

SP FINANCE p.l.c

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

Co. Registration No. C-89462

Ref: SPF - 60

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 Capital Markets Rules issued by the Malta Financial Services Authority.

Approval and Publication of Interim Financial Statements 2024

Quote

At a meeting held on the 29th August 2024, the Board of Directors of SP Finance p.l.c., approved the Company's Interim Unaudited Financial Statements for the six-month financial period ended 30th June 2024.

A copy of the Interim Financial Statements is 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



Dr. Andrea Micallef
Company Secretary
29th August 2024

SP FINANCE P.L.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30TH JUNE 2024

Company Registration Number: C 89462

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

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 2024 to 30 June 2024.

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 Pebbles Resort in St. Paul's Bay. As from 1 April 2023 the Group operates a number of catering establishments comprising the MedAsia Fusion Lounge, the MedAsia Playa and the Noodle Box, all situated in Sliema, the MedAsia Golden Sands in Golden Bay 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) owns and exploits intellectual property rights.

In the beginning of January 2024 the Pebbles Boutique Aparthotel in Sliema closed for a two-year conversion project which will transform it into a 110 units / 300-bed 3-star hotel and self-catering apartments, scheduled to open in late 2025.

Review of Business

The Group's revenue during this period amounted to €4,085,121 compared to €3,577,163 in the corresponding period of 2023 (+14%) while the loss before tax in 2024 was €729,760 compared to a loss of €478,158 in 2023 (+52%).

The increase in the Group's pre-tax loss by €251,602 over the corresponding period of 2023 is principally attributable to the following factors:

- The temporary closure of the Pebbles Boutique Aparthotel in the first six months of 2024, which hotel had generated a profit of €106,887 in the corresponding period of 2023.
- The financial results from the catering operations in 2024 include the loss-making months of January to March which were excluded in the previous period as this business was acquired by the Group on 1 April 2023. Consequently, while revenue from this line of business increased by 44% compared to 2023, the profit of €182,431 achieved in 2023 turned into a loss of €61,796 in 2024.
- The Group's sales mix between the accommodation and catering businesses which in 2023 was 55% - 45% was inverted in 2024 mostly because of the temporary closure of the Pebbles Boutique Aparthotel and the fact that this period includes six full months of catering results compared to three months last year. This negatively affected the Group's net profit margin due to the higher margins in the accommodation compared to the catering part of the business.

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- The depreciation charge of €725,495 and finance costs of €475,661 in 2024 were slightly more than the corresponding figures of 2023 (€701,581 and €445,449 respectively) and in total contributed €54,126 to the increase in losses in 2024.
- The above factors driving the increase in this year's losses were partly offset by the strong results achieved by the Pebbles Resort / Bora Bora Ibiza Malta in St. Paul's Bay which experienced an increase in its revenue by €471,142 (+34%) resulting in a decrease in its losses by €225,030 (-52%).

As in previous years, the Group continued to experience strong growth in revenue especially in its accommodation part of the business. This is projected to continue in the second half of the year in view of very good results in July and August 2024 and strong bookings for the rest of the year in the Pebbles Resort / Bora Bora Ibiza Malta in St. Paul's Bay.

As stated above, these strong revenue figures did not translate into higher profitability, mostly because of the temporary closure of the Pebbles Boutique Aparthotel and also due to the tight margins which the catering business continues to face.

Risks and uncertainties for the remaining six months of 2024

The temporary closure of the Pebbles Boutique Aparthotel, which is expected to re-open in late 2025, signifies that the Group currently operates only one hotel, the Pebbles Resort in St. Paul's Bay which in summer operates as a music hotel under the renowned franchise of Bora Bora Ibiza Malta.


Every year since the end of the pandemic, this hotel has consistently outperformed both projections and prior year's results, having successfully positioned itself to take full advantage not only of the upsurge in tourist numbers but also of the shift in Malta's inbound tourism market to a younger, fun-loving tourist profile.

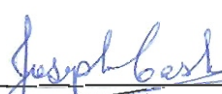
As stated above, the results for July and August 2024 continue to show a significant improvement over last year's figures and projections for these months. This, combined with strong bookings for the rest of the year, excellent customer reviews and very good business relationships with music event organizers augur well for a strong performance for the whole of 2024 which should offset the strong competition and tight margins being experienced in the catering side of the business.

