VIRTU MARITIME LIMITED

Annual Report and Consolidated Financial Statements
31 December 2023

Company Registration Number: C 81559

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2023.

Principal activities

The parent company's principal activity is the holding of investments and the provision of finance to group companies.

The group is principally engaged in the operation and charter of express vehicle/passenger ferry services and the provision of related services to incoming and outgoing private and commercial passengers primarily in Malta, Gozo and Sicily.

Review of the business

Financial position

Group

The consolidated financial statements for the financial year ended 31 December 2023 (FY 2023) show that Virtu Maritime Group's total asset base amounted to €200.3 million (2022: €196.2 million) as at the year-end date. Group total equity as at the year-end amounted to €90.7 million (2022: €81.1 million). The Group's asset base is 45.3% (2022: 41.3%) funded through equity. Main non-current assets comprise the property, plant and equipment including the vessels' net realisable value amounting to €117.1 million (2022: €121.9 million) and goodwill amounting to €50.0 million (2022: €50.0 million), being the fair value attributable on the acquisition of the subsidiaries. The Group recognised right-of-use assets amounting to €6.5 million (2022: €6.3 million) following the adoption of IFRS 16 'Leases' in 2019.

The Group's main liabilities are the €46.1 million (2022: €56.3 million) in respect of bank loans, and amounts due to parent, fellow subsidiaries and other related parties amounting to €45.5 million (2022: €45.5 million). Lease liabilities amounted to €7.4 million (2022: €7.1 million) following the adoption of IFRS 16 'Leases' in 2019.

As at 31 December 2023, the Group's current assets amounted to €25.2 million (2022: €16.9 million) and are mainly represented by trade and other receivables of €23.2 million (2022: €14.3 million) and cash of €1.4 million (2022: €1.9 million). Total current liabilities include trade and other payables of €10.4 million (2022: €6.1 million).

Company

The Company's total asset base stands at €118.9 million (2022: €119.8 million). The Company's total equity as at the year-end amounted to €69.8 million (2022: €69.8 million). The Company's asset base is 58.7% (2022: 58.3%) funded through equity. The main non-current assets comprise the fair value of investment in subsidiaries amounting to €49.6 million (2022: €49.6 million) and amounts due from parent and fellow subsidiaries of €47.2 million (2022: €48.2 million). The company's current assets amounted to €21.9 million (2022: €22.0 million) and relate to amounts due from ultimate parent and fellow subsidiaries.

The Company's main non-current liabilities include the amounts due to ultimate parent and fellow subsidiaries of €45.5 million (2022: €45.5 million) and long-term borrowings of €2.7 million (2022: €3.5 million).

Directors' report - continued

Review of the business - continued

Financial Performance

Group

Virtu Maritime Limited is the holding company for the subsidiary companies forming part of the Virtu Maritime Group (the "Group") and does not itself carry on any trading activities. As such, the principal activities and markets in which the Virtu Maritime Limited Group operates correspond to the principal activities and markets of the subsidiary group companies.

During the year under review, these activities have consisted of a fast ferry service between Malta and Sicily (on which route both HSC Jean de la Valette and HSC St John Paul II were deployed) as well as the fast ferry service between Valletta and Mgarr, Gozo which was introduced during FY 2021. The HSC Maria Dolores charter-hire activity between Morocco and Spain which had recommenced operations at the end of April 2022 was terminated in early December 2023, following which the vessel was redeployed in the Eastern Mediterranean on a short-term extendable charter through to the end of March 2024. The Gozo route improved during FY 2023 following an accord being reached on a Services agreement which is being extended on a monthly basis pending conclusion of an EU approved Public Service Obligation (PSO) agreement.

The consolidated profit before taxation of the group for the year ended 31 December 2023 amounted to €8.02 million (2022: loss €0.79 million), whilst cash generated from the operations for the year amounted to €18.6 million (2022: €2.0 million). These results show an improvement of €1.3 million in profits before tax when compared with those forecast in the Financial Analysis Summary (FAS) that was published on 22 June 2023. This improvement in profits arose as a result of an increase in Revenues of €2.4 million (€53.4 vs €51.5 million included in the FAS) that arose from higher ferry operations and charter hire incomes. Operating costs were proportionately lower when compared to the higher revenues as a result of moderating fuel costs experienced over the year.

Demand for the Malta/Sicily high speed ferry services (both passenger and vehicular) was strong throughout FY 2023, with increases being experienced in passenger numbers and vehicular traffic across all categories (private cars, trailers and trucks/vans). Charter hire income was also higher than anticipated.

The successful rechartering of the HSC Maria Dolores in April 2022 was terminated in December 2023, following which the vessel was re-deployed on a short-term extendable time charter in the Eastern Mediterranean through to the end of March 2024. The vessel is currently in Malta for routine maintenance following which the expectation is that she will be redeployed on Charter in the Mediterranean from around May or June of 2024. The Gozo route improved during FY 2023 following an accord being reached on a Services agreement which is being extended on a monthly basis pending conclusion of an EU approved Public Service Obligation (PSO) agreement.

Directors' report - continued

Review of the business - continued

Financial Performance - continued

Group - continued

Revenue for the year was mainly generated from the provision of related services to incoming and outgoing passengers and vehicles amounting to €45.6 million (2022: €36.8 million) and charter hire and other related income amounting to €6.8 million (2022: €3.7 million). Administrative and cost of sales expenses mainly comprise employee benefits expenses amounting to €5.3 million (2022: €5.1 million), vessel operating expenses amounting to €27.3 million (2022 €25.9 million), property, plant and equipment depreciation amounting to €5.4 million (2022: €5.3 million), right-of-use assets depreciation amounting to €0.5 million (2022: €0.5 million). Other income includes management fees amounting to €0.2 million (2022: €0.1 million) and other operating income of €0.2 million (2022: €0.4 million). Finance costs comprise interest payable on the outstanding bank loans amounting to €3.2 million (2022: €3.0 million). Finance income comprises interest receivable amounting to €0.009 million (2022: €0.4 million) on related party loans.

The Virtu Maritime Group's operations for FY 2023 benefitted from the strong recovery in the tourism sector and the economy in general and this improved environment is expected to be sustained through FY 2024.

The Ukraine war will continue to bring uncertainty and volatility to the oil-related markets as will events in the Middle East arising from the Israel/Gaza conflict and any escalation thereof. However, markets have adjusted to the reality of supply constraints and prices, and although remaining elevated, are well below peak 2022 levels. Security of supply for the Virtu operations has also improved.

Company

The Company's profit before tax for the year ending 31 December 2023 amounted to €0.003 million (2022: €0.006 million).

The statement of comprehensive income is set out on page 15.

