

The following is a Company Announcement issued by HUDSON MALTA P.L.C., a company registered under the laws of Malta with company registration number C 83425 (hereinafter the 'Company'), pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the laws of Malta), as amended from time to time.

**Quote**

**Approval and Publication of Half-Yearly Financial Statements  
and Intra-Group Restructuring**

The Company announces that during a meeting of its Board of Directors held on 26<sup>th</sup> August 2022, the Company's half-yearly financial report and unaudited condensed consolidated financial statements for the six-month financial period ended 30<sup>th</sup> June 2022 were approved.

The Board resolved not to declare an interim dividend.

A copy of the aforesaid half-yearly unaudited financial statements, as approved, is available for viewing below as an attachment to this announcement and at the Company's registered office, and is also available for download from the following link on the Hudson Group's website: <https://hudson.com.mt/investor-relations/>.

At the same Board meeting, the Directors resolved, as part of an intra-group restructuring exercise, to transfer the Company's entire shareholding in Trilogy Limited (C 42528) to Hudson Malta Sales Limited (C 32438). Subsequent to the said transfer of shares, Trilogy Limited will be amalgamated into Hudson Malta Sales Limited. Upon the proposed merger taking effect, Hudson Malta Sales Limited, as the acquiring company, shall succeed to all the assets, rights, liabilities and obligations of Trilogy Limited, which, in turn, shall cease to exist.

The proposed merger shall not have any effect on the rights of the Company's bondholders. The Company will keep the market informed of developments in respect of the foregoing restructuring exercise.

**Unquote**

*By order of the Board.*



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Dr Luca Vella  
Company Secretary

26<sup>th</sup> August 2022

*Company Announcement: HDS57*

# **HUDSON MALTA PLC**

Condensed interim consolidated financial statements (unaudited)

For the period 1 January 2022 to 30 June 2022

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## Interim directors' report pursuant to Capital Markets Rule 5.75.2

This Half-Yearly Report is being published in terms of Chapter 5 of the Capital Markets Rules issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005 (Chapter 476 of the laws of Malta). The condensed interim consolidated financial information included in this report has been extracted from the Group's unaudited financial information for the period ending 30 June 2022. In accordance with the terms of Capital Markets Rule 5.75.5, this interim report has not been audited or reviewed by the Company's independent auditors.

### Principal activities

The Hudson Malta p.l.c. Group (the "Group") operates the retail stores in Malta for the parent company, Hudson Holdings Limited (the "Hudson Group") as well as handling the importation and distribution of branded consumer products in Malta, Italy and Tunisia.

In 2018 Hudson Malta plc raised €12m from a public Bond issue for the main purpose of financing the retail expansion in Malta and overseas of the Hudson Group. The money raised was loaned to Hudson Malta Sales Ltd ("HMS", formerly Time International (Sport) Limited), to its parent company Hudson Holdings Limited and a sister company also falling part of the Hudson Group. The Company earns interest from these loans.

In 2021 the Hudson Group acquired Trilogy Limited, a Maltese company operating retail stores in Malta which stake was transferred to the Group so that Trilogy Limited became a subsidiary along with HMS, with an effective date as at 1 July 2021. The results of Trilogy Limited are included in the results for the period to 30 June 2022.

### Review of the business

During the period ended 30 June 2022, the Group recovered strongly from the downturn reported in the same period in 2021, with a 53% increase in revenue to €24.3 million coming from the inclusion of the results of Trilogy Limited, as well as double digit growth in the revenue of HMS. Gross profit margin for the period ended 30 June 2022 improved to 33% from 28%, with gross profit rising to €8.0 million from €4.5 million. As such the Group reported an operating profit of €0.6 million compared to a loss of €0.2 million in 2021. With net finance costs of €0.6 million (June 2021: €0.4 million), the Group reported a net profit before tax of €27,057 (June 2021: loss of €0.4 million).

As at 30 June 2022 the Group improved its working capital position with current assets exceeding current liabilities by €9.2 million (December 2021: €7.0 million). The investment in Trilogy was compensated by way of an issue of shares to Hudson Holdings Limited.

On 26 August 2022, the board approved an intra-group restructuring plan, so that all of the shares held by the Company in Trilogy Limited will be transferred to HMS as the first step towards merging Trilogy Limited into HMS.

### Dividend

The Board has resolved not to declare an interim dividend.

**Interim directors' report pursuant to Capital Markets Rule 5.75.2 - continued**

**Directors' Statement pursuant to Capital Markets Rule 5.75.3**

We hereby confirm, to the best of our knowledge:

- That the condensed interim consolidated financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for period then ended and;
- The Interim Directors' Report includes a fair view of the information required in terms of Capital Markets Rule 5.81.

