretary**

Daniela Pace Bonello

**Auditors**

Forvis Mazars  
The Watercourse, Level 2,  
Mdina Road Zone 2,  
Central Business District,  
Birkirkara CBD 2010  
Malta

**Registered Office**

228,  
Tower Road  
Sliema, SLM 1601  
Malta

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for G2G P.L.C. ('the Company') for the year ended 31 December 2023.

### **Incorporation**

The Company was incorporated on the 10 August 2018.

### **Principal activities**

The company is a public limited company with an objective to enter into security acquisitions generating returns for the respective investors.

### **Performance review**

During the year, the Company incurred a loss before tax of €37,443 (2022: loss of €44,204). The directors do not recommend the payment of a dividend.

### **Principal risks and uncertainties**

Note 5: 'Financial risk management' describes the financial risk management objectives and policies and the exposure to the key risk factors including market risk (comprising foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk and the company's approach, towards managing these risks.

### **Directors**

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

Ettore Spinoccia  
Antonio Rossi

The Company's Articles of Association does not require any directors to retire.

### **Statement of Directors' Responsibilities**

The Companies Act (Cap. 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the situation of the company at the end of the financial period and of the profit or loss of the company for that year:

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

- ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU.
- adopt the going concern basis, unless it is inappropriate to presume that the company will select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- account for income and charges relative to the accounting period on an accrual basis.
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

**DIRECTORS' REPORT – continued**

**Statement of Directors' Responsibilities - continued**

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

**Report in terms of article 4.30 of the Listing Rules for Wholesale Securities Markets**

The Company is subject to the requirements laid out in the Listing Rules for Wholesale Securities Markets. Independent managers, who are Regulated Persons (under the Investment Services Act of the Laws of Malta), have been employed to manage the Company's liquid assets. The Company has also appointed an independent third party, for the provision of on-going bookkeeping services and the preparation of the annual financial statements.

The Directors note that the Company's activities extend solely to the issuing of the Notes and the management of the monies thereunder in accordance with the Base Prospectus and Final Terms. The Company is bound by the objectives and obligations imposed through the Base Prospectus and Final Terms.

In terms of Article 10(1) of Directive 2004/25/BC of the European Parliament, the Company discloses that there are no takeover bids in effect.

**Post Balance sheet events**

On the 29th April, 2024, the Company resolved to extend the maturity of the bonds by a further two years. The new maturity date of these bonds is 30 April 2026.

**Auditors**

The auditors, Forvis Mazars, have expressed their willingness to continue in office and a resolution proposing their reappointed and authorising the director to fix their remuneration will be put before the members at the next annual general meeting.

Approved by the Board of Directors and signed on its behalf on the 31 July 2024 by:

Antonio Rossi  
Director

Ettore Spinoccia  
Director

**G2G P.L.C.****Financial Statements for the year ended 31 December 2023****Statement of Financial Position**

as of 31 December 2023

	Notes	2023 €	2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in gold	8	4,798,025	4,370,135
Deferred tax	16	-	78,660
<b>Total current assets</b>		<b>4,798,025</b>	<b>4,448,795</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	7	94,137	118,419
Cash at bank and in hand	9	-	1,253
Other receivables	10	93,300	88,300
<b>Total current assets</b>		<b>187,437</b>	<b>207,972</b>
<b>Total assets</b>		<b>4,985,462</b>	<b>4,656,767</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	46,588	46,588
Retained earnings		(91,532)	24,571
<b>Total equity</b>		<b>(44,944)</b>	<b>71,159</b>
<b>LIABILITIES</b>			
<b>Current liability</b>			
Other payables	12	103,998	98,996
Borrowings	14	3,000,000	-
Derivative financial liabilities	15	1,925,905	-
Overdrawn bank balance	9	503	-
<b>Total current liabilities</b>		<b>5,030,406</b>	<b>98,996</b>
<b>Non-current liabilities</b>			
Borrowings	14	-	3,000,000
Derivative financial liabilities	15	-	1,486,612
<b>Total non-current liabilities</b>		<b>-</b>	<b>4,486,612</b>
<b>Total liabilities</b>		<b>5,030,406</b>	<b>4,585,608</b>
<b>Total equity and liabilities</b>		<b>4,985,462</b>	<b>4,656,767</b>

The accompanying notes are an integral part of these financial statements. The financial statements on pages 5 to 23 were authorized and signed by the board of directors on 31 July 2024.

