# SP FINANCE p.l.c

**No. 89, The Strand,**
**Sliema,**
**Malta.**

***Co. Registration No. C-89462***

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**Ref: SPF - 51**

COMPANY ANNOUNCEMENT

**The following is a Company Announcement issued by SP Finance p.l.c. a company registered under the laws of Malta with company registration number C-89462 (the "Company") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.**

**Approval of Unaudited Interim Financial Statements 2023**

**Quote**

At a meeting held on the 28th August 2023, the Board of Directors of SP Finance p.l.c., approved the Company's Unaudited Interim Financial Statements for the six-month financial period ended 30th June 2023.

A copy of the Unaudited Interim Financial Statements are attached to this announcement and are also available for viewing in the Investor Relations section on the Company's website: https://pebbleshotelmalta.com/investor-relations/

**Unquote**

***BY ORDER OF THE BOARD***

Dr. Andrea Micallef
Company Secretary
28th August 2023

# SP FINANCE P.L.C.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE PERIOD ENDING 30TH JUNE 2023

**Company Registration Number: C 89462**

# SP FINANCE P.L.C.

**Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2023**

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# SP FINANCE P.L.C.

**Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2023**

## INTERIM DIRECTORS' REPORT

The directors hereby present their interim report together with the condensed consolidated interim financial statements of SP Finance p.l.c. and its fully owned subsidiaries (the "Group") for the period from 1 January 2023 to 30 June 2023.

The interim directors' report is being published in terms of Capital Markets Rule 5.75.2 issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, Chapter 476 of the Laws of Malta.

### Principal Activities

The Group's principal activities consist in the ownership and operation of the Pebbles Boutique Aparthotel in Sliema and the operation of the hotel Pebbles Resort in St. Paul's Bay. As from 1 April 2023 the Group has taken over the operation of a number of catering establishments comprising the MedAsia Fusion Lounge in Sliema, the MedAsia Playa in Sliema, the MedAsia Golden Sands in Golden Bay, the Noodle Box in Sliema and all the bar and restaurant venues located in the Pebbles Resort in St. Paul's Bay. A fully owned subsidiary, Med Asia Branding Ltd. – C89612 (formerly Pebbles St. Julians Limited) is involved in the ownership and exploitation of intellectual property rights.

### Review of Business

The Group registered a loss before tax of €478,158 (2022: loss of €749,707).

The decrease in the Group's pre-tax loss compared to the first six months of 2022 is mainly attributable to the following factors:

- A 54% increase in hotel operations' revenue from €1.279 million in 2022 to €1.973 million in 2023
- Revenue of €1.604 million from the operation of the catering establishments that were introduced within the Group on 1 April 2023
- An 80% increase in gross profit from €479,195 in 2022 to €863,552 in 2023.

The depreciation charge of €701,581 and finance costs of €445,449 in 2023 were practically unchanged from 2022 (€728,951 and €418,885 respectively).

The Group's financial results continue to show a marked improvement over the previous years. Following the spectacular 235% increase in revenue between 2021 and 2022 as the world exited the impact of COVID-19, the revenue from hotel operations increased by a further 54% between 2022 and 2023. While the Group experienced significant increases in its operating costs, it still managed to increase its overall gross profit by 80% and reduced its loss before tax by 36% compared to the same period last year.

As stated earlier, as from 1 April 2023, the Group took over the operation of a number of catering establishments previously operated by related companies outside the Group. In the three-month period from 1 April 2023 to 30 June 2023 these outlets generated €1.604 million in revenue and achieved a gross profit of €468,757 and a profit before tax of €182,431. Unfortunately, bad weather in April and May delayed the opening of the beach club operated by the Group and caused extensive damage to the premises, both of which negatively affected the financial results.

As with all Groups operating in the hospitality sector, the second six months of the year typically generate for the SP Finance Group almost 70% of its annual revenue. On the basis of the encouraging results of the first six months of the year and the level of bookings for the rest of the year, it is expected that the Group's financial performance will continue to improve significantly such that the targets set for this year will likely be achieved.

**Risks and uncertainties for the remaining six months of 2023**

The hospitality and travel sector in Malta, similarly to competing tourist destinations, appears to have completely recovered from the COVID-19 pandemic and it is expected that inbound tourism numbers in 2023 will exceed pre-pandemic levels. Through the operation in the summer months of the 'Bora Bora Ibiza Malta' music hotel in St. Paul's Bay the Group is well-positioned to take advantage not only of the upsurge in tourist numbers but also of Malta's marked shift to a younger, fun-loving tourist profile.