Outlook

The expectation is that Group operations will continue to benefit from the ongoing recovery in the tourism sector, strong freight related demand, moderating volatility in the fuel markets, the conclusion of a PSO agreement relating to Gozo operations, and the re-chartering of HSC Maria Dolores following the conclusion of a temporary time charter in the Eastern Mediterranean at the end of March 2024. FY 2024 should see the continuation of current (or even enhanced) levels of profitability and cash generation for the Group. Forecasts prepared by management show levels of profitability and cash generation that should allow for debt reduction to continue to take place over the course of the coming year. These projections indicate that the Group will be able to honour its obligations as and when they fall due.

Accordingly, the Virtu Maritime board of directors has concluded that there is no material uncertainty in respect of going concern and based on the foregoing the directors believe that it is appropriate to prepare these financial statements on a going concern basis. Reference should also be made to Note 1.1 to the financial statements.

Directors' report - continued

Review of the business - continued

Financial risk management and related uncertainties

The group's and parent company's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. Refer to Note 2 in the financial statements.

Results and dividends

The statements of comprehensive income are set out on page 15. The directors do not recommend the payment of a dividend. The directors have proposed that the balance of retained earnings amounting to €20,847,000 (2022: €11,259,000) for the group and the accumulated losses amounting to €3,000 (2022: retained earnings of €1,000) for the parent company be carried forward to the next financial year.

Directors

The directors of the parent company who held office during the year were:

Francis A. Portelli
John M. Portelli
Stephanie Attard Montalto
Matthew Portelli
Stefan Bonello Ghio
Roderick Chalmers
Henri Saliba
Kevin Valenzia

Directors are appointed during the parent company's Annual General Meeting for periods of one year, at the end of which term they may stand again for re-election. The Articles of Association of the parent company clearly set out the procedures to be followed for the appointment of directors.

Statement of director's responsibilities for the financial statements

The directors are required by the Merchant Shipping (Shipping Organisations - Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386) to prepare financial statements that give a true and fair view of the state of affairs of the group and parent company as at the end of each reporting period and of the profit or loss for that period.

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

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

Directors' report - continued

Statement of director's responsibilities for the financial statements - continued

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine necessary to enable the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Merchant Shipping (Shipping Organisations - Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Virtu Maritime Limited for the year ended 31 December 2023 may be made available on the Virtu Group's website. The directors are responsible for the maintenance and integrity of the Annual 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 group'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.

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.

On behalf of the board

Francis A. Portelli
Director

Stephanie Attard Montalto
Director

Registered office:
'Virtu'
Ta' Xbiex Terrace
Ta' Xbiex
Malta

29 April 2024

Independent auditor's report

To the Shareholders of Virtu Maritime Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position of Virtu Maritime Limited as at 31 December 2023, and of the Group's and the Parent Company's 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 Merchant Shipping (Shipping Organisations - Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386).

What we have audited

Virtu Maritime Limited's financial statements, set out on pages 13 to 50, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2023;
- 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, which comprise 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.

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Independent auditor's report - *continued*

To the Shareholders of Virtu Maritime Limited

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

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

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

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 Merchant Shipping (Shipping Organisations - Private Companies) Regulations, 2004, and 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.

Independent auditor's report - *continued*

To the Shareholders of Virtu Maritime Limited

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.

Independent auditor's report - *continued*

To the Shareholders of Virtu Maritime Limited

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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

The Annual Report and Consolidated Financial Statements 2023 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 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.

Independent auditor's report - *continued*

To the Shareholders of Virtu Maritime Limited

<table>
<tr><th>Area of the Annual Report and Consolidated Financial Statements 2023 and the related Directors' responsibilities</th><th>Our responsibilities</th><th>Our reporting</th></tr>
<tr><td>Directors' report
(on pages 1 to 5)
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.</td><td>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.

We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.

In addition, we are required to state whether, in the light of the knowledge and understanding of the group 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.</td><td>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).

We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the Other information section.</td></tr>
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Independent auditor's report - *continued*

To the Shareholders of Virtu Maritime Limited

Area of the *Annual Report and Consolidated Financial Statements 2023* and the related Directors' responsibilities	Our responsibilities	Our reporting
	Other matters on which we are required to report by exception 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 have nothing to report to you in respect of these responsibilities.

Independent auditor's report - *continued*

To the Shareholders of Virtu Maritime Limited

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.

Stephen Mamo
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi, CBD 5090,
Malta

29 April 2024

Statements of financial position

		As at 31 December			
		Group		Company	
	Notes	**2023 €'000**	2022 €'000	**2023 €'000**	2022 €'000
ASSETS					
Non-current assets					
Intangible assets	4	**50,656**	50,006	**-**	-
Property, plant and equipment	5	**117,059**	121,939	**-**	-
Right-of-use assets	6	**6,489**	6,317	**-**	-
Investments in subsidiaries	7	**-**	-	**49,586**	49,586
Trade and other receivables	10	**115**	115	**47,218**	48,177
Deferred tax asset	8	**735**	956	**147**	49
Total non-current assets		**175,054**	179,333	**96,951**	97,812
Current assets					
Inventories	9	**629**	598	**-**	-
Trade and other receivables	10	**23,213**	14,343	**21,925**	22,003
Cash and cash equivalents	11	**1,369**	1,917	**-**	-
Total current assets		**25,211**	16,858	**21,925**	22,003
Total assets		**200,265**	196,191	**118,876**	119,815

Statements of financial position – continued

		As at 31 December			
		Group		Company	
	Notes	**2023 €'000**	2022 €'000	**2023 €'000**	2022 €'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	12	**4,363**	4,363	**4,363**	4,363
Other reserve	13	**45,473**	45,473	**45,473**	45,473
Capital reserve	14	**20,000**	20,000	**20,000**	20,000
Retained earnings/(accumulated losses)		**20,847**	11,259	**(3)**	1
Total equity		**90,683**	81,095	**69,833**	69,837
Non-current liabilities					
Lease liabilities	15	**7,073**	6,738	**-**	-
Borrowings	16	**38,035**	46,020	**2,696**	3,455
Trade and other payables	17	**45,530**	45,530	**45,530**	45,530
Total non-current liabilities		**90,638**	98,288	**48,226**	48,985
Current liabilities					
Lease liabilities	15	**361**	376	**-**	-
Borrowings	16	**8,148**	10,290	**795**	873
Trade and other payables	17	**10,389**	6,088	**22**	120
Current tax liability		**46**	54	**-**	-
Total current liabilities		**18,944**	16,808	**817**	993
Total liabilities		**109,582**	115,096	**49,043**	49,978
Total equity and liabilities		**200,265**	196,191	**118,876**	119,815

The notes on pages 19 to 50 are an integral part of these consolidated financial statements.