Antonio Rossi  
Director

Ettore Spinoccia  
Director

**G2G P.L.C.****Financial Statements for the year ended 31 December 2023****Statement of Profit or Loss and Other Comprehensive Income**  
for the year ended 31 December 2023

	Notes	2023 €	2022 €
Interest income	4	150,000	150,000
Administrative expenses	6	(44,356)	(45,408)
<b>Operating profit</b>		<b>105,644</b>	104,592
Net fair value movements on investment in gold	8	427,888	239,253
Net fair value movements on financial instruments at fair value through profit or loss	13	(435,975)	(253,049)
Finance costs		(135,000)	(135,000)
<b>Loss for the year</b>		<b>(37,443)</b>	(44,204)
Income tax expense	16	(78,660)	-
<b>Total comprehensive loss for the year</b>		<b>(116,103)</b>	(44,204)

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

**G2G P.L.C.****Financial Statements for the year ended 31 December 2023****Statement of Changes in Equity**  
for the year ended 31 December 2023

	<b>Issued capital €</b>	<b>Retained earnings €</b>	<b>Total €</b>
Balance at 1 January 2022	46,588	68,775	115,363
<b>Comprehensive income for the year</b>			
Loss for the year	-	(44,204)	(44,204)
<b>Balance at 31 December 2022</b>	<b>46,588</b>	<b>24,571</b>	<b>71,159</b>

  

	<b>Issued capital €</b>	<b>Retained earnings €</b>	<b>Total €</b>
Balance at 1 January 2023	46,588	24,571	71,159
<b>Comprehensive income for the year</b>			
Loss for the year	-	(116,103)	(116,103)
<b>Balance at 31 December 2023</b>	<b>46,588</b>	<b>(91,532)</b>	<b>(44,944)</b>

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



**Statement of Cash Flows**

for the year ended 31 December 2023

	2023	2022
	€	€
<b>Cash flows from operating activities</b>		
Loss before tax	(37,443)	(44,204)
Net fair value movement of investment in gold	(427,888)	(239,253)
Net fair value movement of financial assets and liabilities at fair value through profit or loss	435,975	245,630
Movement in other receivables	(5,000)	5,879
Movement in other payables	5,002	648
<b>Net cash flows from operating activities</b>	<b>(29,354)</b>	<b>(31,300)</b>
<b>Cash flows from investing activities</b>		
Disposal of investments	27,598	30,408
<b>Net cash flows used in investing activities</b>	<b>27,598</b>	<b>30,408</b>
<b>Movements in cash and cash equivalents</b>	<b>(1,756)</b>	<b>(892)</b>
Cash and cash equivalents at the beginning of the year	1,253	2,145
<b>Cash and cash equivalents at the end of the year</b>	<b>(503)</b>	<b>1,253</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Reporting entity

G2G P.L.C. (the "Company") is a public limited company domiciled and incorporated in Malta. The Company's registration number is C87768. The Company's registered address is 228, Tower Road, Sliema, SLM 1601, Malta. The financial statements cover the year ending 31 December 2023.

### 2. Basis of preparation

#### Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and the requirements of the Maltese Companies Act (Chapter 386, Laws of Malta). The financial statements have been prepared for the year ending 31 December 2023.

#### Going concern

The financial statements have been prepared on the historical cost basis. This convention may not be appropriate in view of the fact that the company has incurred losses which fully eroded the corporate capital. These factors indicate that the going concern assumption may not be valid and the assets and liabilities of the company would have to be disclosed at their breakup value rather than at their historical cost value. The shareholders have pledged their assistance to ensure that the Company will meet its liabilities as and when they fall due.

#### Initial application of an international financial reporting standard, early adoption of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective on 1 January 2023)

Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in the Material accounting policies (2022 – Significant accounting policies) in certain instances in line with these amendments.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Fund.