Signed on behalf of the Board of Directors,



Alfred Borg  
Director



George Amato  
Director

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

26<sup>th</sup> August 2022

**Consolidated statement of financial position**

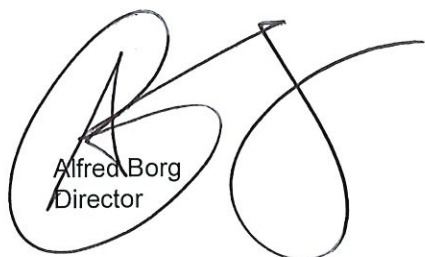
	As at 30 June 2022 Unaudited €	As at 31 December 2021 Audited €
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,440,651	4,674,278
Right-of-use assets	19,579,171	20,826,098
Intangible assets	4,389,058	4,390,188
Deferred tax asset	1,069,967	953,773
Financial assets at amortised cost	5,591,628	6,213,631
	<b>35,070,475</b>	<b>37,057,968</b>
<b>Current assets</b>		
Inventories	6,880,927	5,447,210
Trade and other receivables	9,822,190	8,936,649
Cash and cash equivalents	4,608,457	7,508,826
	<b>21,311,574</b>	<b>21,892,685</b>
	<b>56,382,049</b>	<b>58,950,653</b>

**Consolidated statement of financial position - continued**

	Note	As at 30 June 2022 Unaudited €	As at 31 December 2021 Audited €
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	11	22,450,000	16,450,000
Other reserves		(15,994,856)	(15,994,856)
Capital contribution reserve	11	-	6,000,000
Retained earnings		6,119,585	6,101,998
<b>Total equity</b>		<b>12,574,729</b>	<b>12,557,142</b>
<b>Non-current liabilities</b>			
Lease liabilities		18,056,593	18,102,109
Borrowings	7	13,922,004	13,439,875
<b>Total non-current liabilities</b>		<b>31,978,597</b>	<b>31,541,984</b>
<b>Current liabilities</b>			
Lease liabilities		2,630,338	2,555,155
Trade and other payables		8,107,271	10,995,220
Borrowings	7	557,315	710,902
Current tax liabilities		533,799	590,250
<b>Total current liabilities</b>		<b>11,828,723</b>	<b>14,851,527</b>
<b>Total liabilities</b>		<b>43,807,320</b>	<b>46,393,511</b>
<b>Total equity and liabilities</b>		<b>56,382,049</b>	<b>58,950,653</b>

The notes on pages 8 to 13 are an integral part of these financial statements.

The financial statements on pages 3 to 13 were approved and authorised for issue by the Board on 26<sup>th</sup> August 2022 and were signed on its behalf by:

  
Alfred Borg  
Director

  
George Amato  
Director

### Consolidated statement of comprehensive income

	Period from 1 January to 30 June 2022 Unaudited €	Period from 1 January to 30 June 2021 Unaudited €
Revenue	24,300,231	15,785,871
Cost of sales	(16,292,553)	(11,325,772)
<b>Gross profit</b>	<b>8,007,678</b>	<b>4,460,099</b>
Other operating income	222	13,846
Operation and administrative expenses	(7,418,677)	(4,664,009)
<b>Operating profit / (loss)</b>	<b>589,223</b>	<b>(190,064)</b>
Finance income	200,115	193,752
Finance costs	(762,280)	(627,028)
<b>Profit / (Loss) before tax</b>	<b>27,057</b>	<b>(623,340)</b>
Income tax (charge) / credit	(9,470)	218,590
<b>Profit / (Loss) for the period – total comprehensive income</b>	<b>17,588</b>	<b>(404,750)</b>

The notes on pages 8 to 13 are an integral part of these financial statements.



### Consolidated statement of changes in equity

Note	Share capital €	Capital contribution €	Other Reserves €	Retained earnings €	Total €
<b>Balance as at 1 January 2021</b>	16,450,000	-	(15,994,856)	5,066,615	5,521,759
<b>Comprehensive income (Loss) for the period</b>	-	-	-	(404,750)	(404,750)
<b>Total comprehensive income</b>	-	-	-	(404,750)	(404,750)
<b>Balance as at 30 June 2021</b>	<b>16,450,000</b>	<b>-</b>	<b>(15,994,856)</b>	<b>4,661,865</b>	<b>5,117,009</b>
Balance as at 1 January 2022	16,450,000	6,000,000	(15,994,856)	6,101,997	12,557,141
<b>Comprehensive income Profit for the period</b>	-	-	-	17,588	17,588
<b>Transactions with owners</b>					
Issue of ordinary shares (note 10)	6,000,000	(6,000,000)	-	-	-
<b>Balance as at 30 June 2022</b>	<b>22,450,000</b>	<b>-</b>	<b>(15,994,856)</b>	<b>6,119,585</b>	<b>12,574,729</b>

The notes on pages 8 to 13 are an integral part of these financial statements.

