



143, The Strand, Gzira. Malta

COMPANY ANNOUNCEMENT

Stivala Group Finance p.l.c. (the “Company”)

Announces board meeting for the approval of the interim financial statements

Date of Announcement	24 August 2022
Reference	STV45/2022

Company Announcement issued by Stivala Group Finance p.l.c. (the “**Company**”) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

QUOTE

During a meeting of the Board of Directors of the Company held on the 23rd August 2022, the Board of Directors approved the Company’s interim (unaudited) financial statements for the period ended 30th June 2022.

The aforementioned financial statements are attached herewith and are also available for viewing on the Company’s website, Investor Relations Section, through the following link:

https://stivalagroup.com/?page_id=21

UNQUOTE

By order of the Board

A handwritten signature in black ink, appearing to read 'A. Scerri', written over a horizontal line.

Antoinette Scerri
f: Stivala Group Finance PLC
Company Secretary



STIVALA GROUP FINANCE P.L.C.

Condensed Consolidated
Interim Financial Statements

For the period 01 January 2022 to 30 June 2022

STIVALA GROUP FINANCE P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 01 January 2022 to 30 June 2022

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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 01.01.2022 to 30.06.2022 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. The majority of the 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.

Business Review

During the six-month period that ended on 30 June 2022, the Company registered a profit before tax of €5,139,987 (loss of €385,623 June 2021).

The Maltese economy is set to continue expanding despite the impact of the increase in commodity prices and the Russian invasion of Ukraine. The effect of the COVID-19 pandemic on the Maltese economy has improved faster than expected and is starting to leave a visible impact on international tourism and a strong growth in investment and services exports. The Group is in fact foreseeing to reach 2019 figures by the end of 2022.

The signals all around us are that people are returning to a 'new normal' 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 even throughout 2021 at full occupancy, and during the first half of 2022 got even stronger. Furthermore, the newly developed ST Balluta Business Centre in Sliema which comprises 8 floors of office space, is also fully leased out.

The Group is committed to continue investing and expanding its' portfolio and it is currently working on the development of different projects which include; the development of ST Tower in Ta' Xbiex, a 15-floor commercial building of rentable office space and a top floor earmarked for catering purposes which is expected to be completed by the end of 2024 at an estimated cost of €14.5 million. Ponsomby Hotel and School, Gzira which is a hotel and school over a site area measuring circa 400m². This project is scheduled to be completed by Q1 2023 at an estimated cost of circa €7.9 million. Msida Park Residence includes 54 apartments which will be sold in finished state. The afore-mentioned is in an advanced state of development and as at the date of this report 40 residential units are subject to promise of sale agreements.

Other projects which are in the pipeline include the redevelopment of Blubay Suits & Apartments into a 4 Star Hotel, which is currently a 54-room Blubay Block located in Ponsomby Street, Gzira. The Group has entered into a franchise agreement for the purposes of operating the proposed 4-star hotel under the "Novotel" brand name. Works are scheduled to commence in Q4 2022 and will extend for a period of circa 30 months at a cost of approximately €15 million. The plan is to develop an 11-floor property having 292 rooms, along with underground parking and ancillary facilities such as an indoor pool and fitness area, as well as a pool and deck area at roof level. The Group is planning to demolish the 70-room Sliema Hotel and develop 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 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 2022.

Interim Directors' report - continued

Dividends

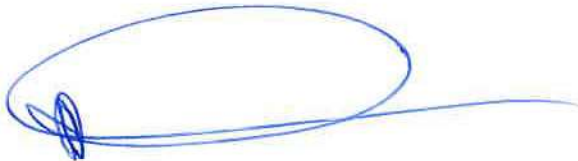
The Board of Directors has resolved to determine the extent of any dividend distribution for 2022 on the basis of the full year results. Accordingly, no dividends are declared upon the issue of the results for the six-month period ended 30 June 2022.

Director's statement pursuant to Capital Markets Rules

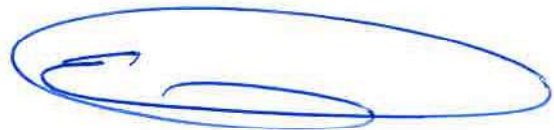
We hereby confirm that to the best of our knowledge:

1. the condensed consolidated Interim financial statements gives a true and fair view of the financial position of the company as at 30 June 2022 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 2022 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 2022 to 30 June 2022

Condensed Consolidated Interim Statement of financial position

		As at 30.06.22 (unaudited)	As at 31.12.21 (audited)
	Notes	€	€
ASSETS			
Non-current assets			
Intangible Assets		6,034	6,057
Right of use Asset		494,849	607,302
Investment Property		179,644,368	178,713,402
Property, plant and equipment	3	160,965,075	152,490,635
Deferred Tax asset		9,938,330	10,573,639
Investment in associates	4	315,684	307,544
		<u>351,364,341</u>	<u>342,698,579</u>
Current Assets			
Inventory	5	17,332	11,657
Property held for sale	5	2,707,576	2,179,099
Trade and other receivables		7,295,417	9,861,024
Bank and cash equivalents	2	462,881	199,234
Other Financial Assets		7,958,526	8,004,289
		<u>18,441,733</u>	<u>20,255,303</u>
Total Assets		<u>369,806,073</u>	<u>362,953,882</u>

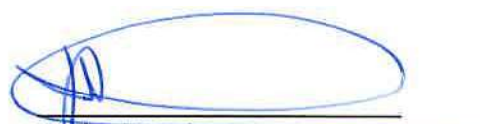
STIVALA GROUP FINANCE P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 01 January 2022 to 30 June 2022

