



STIVALA GROUP FINANCE P.L.C.

Condensed Consolidated
Interim Financial Statements

For the period 01 January 2023 to 30 June 2023

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Interim Directors' Report

This Half-Yearly Report is being published in terms of Chapter 5, Rule 5.75 of the Capital Markets Rules of the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, Chapter 476 of the Laws of Malta. The condensed set of financial statements included in this report has been extracted from Stivala Group Finance p.l.c.'s unaudited financial information for the six months commencing 01.01.2023 to 30.06.2023 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This half yearly report has not been audited or reviewed by the Company's auditors.

Principal Activities

The Group's main business is the acquisition of real estate for long term investment purposes, principally in Gzira, Msida, Sliema and St. Julians areas. Once acquired, the Group is engaged in the development of these properties and their conversion into residential and commercial properties. Most properties are retained by the Group to generate rental revenues both from short letting and tourist accommodation as well as from long-term residential, office and retail lets. Recently the Group has also developed a residential area site in Msida for resale.

Business Review

During the six-month period that ended on 30 June 2023, the Company registered a profit before tax of €20,994,255 (profit of €5,139,987 June 2022).

The economy of Malta continued to expand with practically no impact from the Russian invasion of Ukraine. The effect of COVID-19 pandemic on the Maltese economy has now vanished and international tourism is strong. The Group is foreseeing to superceed the results of 2022 with revenue stream from hotels, leasing of property and sale of residential properties.

People have returned to normality when it comes to travelling and this is certainly the best indicator for our industry. We also recognize the fact that the property letting division of the Group remained strong during the first half of 2023. Furthermore, the short let accommodation is even stronger than 2022.

The Group is committed to continue investing and expanding its' portfolio and it is currently working on the development of different projects including the construction of ST Tower in Ta' Xbiex which has been finalised and is currently being finished with the aim to lease the commercial building. The Group is in talks with several potential tenants and is targeting to lease the property by the end of 2023. Alavits Hotel and ST Edu Centre (previously referred to as Ponsomby Hotel and School) in Gzira was opened for business in mid June 2023. Msida Park Residence which include 54 apartments have been mostly sold in finished state with few remaining units on Promise of sale. The Group has demolished a site of 54 apartments (Blubay Suites) in Gzira and surrounding buildings. The demolishing and foundation has been finalised, surrounding third party properties have been reinforced and construction has commenced. This site will be transformed to a 4 Star hotel, having a total of 292 rooms and introducing the first Novotel Hotel in Malta. The hotel is set to open in April 2025.

Other projects which are in the pipeline include the demolishing and redevelopment of the 70-room Sliema Hotel and development of a 165-room 5-star hotel at an estimated cost of €10.5 million. The Group has signed another franchise agreement to operate the said hotel under the "Movenpick" brand name. Closure of the Sliema Hotel will take place after the new Novotel Hotel is completed and fully operational. The Group has permits in hand to develop other sites in Gzira and nearby areas.

As we look out over the next several years, we believe our property portfolio is poised to capitalise on major trends we positively see impacting the Group's business activities. Focusing on hospitality, we believe firmly in the resilience of travel which lead us to be optimistic about the future of our Group and the tourism industry in Malta

The published figures have been extracted from the unaudited interim financial statements for the six-month period ending 30 June 2023.

Interim Directors' report - continued

Dividends

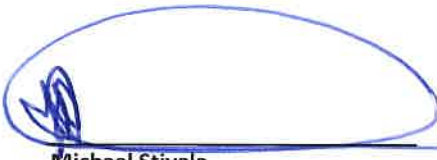
The Board of Directors has resolved to determine the extent of any dividend distribution for 2023 on the basis of the full year results. Accordingly, no dividends are declared upon the issue of the results for the six-month period ended 30 June 2023.

Director's statement pursuant to Capital Markets Rules

We hereby confirm that to the best of our knowledge:

1. the condensed consolidated Interim financial statements gives a true and fair view of the financial position of the company as at 30 June 2023 and of its financial performance and its cash flows for the period then ended in accordance with the IFRS 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 5.81.1]

Approved by the Board of Directors on 23rd August 2023 and signed on its behalf by:



Michael Stivala
Director



Ivan Stivala
Director



Martin John Stivala
Director

Registered Office:
Bayview Hotel
143, The Strand
Gzira
GZR1026
Malta

STIVALA GROUP FINANCE P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 01 January 2023 to 30 June 2023