A number of standards, amendments to standards, and interpretations are effective for annual periods beginning after 1 January 2023 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**2. Basis of preparation – Continued**

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operation decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the board of directors that makes strategic decisions. The board of directors considers the Company to be made up of one segment, that is raising financial resources from capital markets to finance the purchase of physically allocated bullion gold bar in formats of one kilo with a fineness of 999.9/100, and the purchase of other eligible assets. All the Company's revenues are derived from the investment in gold and other eligible assets.

**3. Material Accounting Policies**

The material accounting policies adopted in the preparation of these financial statements are set out below.

**3.1 Reporting currency**

*Functional and presentation currency*

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

*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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Income Statement.

**3.2 Investment in Gold**

Investment in gold is recognised as an asset when it is probable that the future economic benefits that are associated with the investment will flow to the entity and the cost can be measured reliably. Investment in gold is initially measured at fair value, including transaction costs.

After initial recognition, investment in gold that is acquired for the purposes of being held as an investment is presented in the Statement of financial position as "Investment in Gold" and are stated at fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of the investment are recognised in profit or loss in the period in which they arise. They are presented as "Net fair value movements on investments in gold". Refer to section 3.7 for further details on fair value measurement. Refer to section 4 for further details on the related critical accounting estimates and judgements.

## NOTES TO THE FINANCIAL STATEMENTS – continued

### 3. Principal Accounting Policies – Continued

#### 3.2 Investment in Gold - Continued

Investments in gold are derecognised on disposal or when no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition. To the extent that the gold is sold at its fair value, any such gains or losses on derecognition are also presented as “Net fair value movements on investments in gold”.

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

##### 3.3.1 Classification

The Company classifies its investments in money market instruments as financial assets or financial liabilities at fair value through profit or loss.

This investment is managed, and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

##### 3.3.2 Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of profit or loss and other comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of comprehensive income within 'other net fair value movements on financial instruments at fair value through profit or loss' in the year in which they arise. The Company's policy for fair value measurement is described in note 3.7.

Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of comprehensive income within 'dividend income' when the Company's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the Statement of comprehensive income within 'net movements in fair value on financial instruments at fair value through profit or loss' in the year in which they arise.

#### 3.4 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of debts.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**3. Principal Accounting Policies – Continued**

**3.4 Trade receivables – continued**

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Income Statement. At each reporting date, the Company measures the loss allowance on receivable balances at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. If the credit risk increases to the point that it is credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

**3.5 Trade and other payables**

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

**3.6 Embedded derivatives**

Embedded derivatives are contracts which are embedded within the terms of a compound instrument; a compound instrument is an instrument that has a financial asset, a financial liability, or a non-financial 'host', and a derivative embedded within that host. When derivatives are embedded with a financial liability, the Company separates the derivative from the host, and accounts for it as a separate derivative, if:

- the derivative's economic characteristics and risks are not closely related to the financial liability.
- the embedded derivative would meet the definition of a derivative if it had been a free-standing instrument; and
- the Company has not elected to measure the compound instrument at fair value through profit or loss.

When the Company separates embedded derivatives, they are measured at fair value through profit or loss; the host contract is measured in accordance with the accounting policy applicable to the host.

**3.7 Fair value measurement**

The Company measures investment in gold and certain financial instruments at fair value at the end of each reporting period in accordance with these accounting policies.

Fair value is the price that would be received to sell an asset or paid to transfer in an orderly transaction between market participants at the measurement date.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**3. Principal Accounting Policies – continued**

**3.7 Fair value measurement - continued**

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

The fair value for assets and liabilities traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm 's length market transactions and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

**3.8 Share capital**

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

**3.9 Cash and cash equivalents.**

Cash and cash equivalents are carried in the Statement of financial position at face value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts.

**3.10 Income taxation**

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the unutilised deferred tax credits can be utilised.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**3. Principal Accounting Policies – continued**

**3.11 Borrowings**

Trade and other payables are recognised initially at fair value. After initial recognition, borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of other borrowings is recognised in profit or loss over the term of the borrowings.

**4. 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.

Other than as described below, the accounting estimates and judgements made while preparing these financial statements are, in the opinion of the directors, not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

*Recognition and measurement of investments in Gold*

As set out in the Base Prospectus for the issuance of up to €20,000,000 asset (gold) backed notes, the Company intends to invest a substantial part of the bonds' proceeds in gold. The objective of holding gold is for investment purposes.