The financial statements on pages 13 to 50 were authorised for issue by the board on 29 April 2024 and were signed on its behalf by:

Francis A. Portelli
Director

Stephanie Attard Montalto
Director

Statements of comprehensive income

		Year ended 31 December			
		Group		Company	
	Notes	**2023**	2022	**2023**	2022
		€'000	€'000	**€'000**	€'000
Revenue	18	**53,887**	41,857	**-**	-
Cost of sales	19	**(36,636)**	(34,867)	**-**	-
Gross profit		**17,251**	6,990	**-**	-
Administrative expenses	19	**(6,217)**	(5,629)	**(17)**	(24)
Other income	22	**345**	561	**140**	140
Other expenses		**(120)**	(110)	**(120)**	(110)
Operating profit		**11,259**	1,812	**3**	6
Finance income	23	**9**	430	**988**	988
Finance costs	24	**(3,247)**	(3,035)	**(988)**	(988)
Profit/(loss) before tax		**8,021**	(793)	**3**	6
Tax income/(expenses)	25	**1,567**	366	**(7)**	(11)
Profit/(loss) for the year		**9,588**	(427)	**(4)**	(5)

The notes on pages 19 to 50 are an integral part of these consolidated financial statements.

Statements of changes in equity

Group

	Share capital €'000	Other reserve €'000	Capital reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2022	4,363	45,473	20,000	10,435	80,271
Comprehensive income					
Loss for the year	-	-	-	(427)	(427)
Total comprehensive income	-	-	-	(427)	(427)
Transactions with owners					
Capitalisation of loans with ultimate parent	-	-	-	1,251	1,251
Total transactions with owners	-	-	-	1,251	1,251
Balance at 31 December 2022	**4,363**	**45,473**	**20,000**	**11,259**	**81,095**
Balance at 1 January 2023	4,363	45,473	20,000	11,259	81,095
Comprehensive income					
Profit for the year	-	-	-	9,588	9,588
Total comprehensive income	-	-	-	9,588	9,588
Balance at 31 December 2023	**4,363**	**45,473**	**20,000**	**20,847**	**90,683**

Statements of changes in equity – continued

Company

	Share capital	Other reserve	Capital reserve	Retained earnings/ (accumulated losses)	Total
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2022	4,363	45,473	20,000	6	69,842
Comprehensive income					
Loss for the year	-	-	-	(5)	(5)
Total comprehensive income	-	-	-	(5)	(5)
Balance at 31 December 2022	**4,363**	**45,473**	**20,000**	**1**	**69,837**
Balance at 1 January 2023	4,363	45,473	20,000	1	69,837
Comprehensive income					
Loss for the year	-	-	-	(4)	(4)
Total comprehensive income	-	-	-	(4)	(4)
Balance at 31 December 2023	**4,363**	**45,473**	**20,000**	**(3)**	**69,833**

The notes on pages 19 to 50 are an integral part of these consolidated financial statements.

Statements of cash flows

	Notes	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
		Year ended 31 December			
Cash flows from/(used in) operating activities					
Cash generated from operations	26	**18,572**	2,011	**105**	99
Finance income		**9**	430	**988**	988
Interest paid		**(3,247)**	(3,035)	**(988)**	(988)
Tax credit/(paid)		**1,780**	62	**(105)**	(99)
Net cash generated from/(used in) operating activities		**17,114**	(532)	**-**	-
Cash flows used in investing activities					
Purchase of intangible asset	4	**(650)**	-	**-**	-
Purchase of property, plant and equipment	5	**(491)**	(533)	**-**	-
Net cash used in investing activities		**(1,141)**	(533)	**-**	-
Cash flows (used in)/from financing activities					
Loans (repaid)/received from fellow subsidiary and ultimate parent		**(6,810)**	3,897	**837**	591
Loans received/(repaid) from shareholders and related parties		**803**	(736)	**-**	-
Proceeds from bank borrowings		**-**	8,000	**-**	-
Repayment of bank borrowings		**(8,296)**	(7,611)	**(837)**	(591)
Principal elements of lease payments		**(387)**	(338)	**-**	-
Net cash generated (used in)/from financing activities		**(14,690)**	3,212	**-**	-
Net movement in cash and cash equivalents		**1,283**	2,147	**-**	-
Cash and cash equivalents at beginning of year		**86**	(2,061)	**-**	-
Cash and cash equivalents at end of year	11	**1,369**	86	**-**	-

The notes on pages 19 to 50 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Material accounting policy information

The principal accounting policies applied in the preparation of these consolidated 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 standalone and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Merchant Shipping (Shipping Organisations - Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention as modified by the fair valuation of assets and liabilities acquired through business combinations as disclosed in the accounting policies below.

At the reporting date the group's current assets exceeded its current liabilities by €6.3 million (2022: 0.050 million). After considering the going concern assessment made, the directors have concluded that at the time of approving these financial statements, projections for the next twelve months indicate that business is expected to remain viable and to generate sufficient liquidity to enable it to honour liabilities as and when they fall due. Recognising the ongoing support of the shareholders and the ultimate parent company, the directors concluded that there is no material uncertainty and it remains appropriate to adopt the going concern basis in the preparation of the group's financial statements. On the basis of the foregoing, the financial statements continue to be prepared under the going concern assumption. The validity of this assumption depends on the group being able to meet its projected cash flow forecasts and on the continued support of the group's shareholders, the ultimate parent company and other group undertakings.

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 and parent company's accounting policies (see Note 3 – Critical accounting estimates and judgements).

The Virtu Maritime Group's operations for FY 2023 reflected the ongoing recovery in the Malta/Sicily ferry as the tourist sector continued to improve. Demand for all categories of vehicular traffic was also strong. The rechartering of the HSC Maria Dolores from the end of April 2022 carried on through to the beginning of December 2023, following which the vessel was redeployed in the Eastern Mediterranean on a short-term extendable time charter through to the end of March 2024. The Gozo high speed ferry operations improved during 2023 following the conclusion of the extendable service agreement.

Looking forward to FY 2024, the Virtu Maritime Group board envisages strong demand on the Malta/Sicily route, satisfactory charter hire for HSC Maria Dolores and a continuing improvement in results from the Gozo operations. Volatility in the fuel market has moderated. Projections prepared by management (and which have been reviewed by the Virtu Maritime and Virtu Finance boards of directors) indicate satisfactory profitability and cash generation to be sustained at (or indeed improved) at current levels. Based on this review, the boards of directors expect that the Virtu Maritime Group will be able to sustain its operations over the next twelve months, will have adequate resources to continue in operation for the foreseeable future and will be in a position to meet its obligations as and when they fall due.

Accordingly, the Virtu Maritime board of directors has concluded that there is no material uncertainty in respect of going concern and based on the foregoing the directors believe that it is appropriate to prepare these financial statements on a going concern basis.