Condensed Consolidated Interim Statement of financial position

		As at 30.06.23	As at 31.12.22
		(unaudited)	(audited)
	Notes	€	€
ASSETS			
Non-current assets			
Intangible Assets		13,400	5,400
Right of use Asset		293,164	382,399
Investment Property	3	207,214,409	200,373,877
Property, plant and equipment	3	164,074,056	158,599,395
Deferred Tax asset		9,379,080	12,692,209
Investment in associates	4	262,343	273,585
		<u>381,236,453</u>	<u>372,326,865</u>
Current Assets			
Inventory	5	22,458	16,783
Property held for sale	5	276,601	2,451,601
Trade and other receivables		8,584,585	11,849,355
Bank and cash equivalents	2	2,650,116	1,588,455
Other Financial Assets		16,304,410	8,320,289
		<u>27,838,170</u>	<u>24,226,483</u>
Total Assets		<u>409,074,623</u>	<u>396,553,348</u>

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Condensed Consolidated Interim Statement of financial position - continued

		As at 30.06.23 (unaudited) €	As at 31.12.22 (audited) €
EQUITY AND LIABILITIES	Notes		
Capital and reserves			
Called up issued share capital	6	255,000	255,000
Incentives & benefits reserves		0	0
Retained earnings		28,166,534	11,211,356
Revaluation Reserve		237,788,861	237,788,861
Total Equity		266,210,395	249,255,217
LIABILITIES			
Non-current liabilities			
Long term Borrowings	7	30,948,517	25,749,011
Other non current-liabilities	8	59,760,000	59,730,000
Finance Lease liability		197,628	225,046
Deferred tax liability		28,602,563	28,602,563
Total Non current liabilities		119,508,709	114,306,620
Current liabilities			
Current borrowings	2,7	7,093,380	17,365,456
Trade and other payables		13,073,753	12,807,664
Finance Lease liability		101,805	169,904
Current tax liabilities		3,086,581	2,648,487
Total Current liabilities		23,355,520	32,991,511
Total equity and liabilities		409,074,623	396,553,348

The notes on pages 8 to 11 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 3 to 12 were authorised for issue by the Board on 23rd August 2023 and were signed on its behalf by :

Michael Stivala
Director

Martin Stivala
Director

Ivan Stivala
Director

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Condensed Consolidated Statement of comprehensive Income

	Notes	6 months Jan - Jun 2023 (unaudited) €	6 months Jan - Jun 2022 (unaudited) €
Revenue	9	25,796,706	10,972,077
Cost of sales		(6,849,562)	(908,238)
Gross operating Profit		<u>18,947,144</u>	<u>10,063,839</u>
Other Net operating costs		(2,170,673)	(1,851,154)
EBITDA		<u>16,776,471</u>	<u>8,212,685</u>
Depreciation & Amortisation		(1,838,418)	(1,275,469)
Operating Profit		<u>14,938,053</u>	<u>6,937,215</u>
Share of results of associated undertakings		13,445	(515)
Dividend income		63,750	0
Revision of ECL provision	10	8,057,776	0
Net Finance Costs		(2,078,769)	(1,796,714)
Profit before tax		<u>20,994,255</u>	<u>5,139,987</u>
Taxation		(4,039,077)	(1,353,492)
Profit for the period		<u>16,955,178</u>	<u>3,786,495</u>
Total Comprehensive income		<u><u>16,955,178</u></u>	<u><u>3,786,495</u></u>

Condensed Consolidated Interim Statement of changes in Equity

	Share Capital €	Revaluation Reserve €	Retained Earnings €	Incentives & Benefits €	Total €
At 31 Dec 2022	255,000	237,788,861	11,211,356	0	249,255,217
Profit for the period	0	0	16,955,178	0	16,955,178
Dividends Paid	0	0	0	0	0
Total Comprehensive income	0	0	16,955,178	0	16,955,178
At 30 June 2023	255,000	237,788,861	28,166,534	0	266,210,395

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Condensed Consolidated Interim Statement of Cash Flows

	Notes	6 months Jan - Jun 2023 Unaudited €	6 months Jan - Jun 2022 Unaudited €
Net cash from operating activities		7,138,386	5,419,527
Net cash from investing activities		(11,696,339)	(11,384,724)
Net cash from financing activities		5,072,569	4,022,176
Net movement in cash and cash equivalents		514,616	(1,943,020)
Cash and cash equivalents at beginning of year		90,397	199,234
Cash and cash equivalents at end of year		605,013	(1,743,786)
Cash and cash equivalents at beginning of year			
Cash at bank and in hand	2	2,650,116	462,881
Bank overdrafts	2	(2,045,103)	(2,206,667)
		605,013	(1,743,786)

Notes to the condensed consolidated interim financial statements

1 Basis of operation

These condensed consolidated interim financial statements have been prepared in accordance with Internal Accounting Standards 34 - 'Interim Financial Reporting', and have been extracted from the company's unaudited accounts for the six month period commencing 01 January 2023 to 30 June 2023. The half yearly results have been published in terms of the Capital Markets Rules of the Malta Financial Services Authority.

1.1 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.2 Investment Property

Investment Property comprises residential apartments and commercial properties leased out to third parties.