Whilst there are existing International Financial Reporting Standards that address the recognition, measurement, presentation, and disclosure requirements for gold assets if these are held for the purpose of selling in the ordinary course of an entity's activities, the directors have determined that there is no existing standard that addresses the treatment of gold assets held for investment purposes.

Amongst others, the directors have determined that gold assets fail to meet the definition of financial assets, are not investment property as they do not comprise land and/or buildings, are not property, plant and equipment as they are not held by the Company for administrative purposes or for use in the production of goods or rendering of services and are not intangible assets as gold has physical substance.

In establishing an accounting policy for gold held for investment purposes, the Company's directors have therefore considered requirements in other accounting standards that address assets that are held for investment purposes. Reference was made to IAS 40, Investment property, and IFRS 9, Financial instruments, both of which contain provisions allowing (or requiring) assets held for investment purposes to be measured at fair value through profit or loss. The directors consider such a measurement model for the investment in gold to result in the most appropriate representation of the Company's investments, and the return thereon. The accounting policy is described in full in note 3 to these financial statements.

*Forward purchases of Gold*

The Company had previously entered into a forward purchase agreement in relation to the purchase of Gold, which has been delivered in full as at the date of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**4. Critical accounting estimates and judgements - continued**

*Separation of embedded derivative from the host debt contract*

As described in note 15, the company issued bonds during 2019 with a nominal value of €3,000,000. The bonds' redemption price is indexed against movements in the price of gold from the date of issuance up to the redemption date; the indexation reflects both positive and negative movements in the price of gold. Management considers the indexation against the price of gold to be an embedded derivative.

In accordance with the accounting policy set out in note 3, the Company has separated this commodity derivative from the host debt instrument, and the embedded derivative is accordingly measured at fair value through profit or loss; the host, comprising the bonds, is measured at amortised cost in accordance with the respective accounting policy set out in note 3.

In separating the embedded derivative from the bond, the directors have estimated that the derivative's fair value at initial recognition was negligible, on the basis that:

- The bonds' indexation to the price of gold is a 100% return, both positive and negative, on the price movements in gold during the time between the bonds' issuance date to their redemption date; and
- There is no optionality or leverage embedded within the indexation.

As a result, the proceeds received from the issuance of the bonds have been entirely allocated at the bonds' initial recognition to the bonds' initial fair value, whilst the embedded derivative's initial fair value was assessed to be nil.

**5. Risk Management**

**5.1 Capital management.**

The Company considers its capital to comprise equity as stated in the Statement of financial position. The Company's objective when managing capital are:

- to safeguard the Company's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders; and
- to comply with requirements of the Prospectus issued in relation to the bonds the company was compliant with the requirements of the Prospectus throughout the year.

**5.2 Financial risk management**

All investments present a risk of loss of capital. The maximum loss of capital on investment in gold and investment in money market instruments is limited to the fair value of those positions.

The directors have overall responsibility for the establishment and oversight of the Company's risk management framework.



**NOTES TO THE FINANCIAL STATEMENTS – continued**

**5. Risk Management - Continued**

**5.2 Financial risk management - continued**

*Overview*

The Company has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk; and
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, the Company's management of capital and fair values of financial assets and financial liabilities.

*Credit risk*

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Company. It is the opinion of the directors that the carrying amount of financial assets best represents the maximum credit risk exposure at the reporting date.

Assets which potentially subject the Company to credit risk consist principally of investment in money market instruments and cash at bank.

Cash is placed with reputable but unrated counterparties. The directors consider the credit risk associated with cash at bank is minimal since the cash and cash equivalents are held at call and during the year, there have been no indicators of a significant increase in credit risk.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

## NOTES TO THE FINANCIAL STATEMENTS – continued

## 5. Risk Management – continued

*Liquidity risk - continued*

The following maturity analysis summarises the maturity profile of the company's liabilities based on contractual undiscounted receipts and payments.

