

SP FINANCE p.l.c

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

Co. Registration No. C-89462

Ref: SPF - 39

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.

Board Meeting to Approve the Company's Interim Financial Statements

Quote

At a meeting held on the 31st August 2022, 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 2022.

A copy of the Interim Financial Statements is attached to this announcement and is 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
31st August 2021

SP FINANCE P.L.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30TH JUNE 2022

Company Registration Number: C 89462

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2022

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2022

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 2022 to 30 June 2022.

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.

Review of Business

The Group registered a loss before tax of €749,707 (2020: loss of €1,185,959).

The significant decrease in the Group's pre-tax loss compared to the first six months of 2021 is mainly attributable to the following factors:

- An increase in revenue from €381,064 in 2021 to €1,279,444 in 2022; and
- An increase in the cost of sales from €490,680 in 2021 to €800,249 in 2022, resulting in a gross profit of €479,195 in 2022 compared to a gross loss of €109,616 in 2021.

The depreciation charge of €728,951 and finance costs of €418,885 in 2022 were practically unchanged from 2021 (€729,095 and €424,536 respectively).

The Group's financial results show a significant improvement over the same period of 2021, which is in line with expectations, following the recovery of the travel sector from the disruption caused by COVID-19 in 2020 and 2021. Group revenue increased by 235% over the same period last year and gross operating profit increased by €588,811, turning around a gross loss of €109,616 in 2021 to a gross profit of €479,195 in 2022.

In view that the second half of the year comprises three peak months compared to only one peak month during the first six months, it is expected that the Group's financial performance will continue to improve significantly during the remaining six months of 2022. This projection is also supported by the fact that accommodation income during July and August 2022 was 50% higher than that achieved during the same months of 2021.

Risks and uncertainties for the remaining six months of 2022

The key risk that the Group faces in the remaining six months of 2022 is the worsening economic situation in Europe, including the United Kingdom from where a significant percentage of the Group's clients originate.

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2022

The ongoing war in Ukraine has destabilized the European continent at a time when it was still recovering from the impact of COVID-19. As a direct consequence of the war and the sanctions imposed on it, Russia interrupted gas supplies on which its European clients depend for their electricity generation, resulting in extraordinary increases in energy prices. While European governments are taking measures to partly subsidize energy bills, it is inevitable that European industries and households will be faced with higher energy costs especially when demand surges during the autumn and winter months. The inevitable decline in European households' purchasing power and higher airfares caused by surging aviation fuel prices are expected to negatively impact international tourism at least in the latter part of 2022 and the first months of 2023.

Dividends

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

Approved by the Board of Directors on 31 August 2022 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 2022


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 2022 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

31st August 2022

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDING 30th JUNE 2022

| | 30 June 2022 € | 30 June 2021 € |
|--|-------------------|--------------------|
| Revenue | 1,279,444 | 381,064 |
| Cost of sales | (800,249) | (490,680) |
| Gross profit/(loss) | 479,195 | (109,616) |
| Administrative expenses | (106,848) | (80,295) |
| Other operating income | 25,782 | 146,472 |
| Profit/(loss) before interest, tax and depreciation | 398,129 | (43,439) |
| Depreciation | (728,951) | (729,095) |
| Operating loss | (330,822) | (772,534) |
| Finance costs | (418,885) | (424,536) |
| Modification gain on financial liabilities | - | 11,111 |
| Loss before taxation | (749,707) | (1,185,959) |
| Tax credit | 245,578 | 417,085 |
| Loss for the period | (504,129) | (768,874) |
| Other comprehensive income | - | - |
| Total comprehensive income/(loss) | (504,129) | (768,874) |