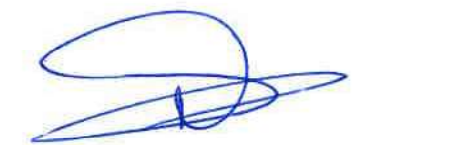
Condensed Consolidated Interim Statement of financial position - continued

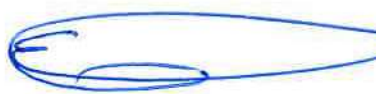
		As at 30.06.22 (unaudited) €	As at 31.12.21 (audited) €
EQUITY AND LIABILITIES	Notes		
Capital and reserves			
Called up issued share capital	6	255,000	255,000
Incentives & benefits reserves		4,825,440	4,825,440
Retained earnings		9,080,429	5,293,934
Revaluation Reserve		225,017,482	225,017,482
Total Equity		<u>239,178,351</u>	<u>235,391,856</u>
LIABILITIES			
Non-current liabilities			
Long term Borrowings	7	21,941,168	20,620,082
Other non current-liabilities	8	59,700,000	59,670,000
Finance Lease liability		299,433	394,949
Deferred tax liability	9	25,513,615	25,513,615
Total Non current liabilities		<u>107,454,216</u>	<u>106,198,646</u>
Current liabilities			
Trade and other payables		12,230,084	12,808,095
Finance Lease liability		212,943	232,626
Short term borrowings	2,7	2,206,667	4,867,999
Current tax liabilities		6,665,288	3,454,660
Total Current liabilities		<u>23,173,507</u>	<u>21,363,380</u>
Total equity and liabilities		<u>369,806,073</u>	<u>362,953,882</u>

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 24th August 2021 and were signed on its behalf by :


Michael Stivala
 Director


Martin Stivala
 Director


Ivan Stivala
 Director

STIVALA GROUP FINANCE P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 01 January 2022 to 30 June 2022

Condensed Consolidated Statement of comprehensive Income

	Notes	6 months Jan - Jun 2022 (unaudited) €	6 months Jan - Jun 2021 (unaudited) €
Revenue	10	10,972,077	5,488,344
Cost of sales		(908,238)	(442,007)
Gross operating Profit		10,063,839	5,046,337
Other Net operating costs		(1,851,154)	(1,950,526)
Ebitda		8,212,685	3,095,812
Depreciation & Amortisation		(1,275,469)	(1,800,696)
Operating Profit		6,937,215	1,295,116
Share of results of associated undertakings		(515)	(400)
Change in fair value of investment property		0	0
Net Finance Costs		(1,796,714)	(1,680,339)
Profit before tax		5,139,987	(385,623)
Reversal of deferred tax in relation to directors divestiture		0	12,968,824
Taxation		(1,353,492)	(813,579)
Profit/(Loss) for the period		3,786,495	11,769,622
Other Comprehensive Income			
Profit/(Loss) on distribution of property		0	(21,131,025)
Total Comprehensive income		3,786,495	(9,361,403)

Condensed Consolidated Interim Statement of changes in Equity

	Share Capital €	Revaluation Reserve €	Retained Earnings €	Incentives & Benefits €	Total €
At 31 Dec 2021	255,000	225,017,482	5,293,934	4,825,440	235,391,856
Profit for the period	0	0	3,786,495	0	3,786,495
Dividends Paid	0	0	0	0	0
Total Comprehensive income	0	0	3,786,495	0	3,786,495
At 30 June 2022	255,000	225,017,482	9,080,429	4,825,440	239,178,351

STIVALA GROUP FINANCE P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 01 January 2022 to 30 June 2022

Condensed Consolidated Interim Statement of Cash Flows

	Notes	6 months Jan - Jun 2022 Unaudited €	6 months Jan - Jun 2021 Unaudited €
Net cash from operating activities		5,419,527	2,421,042
Net cash from investing activities		(11,384,724)	(6,834,648)
Net cash from financing activities		4,022,176	1,049,740
Net movement in cash and cash equivalents		(1,943,020)	(3,363,866)
Cash and cash equivalents at beginning of year		199,234	592,023
Cash and cash equivalents at end of year		(1,743,786)	(2,771,843)
 Cash and cash equivalents at beginning of year			
Cash at bank and in hand	2	462,881	759,187
Bank balance overdrawn	2	(2,206,667)	(3,531,030)
		(1,743,786)	(2,771,843)

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 2022 to 30 June 2022. 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 2022 Unaudited €
Cash at bank and in hand	462,881
Bank balance overdrawn	(2,206,667)
	(1,743,786)

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 2022
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, Geraldu Farrugia Street Zebbug, ZBG 4351, Malta	33.33
Aqualuna Lido Limited	No.2, Geraldu Farrugia Street Zebbug, ZBG 4351, Malta	33.33

Notes to the condensed consolidated interim financial statements - continued

5	Inventory	Jan - Jun 2022
		Unaudited
		€
	Goods held for resale	17,332
	Property for resale	2,707,576
		2,724,908
6	Share capital	Jan - Jun 2022
		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, 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.

Notes to the condensed consolidated interim financial statements - continued

8 Other non current liabilities

	Jan - Jun 2022
	Unaudited
	€
Face value	60,000,000
Bond issue costs	(600,000)
Bond issue costs amortisation b/f	270,000
Bond issue costs amortisation for the period	30,000
Amortised cost as at 30 June 2022	<u>59,700,000</u>

9 Revenue


The revenue is generated mainly from rental income of €3,940,362 (€2,771,931 June 2021) from various properties, the operation of three 3 star hotels (Bayview Hotel, Azur Hotel & Sliema Hotel) and Blubay Suits and Apartments, which generated €6,311,715 (€2,461,413 June 2021) and sales of three residential unit and a garage amount to a total of €720,000

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 2022 to 30th June 2022, 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