1. Material accounting policy information - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the group and parent company adopted new standards, amendments and interpretations to existing standards that are mandatory for the group and parent company's accounting period beginning on 1 January 2023.

The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the group and parent company's accounting policies impacting the financial performance and position.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The term 'significant' was replaced with 'material' in the context of disclosing accounting policy information. In assessing the materiality of the accounting policy information, the group and parent company consider the size of transactions, other events or conditions and their nature.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements that are not mandatory for the group and parent company's accounting periods beginning after 1 January 2023. The group and parent company have 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 that will have a possible significant impact on the group and parent company's financial statements in the period of initial application.

1.2 Consolidation

Subsidiaries

Subsidiaries are all entities in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the group, and are no longer consolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. 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 in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 1.4).

1. Material accounting policy information - continued

1.2 Consolidation - continued

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

In the company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in these standalone and consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The euro is the group and parent company's functional and presentation currency.

(b) Transactions and balances

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

All foreign exchange gains and losses are presented in the income statement within 'administrative expenses'.

1.4 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is recognised separately within intangible assets, and is tested annually for impairment and carried at cost less accumulated impairment losses (Note 1.6). Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to the operating segment. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use.

1. Material accounting policy information - continued

1.4 Intangible assets - continued

Emission rights

Emission rights represent the rights of the owner of a large vessel (of 5,000 gross tonnage and above) which in the course of its operations emits greenhouse gases to an equivalent of one ton of carbon dioxide during a calendar year.

As from 2024 and subsequent periods, the allocation of allowances will be carried out in accordance with harmonized EU-wide rules, involving both auctioning and free allocation on the basis of agreed benchmarks. Large vessels will have to acquire allowances to cover compliance needs through auctioning and/or purchase on the emissions trading market. The Company is responsible for determining and reporting the amount of greenhouse gases produced by its vessels in the calendar year and this amount is verified yearly by an authorised entity.

Verified emission rights utilised are amortised and recognised as an expense by reference to the actual tonnage utilised on a 'first in-first out' basis. Amortisation of the asset is based on its consumption and is presented as 'emission rights and credits utilised' and classified within cost of sales within these financial statements.

The unutilised emission credits held at the end of the reporting period are measured at fair value at each reporting date.

Valuations are made by reference to quoted market prices. Increases in the carrying amount arising on fair valuation of intangible assets are credited to other comprehensive income and shown as a fair value reserve in the Emission revaluation reserves. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the fair value reserve directly in equity; all other decreases are charged to profit or loss.

At each reporting date, the Company assesses whether there is any indication that emission rights may be impaired. Where an indicator of impairment exists, the Company reviews the recoverable amounts of the cash generating units to which the emission rights were allocated, to determine whether such amounts continue to exceed the assets' carrying values. Any identified impairment of emission rights is recognised directly in profit or loss.

1.5 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and parent company's 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 the income statement during the financial period in which they are incurred.

1. **Material accounting policy information** - continued

1.5 Property, plant and equipment - continued

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives as follows:

	%
Leasehold improvements	10
Vessels - hull	4
Furniture and equipment	20
Computer hardware and software	25
Motor vehicles	20
Vessels - engines	Engine hours based on use

The hull will continue being utilised over the original expected useful life of 25 years, net of the residual value, whilst the engines are being depreciated based on engine hours compared with the useful life expectancy determined by the manufacturer.

Assets in the course of construction are not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 1.6).

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

1.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, 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.

1.7 Financial assets

The comparative information provided continues to be accounted for in accordance with the group and parent company's previous years accounting policy.

Classification

The group and parent company classifies its financial assets as financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The group and parent company classifies its financial assets as at amortised cost only if both the following criteria are met:

1. Material accounting policy information - continued

1.7 Financial assets - continued

Classification - continued

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group and parent company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the group and parent company 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 group and parent company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the group and parent company 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.

Interest income on debt instruments measured at amortised cost from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of these instruments 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 consolidated statement of profit or loss.

Impairment

The group and parent company assess on a forward-looking basis the expected credit losses (ECL) 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. The group and parent company's financial assets are subject to the expected credit loss model.

Expected credit loss model

The group and parent company measure loss allowances at an amount equal to lifetime ECLs, except debt securities that are determined to have low credit risk at the reporting date which are re-assessed at 12 months ECLs.

1. Material accounting policy information - continued

1.7 Financial assets - continued

Impairment – continued

Expected credit loss model - continued

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group and parent company considers reasonable and supportable information that is relevant and available without undue cost or effort. The group and parent company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the group and parent company in full, without recourse by the group and parent company to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the group and parent company are exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the group and parent company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Simplified approach model

For trade receivables, the group and parent company apply the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2023 or 1 January 2023, respectively, 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 liability of the customers to settle the receivable. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

1. Material accounting policy information - continued

1.8 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 liabilities are not recognised if they arise from the initial recognition of goodwill; 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 substantially 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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.9 Inventories

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

1.10 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 1.7). 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.

1.11 Cash and cash equivalents

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

1. Material accounting policy information - continued

1.12 Share capital

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

1.13 Provisions

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

1.14 Financial liabilities

The group and parent company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The group and parent company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IAS 39. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost.

The group and parent company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.15 Borrowings

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

1.16 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

1. Material accounting policy information - continued

1.17 Deferred government grants

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

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

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

1.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Sales are recognised upon delivery of products or performance of services, net of sales tax, returns, rebates and discounts.

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

(a) Sales of goods

Sales of goods are recognised when the group has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products.

(b) Sales of services

Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

(c) Interest income

Interest income is recognised for all interest-bearing instruments using the effective interest method.

(d) Dividend income

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

1. Material accounting policy information - continued

1.19 Derivative financial instruments and hedging

The group enters into derivative financial instruments in the form of commodity swaps in order to manage the risk of variability in the price of purchased fuel. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. When the group applies hedge accounting, the fair value of derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months, and as a current asset or liability if the remaining maturity of the hedged item is less than twelve months. Trading derivatives, which comprise all derivatives to which the group does not apply hedge accounting, are classified as a current asset or liability.

On the date a commodity swap contract is entered into, the group may designate the derivative as a cash flow hedge of the risk arising on variability of the future cash flows attributable to the forecast purchase of fuel. Under the requirements of IAS 39, hedge accounting may only be applied if certain criteria are met; a derivative instrument may be accounted for as a cash flow hedge if:

- formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
- the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and
- the hedge is effective on an ongoing basis.

Accordingly, when the group applies hedge accounting, it documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific forecast transactions (comprising forecast purchases of fuel). The group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to the hedged risk are recognised in a hedging reserve in equity. The commodity swaps entered into by the group hedge the variability in cash flows from forecast purchases of fuel; any gains or losses previously deferred in equity are transferred from equity and included in the purchased fuel cost in cost of sales when the forecast purchase and consumption of fuel takes place.