	On demand EUR	1 to 12 months EUR	1 to 5 years EUR	Total EUR
Receivables	-	93,300	-	93,300
<b>Total financial assets</b>	<b>-</b>	<b>93,300</b>	<b>-</b>	<b>93,300</b>
Accrued expenses	-	103,998	-	103,998
Overdrawn bank balance	503			503
Short-term borrowings	-	3,000,000	-	3,000,000
Derivative financial liabilities	-	1,925,905	-	1,925,905
<b>Total financial liabilities</b>	<b>503</b>	<b>5,029,903</b>	<b>-</b>	<b>5,030,406</b>

Section 9.9 of the Base Prospectus issued by the Company in respect of the Notes states broadly that the Redemption Value of the Notes shall correspond of the Nominal Value adjusted by the Commodity Spread, where such Commodity Spread is determined with reference to the value of the Commodity (gold) made available by the LBMA as at the maturity date. Therefore, the Redemption Value is entirely linked to the value of the Commodity as at the maturity date. A decline in the value of gold is therefore not expected to have an impact on the ability of the Company to meet its obligations in terms of Redemption Value payments, since these are by reference precisely to the value of gold. As described in note 4 to the financial statements, during 2019, the Company has entered a forward purchase of gold, through which it has paid the supplier for a delivery of gold that took place in 2021. The fair value of this investment in gold as of 31 December 2023 is EUR 4,798,025 (2022 - EUR 4,370,135).

*Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Currency risk*

Currency risk is the risk that the exchange rate of the Company's functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets denominated in currencies other than the functional currency. As at reporting date, the Company was not significantly exposed to currency risks since its monetary assets and liabilities are denominated in the Company's functional currency.

*Interest rate risk*

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on fair values of financial assets and liabilities and future cash flows. Financial assets and liabilities issued at variable rates expose the Company to cash flow interest risk, whilst those issued at fixed rates expose the Company to fair value interest rate risk.

## NOTES TO THE FINANCIAL STATEMENTS – continued

## 5. Risk Management – continued

*Interest rate risk – continued*

The Company has issued bonds which are subject to fixed interest rates. The Company is 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.

Management considers the potential impact on the profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Company is also indirectly exposed to interest rate risk through interest bearing securities held by the money market instruments. The Company's investment in the money market instruments amounts to EUR 94,137 (2022 – 118,419) as at financial period end.

*Other risks**Performance risk*

As at 31 December 2023, the Company's main asset is 80Kg of Gold which are subject to a Lending for Use Agreement (the "Agreement") entered into with Resonor SA, whereby Resonor SA pay an interest to the company in exchange for the right to hold the Gold and use very small specified amounts thereof. Although an agreement is in place between the company and Resonor SA, the company is still exposed to credit risk, being the risk of loss of assets occasioned by the insolvency or negligence of the counterparty.

*Commodity price risk*

The Company is exposed to commodity price risk through its investment in gold which as at year end amounts to EUR 4,798,025 (2022 – 4,370,135). As described in the Liquidity risk section in Note 5 to the financial statements, the redemption value of the notes issued by the Company is also linked to value of gold. A decline in the value of gold is therefore not expected to have a significant impact on the Company's net asset position as it will result in a reduction in both the fair value its investment in gold and the amount due to bondholders.

## 6. Administrative expenses

	2023	2022
	€	€
Audit fees	9,646	8,349
Bank Charges	1,175	4,662
Directors' fees	10,000	15,000
Professional fees	15,445	13,439
Registration fees	350	350
Stock exchange expenses	2,360	3,389
Other fees	5,380	219
	<b>44,356</b>	<b>45,408</b>

There were no employees employed with the company in both 2022 and 2023.

## NOTES TO THE FINANCIAL STATEMENTS – continued

## 7. Financial assets at fair value through profit or loss

	2023 €	2022 €
Balance as of 1 January	118,419	148,827
Disposal	(27,598)	(22,989)
Increase/(decrease) in fair value of investment	3,316	(7,419)
	<b>94,137</b>	<b>118,419</b>

The Company's financial assets at fair value through profit or loss comprise quoted investments in money market instruments.

## 8. Investment in Gold

	2023 €	2022 €
Balance as of 1 January	4,370,135	4,130,882
Increase in fair value	427,890	239,253
	<b>4,798,025</b>	<b>4,370,135</b>

The company had entered into a forward agreement to buy 80,000 grams of gold worth a fineness of 999.9/1000 at a future date, this forward purchase of gold was delivered during 2021.