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

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2022

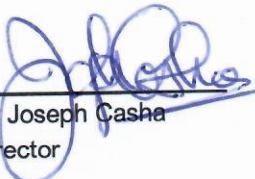
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT 30th JUNE 2022

| | Notes | 30 June 2022 € | 31 December 2021 € |
|-------------------------------------|-------|-------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | 38,112,850 | 38,555,215 |
| Current assets | | 999,588 | 1,401,376 |
| Total assets | | 39,112,438 | 39,956,591 |
| EQUITY | | | |
| | | 15,474,757 | 15,978,886 |
| LIABILITIES | | | |
| Non-current liabilities | 4 | 20,305,553 | 20,787,109 |
| Current liabilities | | 3,332,128 | 3,190,596 |
| Total liabilities | | 23,637,681 | 23,977,705 |
| Total equity and liabilities | | 39,112,438 | 39,956,591 |

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 31 August 2022 and were 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 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDING 30th JUNE 2022

| | Share capital € | Share premium € | Revaluation reserve € | Fair value gain reserve € | Other reserve € | Retained earnings/ (Accumulated losses) € | Total € |
|---|--------------------|-----------------------|-----------------------------|---------------------------------|---------------------|---|-------------------|
| Balance as at 31st December 2020 | 250,000 | 17,750,000 | 14,799,920 | 2,938,013 | (17,531,725) | (955,957) | 17,250,251 |
| Loss for the period | - | - | - | - | - | (768,874) | (768,874) |
| Balance as at 30th June 2021 | 250,000 | 17,750,000 | 14,799,920 | 2,938,013 | (17,531,725) | (1,724,831) | 16,481,377 |
| Loss for the period | - | - | - | - | - | (502,491) | (502,491) |
| 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 |

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 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDING 30th JUNE 2022

| | 30 June 2022 € | 30 June 2021 € |
|--|-------------------|-------------------|
| Cashflow from operating activities | 406,347 | (711,218) |
| Cashflow from investing activities | (41,006) | (70,879) |
| Cashflow from financing activities | (497,347) | 409,112 |
| Net movement in cash and cash equivalents | <u>(132,006)</u> | <u>(372,985)</u> |
| Cash and cash equivalents at beginning of period | (142,040) | (85,317) |
| Cash and cash equivalents at end of period | <u>(274,046)</u> | <u>(458,302)</u> |

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

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2022

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 2022 to 30 June 2022.

2. Basis of preparation

These condensed consolidated interim financial statements for the six month period ending 30 June 2022 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 2021, 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 2021.

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.

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2022

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Non-current liabilities

| | 30 June 2022 € | 31 December 2021 € |
|---------------------------|-------------------|-----------------------|
| Borrowings: | | |
| Bank borrowings | 1,362,930 | 1,532,796 |
| Bonds (note i) | 11,784,190 | 11,768,399 |
| Third party borrowings | 333,335 | 533,333 |
| | <u>13,480,455</u> | <u>13,834,528</u> |
| Lease liability long term | 4,563,558 | 4,691,041 |
| Deferred tax liability | 2,261,540 | 2,261,540 |
| | <u>20,305,553</u> | <u>20,787,109</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 2022 € | 31 December 2021 € |
|----------------------------|-------------------|-----------------------|
| Face value of bonds | | |
| Bonds | 12,000,000 | 12,000,000 |
| Issue costs | (315,822) | (315,822) |
| Accumulated amortisation | 100,012 | 84,221 |
| | <u>(215,810)</u> | <u>(231,601)</u> |
| Amortised cost | <u>11,784,190</u> | <u>11,768,399</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 2022 for the 4% secured Bonds was €102.50 (31st December 2021: €100.00).

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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 2022 € | 30 June 2021 € |
|-------------------------------------|-------------------|-------------------|
| Other operating income | | |
| <u>Commonly controlled entities</u> | | |
| Rental income | 10,000 | 51,200 |
| Service fee | - | 25,940 |
| | <hr/> | <hr/> |
| | 10,000 | 77,140 |
| | | |
| Other operating expenses | | |
| <u>Commonly controlled entities</u> | | |
| Direct costs | - | 39,283 |
| | <hr/> | <hr/> |
| | - | 39,283 |
| | | |
| At the end of the period | <hr/> | <hr/> |
| | 10,000 | 116,423 |