Certain derivative transactions, while providing effective economic hedges under the group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading. The group may also elect to not adopt hedge accounting even in instances where the derivatives qualify for hedge accounting under IAS 39; any such derivatives are also treated as derivatives held for trading. Changes in the fair value of any derivative instruments to which hedge accounting is not applied are recognised immediately in profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in profit or loss when the hedged forecast transaction affects profit or loss. However, if a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

1. Material accounting policy information - continued

1.20 Leases

The group is the lessee

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

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

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

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, where there is no third party financing; and
- makes adjustments specific to the lease, eg term, country, currency and security.

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

Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

1. Material accounting policy information- continued

1.20 Leases - continued

The group is the lessee - continued

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.

1.21 Borrowing costs

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

1.22 Dividend distribution

Dividend distribution to the parent company's shareholders is recognised as a liability in the group and parent company's financial statements in the period in which the dividends are approved by the parent 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 foreign exchange risk, cash flow interest rate risk, price risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. A portion of the group's assets are denominated in USD. The carrying amount of the principal receivables denominated in foreign currency as at the end of the reporting periods was as follows:

	2023	2022
	€'000	€'000
Trade and other receivables - USD	**331**	-

The parent company's income, expenditure, financial assets and liabilities, including financing, are mainly denominated in euro except as outlined above.

Based on the above, the directors consider the potential impact on profit or loss of a defined foreign exchange rate shift that is reasonably possible at the reporting date to be immaterial.

(ii) Cash flow interest rate risk

The group is exposed to the risk of fluctuating market interest rates. As the group has no significant long-term interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. Bank borrowings issued at variable rates, expose the group to cash flow interest rate risk. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on.

At the reporting date, if the interest rate had increased/decreased by 1% (assuming a parallel shift of 100 basis points in yields) with all other variables held constant, the pre-tax result for the subsequent year would change by the following amount:

	(+) 1%	(-) 1%
	€'000	€'000
At 31 December 2023	530	530

(iii) Price risk

The group and parent company are exposed to market price risk arising from the uncertainty about the future prices of investments held in respect of investments that are classified in the statement of financial position as financial assets at fair value through profit or loss. The directors manage this risk by reviewing on a regular basis investment and market performance.

2. **Financial risk management** - continued

2.1 Financial risk factors - continued

(b) Credit risk

Assets bearing credit risk at the reporting date are analysed as follows:

Financial assets measured at amortised cost	**Group**		**Company**	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Trade and other receivables (Note 10)	**20,523**	12,030	**69,143**	70,180
Cash and cash equivalents (Note 11)	**1,369**	1,917	**-**	-
Maximum exposure	**22,013**	13,947	**69,143**	70,180

The group and parent company's cash is primarily placed with financial institutions with a high quality standing and rating.

Trade and other receivables mainly comprise amounts due from the ultimate parent, Virtu Holdings Limited, and from other related parties. Such amounts are monitored on a regular basis by the group's treasury function and the directors are satisfied that repayment of all assets due to the parent company and to the group by related parties are fully recoverable.

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The group and parent company do not hold collateral as security on its loans receivable.

The group and parent company apply the low credit risk simplification for all instruments that are externally rated at a rating of BBB- (or equivalent) or better; and the ECL provision for these instruments is accordingly measured at an amount equivalent to the 12-month ECLs. The group and parent company thus apply the simplification for its bank deposits.

As disclosed in Note 10, Virtu Maritime Limited has loaned amounts to the ultimate parent and a fellow subsidiary. Credit risk with the ultimate parent is considered insignificant given that such receivable is off settable against the amounts due by ultimate parent and therefore the Loss Given Default is negligible. Credit risk with respect to the receivable from the fellow subsidiary results in a possible loss allowance which the directors consider immaterial and has not been reflected in these financial statements. The group and parent company apply the credit risk management policies described above; for other receivables no losses have historically been incurred on any of the group and parent company's balances, and management has determined that there has not been a significant increase in credit risk since origination. The ECL provision for these instrument is accordingly also measured at an amount equivalent to the 12-month ECLs.

At 31 December 2023 and 31 December 2022, cash and cash equivalents are held with a local financial institution with a credit rating of BBB-, and with other European financial institutions with a credit rating of BBB- or better. Balances are callable on demand or within a maximum period of one week. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month ECL as any such impairment would be wholly insignificant to the group and parent company.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings. 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 table below analyses the group and parent company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount €'000	Contractual Cash flows €'000	Within 1 year €'000	Between 1 and 5 years €'000	After 5 years €'000
Group					
At 31 December 2022					
Lease liabilities	7,114	9,614	688	2,568	6,358
Borrowings	56,310	63,298	11,790	28,498	23,010
Trade and other payables	51,619	56,560	7,077	49,483	-
	115,043	129,472	19,555	80,549	29,368
At 31 December 2023					
Lease liabilities	7,434	9,779	686	2,953	6,140
Borrowings	46,183	53,044	9,651	23,249	20,144
Trade and other payables	55,919	59,872	11,377	48,495	-
	109,536	122,695	21,714	74,697	26,284
Company					
At 31 December 2022					
Borrowings	4,328	4,722	991	1,994	1,737
Trade and other payables	45,649	50,590	1,107	3,953	45,530
	49,977	55,312	2,098	5,947	47,267
At 31 December 2023					
Borrowings	3,491	3,973	997	1,995	981
Trade and other payables	45,552	49,504	1,010	28,353	21,130
	49,043	53,477	2,007	30,348	22,111

The senior management of the Virtu Maritime Limited is updated on a regular basis on the cash flow positions of the subsidiaries of the group including those of the parent company. These reports illustrate the actual cash balance net of operational commitments falling due in the short-term.

Notes 15 and 16 contains further details about the contractual undiscounted cash flows relating to the group and parent company's lease liabilities and borrowings.

2. Financial risk management - continued

2.2 Capital risk management

Capital is managed at group level by reference to the level of group equity and borrowings or debt as disclosed in the consolidated financial statements. The group's objectives when managing capital at subsidiary level are to safeguard the respective company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the parent company may issue new shares or adjust the amount of dividends paid to shareholders.

The group's equity, as disclosed in the statement of financial position, constitutes its capital. The group maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the group's activities and the extent of borrowings or debt, the capital level as at 31 December 2023 is deemed adequate by the directors.

3. Critical accounting estimates and judgements

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 directors and management also make 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.

Estimates and judgments 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.

3.1 Impairment of goodwill - Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations for the Malta-Sicily route, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a two-year period. The key assumptions for those CGUs that have a significant goodwill allocated to them assume an increase in tourist activity on the Malta-Sicily route over the next two years. Further disclosures in this regard are included in Note 4 to the financial statements.