The war in Ukraine which has now been ongoing for more than eighteen months continues to fuel not only geopolitical uncertainty but also serious disruptions in energy and food supplies. The supply-side inflationary pressures it triggered in 2022 are not yet fully under control despite central bank authorities' interventions to raise interest rates to levels not seen in the last two decades.

While in Malta government continues to subsidize energy prices, there is growing concern whether this is sustainable in the medium term. Any inflationary pressures that may result from the tapering off of energy subsidies, together with the availability and cost of labour are the main risks and uncertainties facing the Group in the remaining six months of 2023.

**Dividends**

The Directors do not propose the payment of an interim dividend.

Approved by the Board of Directors on 28 August 2023 and signed on its behalf by:

Mr Joseph Casha
Director

Mrs Josephine Casha
Director

## Directors' Statement Pursuant to Capital Markets Rule 5.75.3 Issued by the Malta Financial Services Authority

We confirm that to the best of our knowledge:

1. The condensed consolidated interim financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 30 June 2023 and of its financial performance and its cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).

2. The interim directors' report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

The condensed consolidated interim financial statements have not been audited or reviewed by the Company's auditors.

Mr Joseph Casha
Director

Mrs Josephine Casha
Director

28th August 2023

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

***FOR THE 6 MONTHS ENDING 30th JUNE 2023***

| | **30 June 2023** | 30 June 2022 |
|---|---|---|
| | **€** | € |
| **Revenue** | **3,577,163** | 1,279,444 |
| Cost of sales | **(2,713,611)** | (800,249) |
| **Gross profit** | **863,552** | 479,195 |
| Administrative expenses | **(282,731)** | (106,848) |
| Other operating income | **88,051** | 25,782 |
| **Profit before interest, tax and depreciation** | **668,872** | 398,129 |
| Depreciation | **(701,581)** | (728,951) |
| **Operating loss** | **(32,709)** | (330,822) |
| Finance costs | **(445,449)** | (418,885) |
| **Loss before taxation** | **(478,158)** | (749,707) |
| Tax credit | **164,110** | 245,578 |
| **Loss for the period** | **(314,048)** | (504,129) |
| Other comprehensive income | **-** | - |
| **Total comprehensive income/(loss)** | **(314,048)** | (504,129) |

The notes on pages 8 to 10 are an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

***AS AT 30th JUNE 2023***

| | Notes | **30 June 2023** | 31 December 2022 |
|---|---|---|---|
| | | **€** | € |
| **ASSETS** | | | |
| Non-current assets | | **42,135,280** | 35,832,170 |
| Current assets | | **1,862,922** | 959,815 |
| **Total assets** | | **43,998,202** | 36,791,985 |
| **EQUITY** | | **13,111,935** | 13,425,983 |
| **LIABILITIES** | | | |
| Non-current liabilities | 4 | **25,945,196** | 19,660,166 |
| Current liabilities | | **4,941,071** | 3,705,836 |
| **Total liabilities** | | **30,886,267** | 23,366,002 |
| **Total equity and liabilities** | | **43,998,202** | 36,791,985 |

The notes on pages 8 to 10 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 4 to 10 were authorised for issue by the board of directors on 28 August 2023 and were signed on its behalf by:

Mr Joseph Casha
Director

Mrs Josephine Casha
Director

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

***FOR THE 6 MONTHS ENDING 30th JUNE 2023***

| | Share capital € | Share premium € | Revaluation reserve € | Fair value gain reserve € | Other reserve € | Retained earnings/ (Accumulated losses) € | Total € |
|---|---|---|---|---|---|---|---|
| **Balance as at 31st December 2021** | 250,000 | 17,750,000 | 14,799,920 | 2,938,013 | (17,531,725) | (2,227,322) | 15,978,886 |
| Loss for the period | - | - | - | - | - | (504,129) | (504,129) |
| **Balance as at 30th June 2022** | 250,000 | 17,750,000 | 14,799,920 | 2,938,013 | (17,531,725) | (2,731,451) | 15,474,757 |
| Loss for the period | - | - | - | - | - | (2,048,774) | (2,048,774) |
| **Balance as at 31st December 2022** | 250,000 | 17,750,000 | 14,799,920 | 2,938,013 | (17,531,725) | (4,780,225) | 13,425,983 |
| Loss for the period | - | - | - | - | - | (314,048) | (314,048) |
| **Balance as at 30th June 2023** | **250,000** | **17,750,000** | **14,799,920** | **2,938,013** | **(17,531,725)** | **(5,094,273)** | **13,111,935** |