Notes to the condensed consolidated interim financial statements - continued

2 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Jan - Jun 2023 Unaudited €
Cash at bank and in hand	2,650,116
Bank overdrafts	(2,045,103)
	605,013

Cash at bank is included within current assets whilst bank overdrafts are included within the current liabilities (Short-term borrowings) in the statement of financial position.

3 Property, Plant & Equipment

The fair value is based on a valuation made by a Directors on 31st December 2021.

4 Investment in Associates

Company	<u>Registered Address</u>	<u>% of ordinary capital held</u>
		Jan - Jun 2023
Platinum Developments Ltd	143, The strand, Gzira GZR 1026, Malta	50
Civala Limited	Vincenti Buildings 22/25, Strait street, Valletta, VLT1432, Malta	50
Sliema Creek Lido Limited	No.2, Geraldus Farrugia Street Zebbug, ZBG 4351, Malta	33.33
Aqualuna Lido Limited	No.2, Geraldus Farrugia Street Zebbug, ZBG 4351, Malta	33.33

Notes to the condensed consolidated interim financial statements - continued

5	Inventory	Jan - Jun 2023
		Unaudited
		€
	Goods held for resale	22,458
	Property for resale	276,601
		299,059
6	Share capital	Jan - Jun 2023
		Unaudited
		€
	Authorised	
	500,000 ordinary shares of €1 each	500,000
		500,000
	Called up issued and fully paid-up	
	255,000 ordinary shares of €1 each	255,000
		255,000

Each ordinary share gives the right to 1 vote, participates equally in profits distributed by the company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

7 Long Term Borrowings

Bank Loans

The bank loans are secured by a general hypothec over the company's assets, by guarantees of the parent company, by a special hypothec over property in Gzira, by pledges taken over various insurance policies, and by personal guarantees of the directors. A bank loan amounting to €9,187,530 bears interest at 3% per annum and is repayable at monthly installments of €61,516 inclusive of interest. Another loan amounting to €4,000,000 bears interest at 4% per annum and is repayable at aggregate monthly instalments of €40,605 inclusive of interest. On 11th October 2018 another loan drawdown was granted amounting to €5,000,000 bearing an interest rate of 4% and is repayable over 120 months commencing on 1st May 2019 of €50,755 monthly installments inclusive interest. On the 4th of June 2020, the Group applied for the MBD COVID-19 Assist loan amounting to €4,477,502 which bears interest rate of 2.5% per annum and it is repayable over a period of 6 years. During 2021 ST Hotels took a loan amounting to €2,237,748 to refurbish Bayview Hotel at The Strand in Gzira. The loan bears interest rate of 4% per annum and it is repayable over a period of 11 years. During 2022 Carmelo Stivala Group Ltd took a temporary increase of €2,600,000 to honour a promise of sale, which will be converted to loan. During 2023 Carmelo Stivala Group took a loan of €10,000,000 to part finance the construction of ST Tower in Ta' Xbiex. The Group has a sanction letter in hand for an additional loan of €16,000,000 to delope Novotel Hotel in Gzira.

Notes to the condensed consolidated interim financial statements - continued

8 Other non current liabilities

	Jan - Jun 2023 Unaudited €
Face value	60,000,000
Bond issue costs	(600,000)
Bond issue costs amortisation b/f	330,000
Bond issue costs amortisation for the period	30,000
Amortised cost as at 30 June 2023	59,760,000

9 Revenue

The revenue is generated mainly from rental income of €4,212,179 (€3,940,362 June 2022) from various properties, the operation of three 3 star hotels (Bayview Hotel, Azur Hotel & Sliema Hotel) and Blubay Suits and Apartments, which generated €7,306,160 (€6,311,715 June 2022). In mid June 2023 Alavits Hotel was added to the hotels portolio. Carmelo Stivala Group Ltd generated €14,278,366 from sale of residential apartments at Msida Park Residence in Gzira and a number of plots in Handaq (€720,000 June 2022)

10 Revision of ECL Provision

The revision of ECL provision is derived from a balance between Carmelo Stivala Group and North Harbour Limited which is expected to be repaid over 2 years.

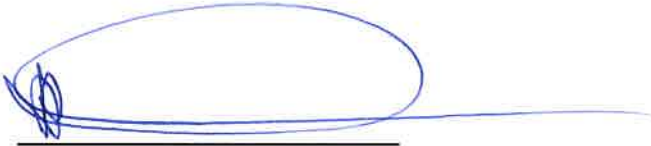
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Directors' statement Pursuant to Capital Market Rule 5.75.3

I confirm to the best of my knowledge:

- the condensed consolidated interim financial information gives a true and fair view of the financial position of the group from 01st January 2023 to 30th June 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standards 34, 'Interim Financial Reporting');

- the Interim Directors' report includes a fair review of the information required in terms of Capital Market Rule 5.81 to 5.84.



Mr. Michael Stivala
Director