In the opinion of the directors, besides the above pronouncements, 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. The directors also draw attention to the fact that there are no assumptions and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Intangible assets

Goodwill

	2023 €'000	2022 €'000
Acquired upon business combination	**655**	655
Acquisition of subsidiaries	**49,351**	49,351
	50,006	50,006

Goodwill amounting to €655,000 represents the difference between the consideration and the fair value of the net identifiable assets acquired as part of a division of business carried out during 2004. For the purposes of impairment testing, this element of goodwill was allocated to the group's principal business segment, the Malta-Sicily ferry operation, and the recoverable amount is determined by reference to the fair value of the underlying business of the segment. The total amount of goodwill is tested for impairment on yearly basis.

Emission rights

The following table summarises the movements of emission rights and credits held by the Group during 2023:

Emission rights and credits for own use	**2023 €'000**
Purchased emission rights	**650**
Unutilised emission rights at 31 December	**650**

5. Property, plant and equipment

	Assets in the course of construction €'000	Vessels €'000	Land and buildings and leasehold improvements €'000	Furniture fittings and computer equipment €'000	Motor vehicles €'000	Total €'000
At 1 January 2022						
Cost	262	160,551	2,490	2,845	692	166,840
Accumulated depreciation	-	(35,011)	(2,013)	(2,433)	(668)	(40,125)
Net book amount	262	125,540	477	412	24	126,715
Year ended 31 December 2022						
Opening net book amount	262	125,540	477	412	24	126,715
Additions and commissioned assets	(262)	-	22	760	13	533
Disposals	-	(500)	(115)	(1,620)	(72)	(2,307)
Depreciation	-	(4,953)	(55)	(265)	(35)	(5,308)
Depreciation released on disposals	-	500	114	1,620	72	2,306
Closing net book amount	**-**	**120,587**	**443**	**907**	**2**	**121,939**
At 31 December 2022						
Cost	-	160,051	2,397	1,985	633	165,066
Accumulated depreciation	-	(39,464)	(1,954)	(1,078)	(631)	(43,127)
Net book amount	-	120,587	443	907	2	121,939
Year ended 31 December 2023						
Opening net book amount	-	120,587	443	907	2	121,939
Additions	-	-	55	284	152	491
Depreciation	-	(4,930)	(64)	(360)	(17)	(5,371)
Closing net book amount	**-**	**115,657**	**434**	**831**	**137**	**117,059**
At 31 December 2023						
Cost	-	160,051	2,452	2,269	785	165,557
Accumulated depreciation	-	(44,394)	(2,018)	(1,438)	(648)	(48,498)
Net book amount	-	115,657	434	831	137	117,059

6. Right-of-use assets

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

	Terminal and related facilities €'000	Properties €'000	Total €'000
1 January 2022	6,716	141	6,857
Amortisation charge (Note 19)	(466)	(74)	(540)
As at 31 December 2022	6,250	67	6,317
1 January 2023	6,250	67	6,317
Additions	-	712	712
Amortisation charge (Note 19)	(466)	(74)	(540)
As at 31 December 2023	**5,784**	**705**	**6,489**

The statement of comprehensive income reflects the following amounts relating to leases:

	2023 €'000	2022 €'000
Amortisation charge of right-of-use assets	**540**	540
Interest expense (included in finance costs) (Note 24)	**313**	328

7. Investments in subsidiaries

	Company 2023 €'000	**Company** 2022 €'000
Company		
Year ended 31 December		
At end of period	**49,586**	49,586
At 31 December		
Cost or valuation	**49,586**	49,586

The subsidiary undertakings at 31 December are shown below:

Subsidiary undertakings	**Registered office**	**Class of shares held**	**Percentage of shares held 2023**	**Percentage of shares held 2022**
Virtu Ferries Limited	Virtu Ta' Xbiex Terrace Ta' Xbiex	Ordinary shares	**100%**	100%

7. Investments in subsidiaries - continued

Subsidiary undertakings	Registered office	Class of shares held	Percentage of shares held 2023	2022
Virtu Ferries Srl	80 Via Studi 97016 Pozzallo Sicily	Ordinary shares	**95%**	95%
Virtu Ferries Travel Limited	Virtu Ta' Xbiex Terrace Ta' Xbiex	Ordinary shares	**100%**	100%
Virtu Rapid Ferries Limited	Virtu Ta' Xbiex Terrace Ta' Xbiex	Ordinary shares	**100%**	100%
Virtu Fast Ferries Limited	Virtu Ta' Xbiex Terrace Ta' Xbiex	Ordinary shares	**100%**	100%
Virtu Wavepiercer Limited	Virtu Ta' Xbiex Terrace Ta' Xbiex	Ordinary shares	**100%**	100%

8. Deferred tax asset

	Group		Company	
	2023 €'000	2022 €'000	**2023 €'000**	2022 €'000
At beginning of year	**956**	615	**49**	-
Credited to the income statement (Note 25):				
Deferred tax on temporary differences arising on unabsorbed capital allowances and depreciation of non-current assets	-	72	-	-
Deferred tax on temporary differences arising on group losses	-	220	-	-
Utilisation of deferred tax relating to prior year	**(11)**	-	-	-
Utilisation of deferred tax asset	**(210)**	(11)	**(7)**	(11)
Other credits:				
Under provision in prior year	-	-	**105**	-
Deferred tax on tax losses	-	60	-	60
At end of year	**735**	956	**147**	49

Deferred income taxes are calculated on all temporary differences under liability method using a principal applicable tax rate of 35% (2022: 35%).

8. **Deferred tax asset** - continued

The balance at 31 December represents temporary differences on or attributable to:

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Capital allowances and depreciation of non-current assets	**327**	525	**-**	-
Provisions for impairment of trade receivables	**12**	12	**-**	-
Tax and capital losses	**151**	151	**-**	-
Group tax losses	**245**	268	**147**	49
	735	956	**147**	49

Whereas tax losses have no expiry date, unabsorbed capital allowances are forfeited upon cessation of trade.

9. **Inventories**

	2023	2022
	€'000	€'000
Inventories		
Goods held for resale	**278**	190
Vessel spares	**351**	408
	629	598

10. **Trade and other receivables**

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Non-current				
Amounts due from ultimate parent	**-**	-	**20,122**	20,322
Amounts due from subsidiary	**-**	-	**27,096**	27,855
Other receivables	**115**	115	**-**	-
	115	115	**47,218**	48,177
Current				
Trade receivables	**3,822**	2,509	**-**	-
Amounts due from ultimate parent	**15,438**	8,628	**21,130**	21,130
Amounts due from subsidiaries	**-**	-	**795**	873
Amounts due from related parties	**353**	20	**-**	-
Advance payments	**8**	8	**-**	-
Other receivables	**514**	301	**-**	-
Indirect taxes	**273**	448	**-**	-
Prepayments and accrued income	**2,805**	2,429	**-**	-
	23,213	14,343	**21,925**	22,003
Total trade and other receivables	**23,328**	14,458	**69,143**	70,180

10. Trade and other receivables - continued

In the company, amounts due from ultimate parent and subsidiaries are unsecured, interest free and are repayable on demand except for the non-current amount of €20,121,537 (2022: €48,177,000) that is repayable after more than five years. The amount of €27,096,418 (2022: nil) is repayable between 2 and 5 years.