## Consolidated statement of cash flows

	Period from 1 January to 30 June 2022 Unaudited €	Period from 1 January to 30 June 2021 Unaudited €
<b>Cash flows used in operating activities</b>		
Cash used in operations	(1,760,996)	(237,048)
Interest received	200,115	193,752
Income tax paid	(182,116)	(6,400)
Interest paid on lease liabilities	(340,000)	(338,352)
Interest paid on borrowings	(395,327)	(274,372)
Net cash used in operating activities	(2,478,324)	(662,420)
<b>Cash flows (used in)/from investing activities</b>		
Purchase of property, plant and equipment	(425,168)	(341,952)
Receipts from loans and receivables	101,922	345,298
Net cash (used in)/generated from investing activities	(323,246)	3,346
<b>Cash flows generated from financing activities</b>		
Principal elements of lease payments	(749,345)	(446,953)
Proceeds from drawdown on borrowings	950,545	1,000,000
Repayment of borrowings	-	(7,240)
Net cash generated from financing activities	201,200	545,807
Net movement in cash and cash equivalents	(2,600,370)	(113,267)
Cash and cash equivalents at the beginning of the period	7,508,826	4,067,550
<b>Cash and cash equivalents at the end of the period</b>	<b>4,608,457</b>	<b>3,954,283</b>

The notes on pages 8 to 13 are an integral part of these financial statements.

## **Selected explanatory notes to the interim consolidated financial statements**

### **1. General information**

The principal activity of Hudson Malta p.l.c (the "Company") is to own the entities operating the retail stores in Malta for the Hudson Holdings Limited group (the "Hudson Group"), of which the Company is a fully owned subsidiary. In 2021 the Hudson Group acquired Trilogy Limited, a Maltese company operating retail stores in Malta. Subsequently the equity stake in Trilogy was transferred to the Company so that Trilogy Limited became a subsidiary along with Hudson Malta Sales Ltd (formerly Time International (Sport) Limited).

The interim consolidated financial statements include the financial statements of Hudson Malta plc and its subsidiaries (the Group). The condensed interim financial information has been extracted from the Company's unaudited consolidated financial information as at 30 June 2022.

### **2. Basis of preparation**

The principal accounting policies applied in the preparation of these financial statements are set out below.

The condensed consolidated interim financial information as at and for the six-month period ended 30 June 2022 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting'). These financial statements have not been audited nor reviewed by the Company's independent auditors. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those of the annual financial statements of Hudson Malta p.l.c. for the year ended 31 December 2021, as described in those financial statements.

#### *New and amended standards adopted by the Group*

A number of amended standards became applicable for the current reporting period. There is no impact on the adoption of these revisions on the Group's accounting policies and on the Group's financial results.

#### *Impact of standards issued but not yet applied by the Group*

Certain amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not mandatory for the Group's accounting periods beginning after 1 January 2022.

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

### 3. Fair values of financial instruments

The Group is required to disclose fair value measurements by level of a fair value measurement hierarchy for financial instruments (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair value measurements using:

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

At 30 June 2022 and 31 December 2021, the carrying amounts of financial instruments not carried at fair value comprising cash at bank, receivables, borrowings, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realization.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### 4. Fair values of non-financial instruments

Intangible assets held by the Group mainly consist of goodwill arising on the excess of the purchase price attributable to acquisitions in previous years over the carrying amount of net assets acquired allocated to the identifiable assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the Group as intangible assets with a finite life are amortised, whereas intangible assets with an indefinite life and goodwill are not amortised.

The recoverable amount of the cash-generating unit (CGU), to which the intangible asset was allocated, as at 30 June 2022 was determined based on value in use (VIU) calculations consistent with the methods used as at 31 December 2021 (for further details refer to Note 4 of the 2021 annual report). It was determined that as 31 December 2021, the recoverable amount of the CGU exceeded its carrying amount by €3,641,000 and consequently, no impairment charge was required for 2021.

Furthermore, management had determined that impairment of intangible assets involves critical accounting estimates. The recoverable amount of this CGU would equal its carrying amount if the post-tax discount rate is increased from 8.4% to 14% or projected annual EBITDA is 13% lower.

For the purposes of these interim condensed financial statements, management has considered the key assumptions considered in the impairment assessment performed for 31 December 2021, and in view of the significance of the headroom between the recoverable amount and the carrying amount, determined that there are no significant deviations and changes in estimates which indicate that an impairment is required as at 30 June 2022.

The VIU of the CGU, as a result of this assessment, remains in excess of the carrying amounts by a comfortable headroom.