The fair value of the investment has been determined on the basis of the market value made available by the LBMA as at 16:30 London BST on 31 December 2023. There has been no change to the valuation technique during the period. Note 4 described the critical accounting estimates and judgements made by the directors in relation to the Company's investment in gold.

## 9. Cash and cash equivalents

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

	2023 €	2022 €
Cash	-	1,253
Overdrawn bank balance	(503)	-
	<b>(503)</b>	<b>1,253</b>

**NOTES TO THE FINANCIAL STATEMENTS – continued****10. Other Receivables**

Other Receivables comprise of the following amounts:

	2023	2022
	€	€
Prepayments	5,800	800
Accrued Income	87,500	87,500
	<u>93,300</u>	<u>88,300</u>

**11. Share Capital**

	2023	2022
	€	€
<b>Authorised</b>		
46,588 ordinary shares of EUR 1 each	<u>46,588</u>	<u>46,588</u>
<b>Issued and fully paid up</b>		
46,588 ordinary shares of EUR 1 each	<u>46,588</u>	<u>46,588</u>

**12. Other Payables**

	2023	2022
	€	€
Accrued expenses	103,998	98,938
Trade Creditors	-	58
	<u>103,998</u>	<u>98,996</u>

**13. Fair value of financial assets and liabilities**

The fair value of financial assets through profit or loss is determined by the Directors based on available information.

Factors considered by the Directors in determining fair value include cost, the type of investment, subsequent purchases of the same similar investments by other investors, the current financial position and operating results of the company invested in, and such other factors as may be deemed relevant. Factors considered when determining fair value that have not been involved in a qualifying external event include but are not limited to, industry valuation methods such as price to enterprise value or price to equity ratios, discounted cash flow, valuation comparisons to comparable public companies or other industry benchmarks in its evaluation of the fair value of its investment.

Estimating fair value requires that judgment be applied to the specific facts and circumstances of each investment. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated values do not necessarily represent amounts that might ultimately be

## NOTES TO THE FINANCIAL STATEMENTS – continued

## 13. Fair value of financial assets and liabilities - continued

realised, because such realization depends on future circumstances.

Because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market existed, and the differences could be material.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs)

For fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorisation (based on the lowest level input that is significant to the fair value measurement at the end of each reporting period).

The following table analyses within the fair value hierarchy the Company's assets and liabilities measured at fair value:

31 December 2023				
	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Financial assets	-	94,137	-	94,137
Investment in gold	-	4,798,025	-	4,798,025
<b>Total assets</b>	-	4,892,162	-	4,892,162
<b>Derivative financial liabilities</b>	-	1,925,905	-	1,925,905
31 December 2022				
	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Financial assets	-	118,419	-	118,419
Investment in gold	-	4,370,135	-	4,370,135
<b>Total assets</b>	-	4,488,554	-	4,488,554
<b>Derivative financial liabilities</b>	-	1,486,612	-	1,486,612

**NOTES TO THE FINANCIAL STATEMENTS – continued****13. Fair value of financial assets and liabilities - continued**

In the absence of a quoted price in an active market, the financial assets, investment in Gold and derivative financial liability are valued using observable inputs such as recently executed transaction prices available. Level 2 is deemed to be the most appropriate categorisation for these assets and liabilities.

There have been no transfers between levels 1, 2 or 3 of the fair value classification categories during the period.

At 31 December 2023, the carrying amounts of cash and cash equivalents, borrowings and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

**14. Borrowings**

	2023 €	2022 €
As of 1 January/31 December	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>

On 2 May 2020, the Company issued bonds at a nominal rate of € 100,000 per bond subject to 4.5% annual interest and with final maturity date of 30 April 2024. The bonds are unsecured. As at 31 December 2023, €3,000,000 has been fully subscribed and received.

**15. Derivative financial liabilities**

As of 31 December 2023, the embedded derivative is carried at an amount of €1,925,905, and fair value losses of €439,293 have been recognized in the statement of profit or loss and other comprehensive income.

The embedded derivative falls due for settlement only upon maturity of the Company's bonds and hence is classified in the same manner as the bond.

The Company's derivative is an indexation of the Company's bond to the price of gold, as disclosed in further detail in note 4. Accordingly, its fair value corresponds to the commodity spread applied to the bonds' nominal value of €3,000,000. The commodity spread was determined based on prices made available by the LBMA as at 16:30 London BST on the issue date of the relevant note and on 31 December 2023.