In 2023, the group's trade receivables are stated net of a provision for impairment of €34,565 (2022: €34,565). As at 31 December 2023, trade receivables of the group amounting to €3,332,160 (2022: €1,261,942) were fully performing whilst trade receivables amounting to €489,443 (2022: €1,247,496) were past due but not impaired. These dues related to a number of independent parties for whom there is no recent history of default. The ageing analysis of the trade receivables that are past due but not impaired is as follows:

	Group	
	2023	2022
	€'000	€'000
Within 3 months	**490**	934
Between 3 and 6 months	**-**	314
Total trade and other receivables	**490**	1,248

The group's and parent company's exposure to credit and currency risks and impairment losses relating to trade and other receivables are disclosed in Note 2. The other classes within receivables do not contain impaired assets.

11. Cash and cash equivalents

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

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Cash at bank and in hand	**1,369**	1,917	**-**	-
Bank overdraft (Note 16)	**-**	(1,831)	**-**	-
	1,369	86	**-**	-

12. Share capital

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Authorised				
5,000,000 ordinary shares of €1 each	**5,000**	5,000	**5,000**	5,000
Issued and fully paid up				
4,363,174 ordinary shares of €1 each	**4,363**	4,363	**4,363**	4,363

13. Other reserve

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Other reserve	**45,473**	45,473	**45,473**	45,473

The other reserve amounting to €45.5 million represents the difference between the fair value attributable to the shares issued for the acquisition of the subsidiaries within the Virtu Maritime Group amounting to €49.6 million and the nominal amount of shares issued of €4.1 million.

14. Capital reserve

The parent company entered into a subordinated loan agreement with Virtu Holdings Limited on 7 August 2017 amounting to €20 million to finance the initial capitalisation of Virtu Maritime Group. The parties have agreed that the loan is interest-free unless otherwise agreed from time to time, provided that a moratorium of five years on the repayment of interest, commencing from the date of the agreement, will automatically apply and that the rate of interest, if any, will not exceed 5%. The loan agreement also stipulates that the parent company has full discretion to settle the subordinated loan by way of issue of 20 million ordinary shares at a nominal value of €1 each. In line with IAS 32 such amounts fall under the definition of equity and are therefore classified in these financial statements as a component of equity as a capital reserve.

15. Lease liabilities

	Terminal and related facilities €'000	Properties €'000	Total €'000
1 January 2022	7,297	160	7,457
Interest charges	323	5	328
Payments effected – total cash outflows	(589)	(82)	(671)
As at 31 December 2022	7,031	83	7,114
Non-current	6,738	-	6,738
Current	293	83	376
Total lease liabilities	7,031	83	7,114
1 January 2023	7,031	83	7,114
Additions	-	712	712
Interest charges	311	2	313
Payments effected – total cash outflows	(604)	(101)	(705)
As at 31 December 2023	**6,738**	**696**	**7,434**
Non-current	6,417	656	7,073
Current	321	40	361
Total lease liabilities	**6,738**	**696**	**7,434**

15. Lease liabilities - continued

These lease liabilities are measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease arrangement. The discount rate applied to the lease liabilities is in the range of 4%-4.65% which is in line with prior year.

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

16. Borrowings

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Non-current				
Bank loans	**38,035**	46,020	**2,696**	3,455
Current				
Bank overdraft	**-**	1,831	**-**	-
Bank loans	**8,148**	8,459	**795**	873
	8,148	10,290	**795**	873
Total borrowings	**46,183**	56,310	**3,491**	4,328

The group's banking facilities as at 31 December 2023 and 2022 amounted to €50,182,993 and €58,478,734 respectively.

The company's banking facilities as at 31 December 2023 and 2022 amounted to €3,491,394 and €4,328,799 respectively.

Bank loans are secured by general hypothecs over group assets supported by a first priority mortgage over the vessels, pledges over the vessels' comprehensive insurance policies and specific equity shareholdings held by related undertakings.

The interest rate exposure of the borrowings is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Total borrowings:				
At floating rates	**38,906**	40,524	**3,491**	-
At fixed rates	**7,277**	15,786	**-**	4,328
	46,183	56,310	**3,491**	4,328

The carrying amounts of the group and parent company's borrowings are denominated in Euro.

16. Borrowings - continued

Weighted average effective interest rates at the end of the reporting periods:

	Group		Company	
	2023	2022	**2023**	2022
	%	%	**%**	%
Bank loans	**3.38**	2.71	**6.98**	2.50

This note provides information about the contractual terms of the group's and the parent company's borrowings. For more information about the group's and the parent company's exposure to interest rate, foreign currency and liquidity risks, refer to Note 2.

17. Trade and other payables

	Group		Company	
	2023	2023	**2023**	2022
	€'000	€'000	**€'000**	€'000
Non-current				
Amounts due to ultimate parent	**21,130**	21,130	**21,130**	21,130
Amounts due to fellow subsidiary	**24,400**	24,400	**24,400**	24,400
	45,530	45,530	**45,530**	45,530
Current				
Trade payables	**3,099**	3,750	**-**	-
Amounts due to ultimate parent	**-**	-	**-**	99
Amounts due to related companies	**1,145**	7	**-**	-
Amounts due to directors	**68**	62	**-**	-
Other payables	**52**	229	**-**	-
Indirect taxes and social security	**234**	420	**-**	-
Accruals and deferred income	**5,791**	1,620	**22**	20
	10,389	6,088	**22**	119
Total trade and other payables	**55,919**	51,618	**45,552**	45,649

Amounts due to ultimate parent, fellow subsidiaries, related companies and directors are unsecured, interest free and repayable on demand apart for the non-current amount of €24,400,000 (2022: €24,400,000) due to a fellow subsidiary, which is subject to an interest rate of 4.05% and is repayable in 2027 and the non-current amount of €21,130,000 (2022: €21,130,000) due to ultimate parent which is unsecured, interest free and repayable after more than five years.

The group's and the parent company's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 2.

18. Revenue

The group's operations consist in the operation and charter of express passenger ferry services and the provision of related services to incoming and outgoing private and commercial passengers primarily from trips between Malta and Sicily and trips between Malta and Gozo.