**5. Segment Information**

**5.1 Operating segments**

The Group's internal reporting organisation and structure is such that its retail and wholesale operations are treated as one business segment. This comprises the Group's fashion and sportswear retail and wholesale operations in Malta.

Cash flows generated and returns secured from the different services are significantly interdependent, also in the context of commonality of risks to which the Group is exposed as a result of the provision of these services and in the context of commonality of customer base.

**5.2 Information about geographical segments**

The Group's revenues are derived from operations carried out in Malta and Italy. Considering the nature of the Group's activities, its non-current assets are located in Malta.

**5.3 Information about major customers**

The Group does not have any particular major customer, as it largely derives revenue from a significant number of customers availing of its services. Accordingly, the Group does not deem necessary any relevant disclosures in respect of reliance on major customers.

**6. Property, plant and equipment**

*Acquisitions and disposals*

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with a cost of €425,168 (six months ended 30 June 2021: €1,867,144), while it disposed of property, plant and equipment with a cost of €101,922 (six months ended 30 June 2021: €9,061). The acquired assets mainly represent furniture and fit-outs for retail outlets.

7. Borrowings – Bond issue

	As at 30 June 2022 € Unaudited	As at 31 December 2021 € Audited
<b>Non-current</b>		
(4.35%) bonds 2026	11,892,786	11,878,488
Bank loan	2,029,218	1,561,387
	<b>13,922,004</b>	<b>13,439,875</b>
<b>Current</b>		
Bank overdrafts	182,943	341,781
Bank loan	374,372	369,121
	<b>557,315</b>	<b>710,902</b>
<b>Total borrowings</b>	<b>14,479,319</b>	<b>14,150,777</b>

The bond is measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bond, using the effective interest rate as set out below:

	As at 30 June 2022 € Unaudited	As at 31 December 2021 € Audited
<b>Face Value</b>		
(4.35%) bonds 2026	12,000,000	12,000,000
Bond Issue Costs	(228,745)	(228,745)
Accumulated Amortisation	121,531	107,233
<b>Closing net book value</b>	<b>107,214</b>	<b>121,512</b>
<b>Amortised costs as 30 June 2022</b>	<b>11,892,786</b>	<b>11,878,488</b>

**8. Investments in subsidiaries**

The subsidiaries as at 30 June 2022 are shown below. Unless otherwise stated, they have share capital consisting solely of ordinary shares.

Subsidiary	Voting rights held by the Group 2022	Interest held directly by the Company 2022	Interest held by the Group 2022
Hudson Malta Sales Ltd	100.0%	100.0%	100.0%
Trilogy Limited (note 11)	100.0%	100.0%	100.0%

The registered office of the subsidiaries is *Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta*.

**9. Contingent liabilities**

As at 30 June 2022, the Group provided third parties with guarantees amounting to €3,395,148 (31 December 2021: €3,395,148).

The Group's bank facilities are mainly secured by first general hypothecs and guarantees over Hudson Holdings Group's assets.

As part of the deal to acquire Trilogy Limited, the Group agreed to pay a contingent consideration to the former shareholders based on target equity value of Hudson Holdings Limited for the five years subsequent to effective acquisition date. The agreed maximum contingent consideration is €1,650,000 and as of 30 June 2022 management has determined that the value of the contingent consideration is €Nil.

## 10. Related party transactions

The Company is a wholly owned subsidiary of Hudson Holdings Limited, the registered office of which is situated at Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta.

The Company has related party transactions with its ultimate parent company and entities controlled by it in the normal course of business.

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

	<b>Group</b>	
	<b>Period from 1 January to 30 June 2022 Unaudited €</b>	<b>Period from 1 January to 30 June 2021 Unaudited €</b>
<b>Revenue</b>		
Sales - related parties	<b>1,483,496</b>	1,351,944
Interest income - related parties	<b>200,115</b>	193,752
<hr/>		
<b>Expenses</b>		
Cost of sales - related parties	<b>711,776</b>	328,315
Management fees - parent	<b>1,049,267</b>	981,686
<hr/>		

## 11. Business combinations

Hudson Holdings Limited transferred its equity stake in Trilogy Limited, to Hudson Malta p.l.c. for a consideration of €6,000,000 which has been settled by way of an issue of shares to Hudson Holdings Limited. The legal effective date of the transfer of shares of Trilogy Limited from Hudson Holdings Limited to Hudson Malta p.l.c. was 31 December 2021, with the allotment of shares taking place in April 2022. However, during the financial year ending 31 December 2021, management had already started integrating the operations of Trilogy Limited into the Group, and as a result, management have concluded that effective management and control of Trilogy Limited was taken-over by Hudson Holdings Limited and consequently Hudson Malta p.l.c. on 1 July 2021. In this regard, management considers that the effective acquisition date is 1 July 2021.