**NOTES TO THE FINANCIAL STATEMENTS – continued****16. Taxation**

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

	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
(Loss) / profit before tax	<b>(37,443)</b>	(44,204)
Tax at 35%	-	15,471
Tax effect of:		
Disallowed expenses	-	(14)
Unrecognised deferred tax movement	-	(15,817)
Notional income not received	-	-
Other differences	-	360
Deferred tax asset write-off	<b>(78,660)</b>	-
	<hr/>	<hr/>
Tax expense for the period	<b>(78,660)</b>	-

**17. Related party disclosures**

During the period under review, the company paid €10,000 (2022 - €15,000) to its directors for the year 2023.

**18. Statutory information**

G2G P.L.C. is a public liability company and is incorporated in Malta, with its registered address at 228, Tower Road, Sliema, SLM 1601, Malta.  
The company's ultimate controlling party is Stefano Pecci.

**19. Subsequent Events**

On the 29<sup>th</sup> April, 2024, the Company resolved to extend the maturity of the bonds by a further two years. The new maturity date of these bonds is 30/04/2026.



**Independent auditor's report**

To the Shareholders of G2G P.L.C.

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

We have audited the financial statements of G2G P.L.C. (the Company), set out on pages 4 to 23, which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

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

**Material Uncertainty Related to Going Concern**

The Company incurred a net loss of EUR116,103 during the year ended 31 December 2023 and, as of that date, the Company's current liabilities exceeded its total assets by EUR44,944. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The shareholders have also confirmed their commitment to continue to support the Company. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, 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.

**Valuation of bonds issued***Risk description*

As per the Company's prospectus, the redemption price of the bonds issued by the Company is indexed against movements in the price of gold from the date of issuance up to redemption date. The bonds are therefore deemed to contain an embedded derivative. In accounting for

## **Independent auditor's report (continued)**

To the Shareholders of G2G P.L.C. (continued)

### **Key Audit Matters (continued)**

#### **Valuation of bonds issued (continued)**

##### *Risk description (continued)*

these bonds, management has elected to separate the embedded derivative from the host debt contract, thereby accounting for the host contract at amortised cost and the embedded derivative at fair value through profit or loss.

We focused our testing on the valuation of the bond, including management's assessment of the separation of the embedded derivative from the host debt contract. As described in the financial statements, such an assessment is deemed by the directors as a critical accounting estimate.

##### *How the scope of our audit responded to the risk*

We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of the forward purchase of gold by:

- reviewing management's assessment outlining the separation of the embedded derivative from the host debt contract and the calculation of their respective values as at period end
- agreeing the inputs in the assessment to the terms as per the company's prospectus and to independent third-party sources, where applicable.
- evaluated the adequacy of the disclosures in notes 3.6, 4 and 14 to the financial statements.

### **Other Information**

The directors are responsible for the other information. The other information comprises the directors' report. Our opinion on the financial statements does not cover this information, including the directors' report.

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

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

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

## **Independent auditor's report (continued)**

To the Shareholders of G2G P.L.C. (continued)

### **Responsibilities of the Directors**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS's, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **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 judgment and maintain professional skepticism 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 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 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 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.

## **Independent auditor's report (continued)**

To the Shareholders of G2G P.L.C. (continued)

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

### **Report on Other Legal and Regulatory Requirements**

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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

### **Use of audit report**

This report is made solely to the company's members as a body in accordance with the requirements of the Companies Act (Cap 386) of the laws of Malta. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the full extent permitted by law we do not assume responsibility to anyone other than the company's members as a body for our audit work, for this report or for the opinions we have formed.

### **Appointment of auditors**

We were appointed by the shareholders as auditors of G2G P.L.C. Company on 4 May 2021, as for the year ended 31 December 2020. The total period of uninterrupted engagement is 4 years.

### **Non-audit services**

We have not provided any of the prohibited services as set out in the accountancy profession act.



*This copy of the audit report has been signed by  
Anita Grech (Partner) for and on behalf of*

**Forvis Mazars**  
Certified Public Accountants  
Birkirkara,  
Malta

31 July 2024