Dividends

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

Approved by the Board of Directors on 29 August 2024 and signed on its behalf by:


Mr. Joseph Casha
Director


Mrs. Josephine Casha
Director

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

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

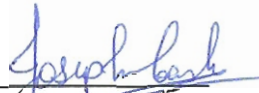
We confirm that to the best of our knowledge:

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 2024 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

29th August 2024

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDING 30th JUNE 2024

	30 June 2024	30 June 2023
	€	€
Revenue	4,085,121	3,577,163
Cost of sales	(3,385,654)	(2,713,611)
Gross profit	699,467	863,552
Administrative expenses	(239,666)	(282,731)
Other operating income	11,595	88,051
Profit before interest, tax and depreciation	471,396	668,872
Depreciation	(725,495)	(701,581)
Operating loss	(254,099)	(32,709)
Finance costs	(475,661)	(445,449)
Loss before taxation	(729,760)	(478,158)
Tax credit	294,602	164,110
Loss for the period	(435,158)	(314,048)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(435,158)	(314,048)

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

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

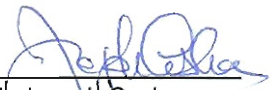
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

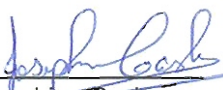
AS AT 30th JUNE 2024

	Notes	30 June 2024 €	31 December 2023 €
ASSETS			
Non-current assets		39,744,022	40,014,941
Current assets		3,407,988	3,242,917
Total assets		43,152,010	43,257,858
EQUITY			
		17,472,016	17,907,174
LIABILITIES			
Non-current liabilities	4	17,906,672	18,793,695
Current liabilities		7,773,322	6,556,989
Total liabilities		25,679,994	25,350,684
Total equity and liabilities		43,152,010	43,257,858

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 29 August 2024 and were signed on its behalf by:


Mr Joseph Casha
Director


Mrs Josephine Casha
Director

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDING 30th JUNE 2024

	Share capital €	Share premium €	Revaluation reserve €	Fair value gain reserve €	Other reserve €	Retained earnings/ (Accumulated losses) €	Total €
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
Capitalisation reserve					4,614,814		4,614,814
Loss for the period	-	-	-	-	-	180,425	180,425
Balance as at 31st December 2023	250,000	17,750,000	14,799,920	2,938,013	(12,916,911)	(4,913,848)	17,907,174
Loss for the period	-	-	-	-	-	(435,158)	(435,158)
Balance as at 30th June 2024	250,000	17,750,000	14,799,920	2,938,013	(12,916,911)	(5,349,006)	17,472,016

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

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDING 30th JUNE 2024

	30 June 2024	30 June 2024
	€	€
Cashflow from operating activities	992,718	626,962
Cashflow from investing activities	(238,224)	(101,639)
Cashflow from financing activities	(880,408)	(544,489)
Net movement in cash and cash equivalents	<u>(125,914)</u>	<u>(19,166)</u>
Cash and cash equivalents at beginning of period	(728,694)	(335,183)
Cash and cash equivalents at end of period	<u>(854,608)</u>	<u>(354,349)</u>

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

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

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 2024 to 30 June 2024.

2. Basis of preparation

These condensed consolidated interim financial statements for the six month period ending 30 June 2024 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 2023, 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 2023.

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.

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2024

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Non-current liabilities

	30 June 2024 €	31 December 2023 €
Borrowings:		
Bank borrowings	77,062	405,329
Bonds (note i)	11,847,354	11,831,563
	<u>11,924,416</u>	<u>12,236,892</u>
Lease liability long term	3,704,760	4,279,307
Deferred tax liability	2,277,496	2,277,496
	<u>17,906,672</u>	<u>18,793,695</u>

- 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 2024 €	31 December 2023 €
Face value of bonds		
Bonds	12,000,000	12,000,000
	<u>12,000,000</u>	<u>12,000,000</u>
Issue costs	(315,822)	(315,822)
Accumulated amortisation	163,176	147,385
	<u>(152,646)</u>	<u>(168,437)</u>
Amortised cost	<u>11,847,354</u>	<u>11,831,563</u>

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 2024 for the 4% secured Bonds was €98.90 (31st December 2023: €92.01).

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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 2024	30 June 2023
	€	€
Other operating income		
<u>Commonly controlled entities</u>		
Rental income	-	61,500
Royalties received	-	11,569
	<hr/>	<hr/>
	-	73,069
Other operating expenses		
<u>Commonly controlled entities</u>		
Direct costs	598,262	594,082
	<hr/>	<hr/>
	598,262	594,082
At the end of the period	<hr/>	<hr/>
	598,262	667,151