The notes on pages 8 to 10 are an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

***FOR THE 6 MONTHS ENDING 30th JUNE 2023***

| | **30 June 2023** | 30 June 2022 |
|---|---|---|
| | **€** | € |
| **Cashflow from operating activities** | **626,962** | 406,347 |
| **Cashflow from investing activities** | **(101,639)** | (41,006) |
| **Cashflow from financing activities** | **(544,489)** | (497,347) |
| **Net movement in cash and cash equivalents** | **(19,166)** | (132,006) |
| Cash and cash equivalents at beginning of period | **(335,183)** | (142,040) |
| **Cash and cash equivalents at end of period** | **(354,349)** | (274,046) |

The notes on pages 8 to 10 are an integral part of these condensed consolidated interim financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Corporate information

SP Finance p.l.c. (the Company) is a limited liability company which was registered in Malta on 19 November 2018.

The condensed consolidated interim financial statements include the financial statements of SP Finance p.l.c. and its subsidiaries (the Group), and cover the period 1 January 2023 to 30 June 2023.

### 2. Basis of preparation

These condensed consolidated interim financial statements for the six month period ending 30 June 2023 have been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention as modified by the fair valuation of the land and buildings class of property, plant and equipment and investment property. These financial statements have not been audited nor reviewed by the company's independent auditors.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the period ending 31 December 2022, which have been prepared in accordance with IFRSs as adopted by the EU.

### 3. Significant accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the annual financial statements for the period ending 31 December 2022.

The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The changes resulting from these standards, interpretations and amendments are not expected to have a material effect on these financial statements. The Company will adopt the changes in standards on their effective date.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. Non-current liabilities

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **€** | € |
| Borrowings: | | |
| Bank borrowings | **737,973** | 1,046,417 |
| Bonds (note i) | **11,815,772** | 11,799,983 |
| Third party borrowings | **33,337** | 133,334 |
| | **12,587,082** | 12,979,734 |
| Lease liability long term | **4,282,846** | 4,418,892 |
| Related party balances | **6,813,728** | - |
| Deferred tax liability | **2,261,540** | 2,261,540 |
| | **25,945,196** | 19,660,166 |

i) The debts securities are disclosed at the value of the proceeds less the net book amount of the transaction costs as follows:

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **€** | € |
| **Face value of bonds** | | |
| Bonds | **12,000,000** | 12,000,000 |
| Issue costs | **(315,822)** | (315,822) |
| Accumulated amortisation | **131,594** | 115,805 |
| | **(184,228)** | (200,017) |
| **Amortised cost** | **11,815,772** | 11,799,983 |

By virtue of the Prospectus dated 8 April 2019, SP Finance p.l.c issued for subscription by the general public 120,000 secured bonds having a nominal value of €100 each for an aggregate principal amount of €12,000,000. These bonds have been issued at par.

The bonds are subject to a fixed interest rate of 4% per annum payable on the 3 May of each year up to redemption date. All bonds, unless previously purchased and cancelled, will be redeemed on 3 May 2029.

The bonds are subject to the terms and conditions in the prospectus and are listed on the Malta Stock Exchange. The quoted market price as at 30th June 2023 for the 4% secured Bonds was €101.00 (31st December 2022: €96.00).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. Related party transactions

During the course of the period the Group entered into transactions with related parties. These transactions have been carried at arm's length. The related party transactions in question were:

| | **30 June 2023** | 30 June 2022 |
|---|---|---|
| | **€** | € |
| **Other operating income** | | |
| Commonly controlled entities | | |
| Rental income | **61,500** | 10,000 |
| Royalties received | **11,569** | - |
| | **73,069** | 10,000 |
| **Other operating expenses** | | |
| Commonly controlled entities | | |
| Direct costs | **594,082** | - |
| | **594,082** | - |
| **At the end of the period** | **667,151** | 10,000 |