18. **Revenue** - continued

Revenue is analysed as follows:

	Group	
	2023	2022
	€'000	€'000
By class of business		
Ferry service, accommodation and excursions	**45,554**	36,803
Food and beverage sales	**1,488**	1,325
Charter hire and related income	**6,845**	3,729
	53,887	41,857

In 2023, the Government of Malta, in fulfilment of its social obligations in respect to agreed measures taken to support the Malta-Gozo fast ferry service, compensated the company for stabilising the ferry fares during the period.

19. **Expenses by nature**

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Employee benefit expenses (Note 20)	**5,340**	5,081	-	-
Vessel operating expenses	**27,346**	25,873	-	-
Auditor's remuneration	**47**	37	-	-
Property, plant and equipment depreciation (Note 5)	**5,371**	5,308	-	-
Depreciation of right-of-use assets (Note 6)	**540**	540	-	-
Exchange differences	**(8)**	21		
Bad debts written off	**166**	-	-	-
Motor vehicle operating lease charges	**73**	71	-	-
Professional and IT fees	**1,051**	831		
Other expenses	**2,927**	2,734	17	24
	42,853	40,496	17	24

Vessel operating expenses for 2022 are presented net of fuel grants receivable amounting to €2 million in line with the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia. Grants related to income are presented as a deduction in reporting the related expenses.

19. **Expenses by nature** - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2023 and 2022 relate to the following:

	Group		**Company**	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Annual statutory audit	**43**	49	**13**	13
Tax compliance services	**21**	2	-	-
	64	51	**13**	13

Furthermore, €59,500 fees on other advisory services (2022: €19,000) have been charged to the group by affiliated entities of the audit firm.

20. **Employee benefit expense**

	Group	
	2023	2022
	€'000	€'000
Wages and salaries	**4,958**	4,710
Social security	**382**	371
	5,340	5,081

Wages and salaries for 2022 are presented net of payroll grants receivable from government in view of the COVID-19 pandemic. Grants related to income are presented as a deduction in reporting the related expense.

Average number of persons employed by the group during the period was as follows:

	Group	
	2023	2022
Direct	**72**	75
Administration	**71**	68
	143	143

21. **Directors' remuneration**

	Group	
	2023	2022
	€'000	€'000
Directors' fees	**415**	355

During the year, the directors were granted benefits in kind amounting to €7,957 (2022: €7,957).

22. Other income

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Net management fees	**160**	120	**-**	-
Income from slot machines	**177**	160	**-**	-
Government grants	**-**	200	**-**	-
Other income	**8**	81	**140**	140
	345	561	**140**	140

23. Finance income

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Interest from related party	**9**	430	**988**	988
	9	430	**988**	988

24. Finance costs

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Bank and other interests	**2,934**	2,707	**988**	988
Interest charges on lease liabilities	**313**	328	**-**	-
	3,247	3,035	**988**	988

25. Tax (income)/expense

	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Current tax expense:				
on taxable profit subject to tax at 35%	**-**	2	**-**	-
Group relief	**116**	-	**-**	-
Losses surrendered to fellow subsidiaries in prior year	**(1,780)**	-	**-**	-
Deferred tax charge/(income) (Note 8)	**105**	(281)	**7**	11
Over provision in prior year	**(8)**	(87)	**-**	-
Tax (income)/expense	**(1,567)**	(366)	**7**	11

25. Tax (income)/expense - continued

The tax on the group's and the parent company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Profit/(loss) before tax	**8,021**	(794)	**3**	5
Tax on profit/(loss) at 35%	**2,807**	(278)	**1**	2
Tax effect of:				
Expenses not deductible for tax purposes	**1,317**	56	**6**	9
Under provision in deferred tax from prior year	**47**	(312)	**-**	-
Over provision in current tax in prior year	**(8)**	-	**-**	-
Losses surrendered to fellow subsidiaries in prior year	**(1,780)**	-	**-**	-
Other differences	**22**	66	**-**	-
Exempt income as a result of the provisions of the Merchant Shipping Act	**(4,057)**	(2,051)	**-**	-
Temporary differences attributable to unrecognised deferred tax	**85**	2,153	**-**	-
Tax (income)/expense	**(1,567)**	(366)	**7**	11

As at 31 December 2023 and 2022, the group and parent company had the following unutilised temporary differences which were unrecognised in these financial statements:

	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Temporary differences on trading losses	**16,733**	24,440	**-**	-

These give rise to a deferred tax asset of €5,856,505 (2022: €8,554,000) for the group which has not been recognised in these financial statements.

26. Cash generated from/(used in) operations

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

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Operating profit	**11,259**	1,812	**3**	6
Adjustments for:				
Depreciation of property, plant and equipment (Note 5)	**5,371**	5,308	**-**	-
Depreciation of right-of-use assets (Note 6)	**540**	540	**-**	-
Interest charged on lease liabilities	**(3)**	(5)	**-**	-
Changes in working capital:			**-**	-
Inventories	**(31)**	(244)	**-**	-
Trade and other receivables	**(1,727)**	(3,650)	**200**	-
Trade and other payables	**3,163**	(1,750)	**(98)**	93
Cash generated from/(used in) operations	**18,572**	2,011	**105**	99

27. Contingencies

The group issued guarantees in favour of third parties amounting to €131,983 (2022: €127,530).

28. Related party transactions

All parties forming part of the Virtu Holdings Group are considered by the directors to be related parties as these companies are also ultimately owned by Virtu Holdings Limited.

Due to common ultimate shareholders or directors, the directors consider the Somanda Holdings Limited and Compass Rose Properties Limited to be related parties.

The following transactions were carried out with related parties:

	Group		Company	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
Interest income from associates	**9**	430	**-**	-
Interest income from subsidiaries	**-**	-	**(1,128)**	(1,128)
Ship management fees charged to associates	**240**	240	**-**	-
Charter hire expenses charged from a related party	**(1,040)**	(262)	**-**	-
Ship management fees charged from a related party	**(120)**	(120)	**-**	-
Interest expense paid to related party	**(1,108)**	(1,098)	**(1,108)**	(1,098)
Rental expense paid to related party	**-**	(30)	**-**	-

28. Related party transactions - continued

The transactions referred to above were carried out on commercial terms. Year-end balances with related parties are disclosed in Notes 10 and 17 to these financial statements.

Key management personnel compensation, consisting of directors' remuneration, is disclosed in Note 21.

30. Statutory information

Virtu Maritime Limited is a limited liability company and is incorporated in Malta.

The parent company of Virtu Maritime Limited is Virtu Holdings Limited, a company registered in Malta, with its registered address at 'Virtu', Ta' Xbiex Terrace, Ta' Xbiex, Malta. The figures in the financial statements of Virtu Maritime Limited are included in the consolidated financial statements prepared by Virtu Holdings Limited.

31. Comparative information

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