

SD FINANCE plc

Condensed Interim Financial Statements  
30 September 2023

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## Interim directors' report

The directors present their report and the condensed interim financial statements in terms of Chapter 5 of the Capital Markets of the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The condensed financial statements have been extracted from SD Finance plc's unaudited financial information as at 30 September 2023 and the six month period then ended, prepared in accordance with International Financial Reporting Standards as 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 independent auditors.

### Trading performance

#### *The Company*

The company's principal activity is to carry on the business of a finance and investment company in connection with ownership, development, operation and financing of the business activities of the companies forming part of db Group.

In April 2023, the company paid out €2,827,500 (2022: €2,827,500) being 4.35% interest due to its bondholders. Interest and related income principally receivable from related parties during the period ended 30 September 2023 amounted to €1,529,184 (2022: €1,528,733). Profit before taxation for the current six-month period amounted to €5,408 (2022: €5,087). The directors are not anticipating any significant changes during the forthcoming six months.

#### *The Group*

During the first six months, the Group has continued to register a significant upturn in its results.

For the period April to September 2023, db Seabank Resort & Spa registered an increase in turnover of 16% of the 2022 figures, with revenues of €17.4 million compared to €15 million in 2022. Whereas db Hotel San Antonio Resort & Spa registered a turnover of 20% of the 2022 figures at €14.5 million in 2023 compared to €12.1 million in 2022.

The leisure arm of the Group continued expanding with four new outlets opening during the first six months of the year ending 30 September 2023. Turnover for SRGN for the period ending 30 September 2023 stood at €14.5 million, compared with €9.1 million during the same period in the previous year.

Seaport Franchising Limited is still operating with two outlets and turnover for the period to September 2023 stands at €3.2 million compared with €2.8 million in the previous year.

Starbucks outlets, now thirteen in total, continue to grow with turnover for the first 6 months of the current financial year increasing by 51% when compared to the previous year at €3.3 million.

The health care arm of the Group continues improving its results on a year-on-year basis. An upswing in demand for the services offered by the Group within this sector was experienced with the opening of the 504-bed wing at the Saint Vincent de Paul Residence which is run and managed by one of the Group's associated companies.

The Group has prepared projections for the year ending 31 March 2024, based on actual results for the six months ended 30 September 2023 and forecasts thereafter. Revenue is projected to increase substantially from the prior year to €80 million (2022: €71 million), primarily on account of an almost complete recovery in the hospitality industry and a positive performance from the operations of Lifestyle Group. The Group is not expecting material changes to depreciation, amortisation and net finance costs. As for share of results of associates, the Group is projecting similar results primarily because of the expected earnings to be generated by Malta Healthcare Caterers Limited.

## Interim directors' report - continued

Further details on these projections are available in the Financial Analysis Summary report issued in September 2023.

In view of the Group's financial discipline, together with its excellent results, cash balances increased to €54 million as at 31 March 2023. The Ukraine-Russia conflict is not expected to affect the results of the group as its exposure of business from these two countries is minimal. However, whilst the group has no direct business linkages with these two countries, it is monitoring the effect that this conflict may have. The increase in the price of goods and services is another challenge the group is facing, but notwithstanding this the projections show further strengthening of its cash balances to around €58 million by March 2024.

In view of the measures undertaken by the Group, the projections outlined above and the cash reserves accumulated by the Group in the past years, the directors are of the opinion that the Issuer will have the necessary funds to finance the interest falling due in April 2024 and going forward.

### Dividends

The directors do not recommend the payment of an interim dividend.

### Directors' statement pursuant to Capital Markets Rule 5.75.3

We hereby confirm that to the best of our knowledge:

1. the condensed half-yearly report gives a true and fair view of the financial position of the company as at 30 September 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 Rule 5.81.



Robert Debono  
Director



Stephen Muscat  
Director

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Mellieha  
MLH 9064  
Malta

28 November 2023

## Condensed statement of financial position

	Notes	As at 30 September 2023 €	As at 31 March 2023 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans receivable	3	64,332,686	64,332,686
<b>Current assets</b>			
		1,910,873	3,246,705
<b>Total assets</b>		<b>66,243,559</b>	<b>67,579,391</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
		<b>293,404</b>	289,889
<b>Non-current liabilities</b>			
Borrowings	2	64,633,374	64,584,587
<b>Current liabilities</b>			
		1,316,781	2,704,915
<b>Total liabilities</b>		<b>65,950,155</b>	<b>67,289,502</b>
<b>Total equity and liabilities</b>		<b>66,243,559</b>	<b>67,579,391</b>

The notes on pages 7 to 9 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 3 to 9 were authorised for issue by the board of directors on 28 November 2023 and were signed on its behalf by:

  
Robert Debono  
Director

  
Stephen Muscat  
Director

## Condensed statement of comprehensive income

		6 months ended 30 September	
		2023	2022
		€	€
Finance income	3	1,529,184	1,528,733
Finance costs		(1,466,410)	(1,464,456)
<b>Net interest income</b>		<b>62,774</b>	64,277
Administrative expenses		(57,367)	(59,190)
<b>Profit before tax</b>		<b>5,407</b>	5,087
Tax expense		(1,892)	(1,780)
<b>Profit for the period</b>		<b>3,515</b>	3,307
<b>– total comprehensive income</b>		<b>3,515</b>	3,307

The notes on pages 7 to 9 are an integral part of these condensed financial statements.

### Condensed statement of changes in equity

	Share capital €	Retained earnings €	Total €
Balance at 1 April 2022	250,000	35,007	285,007
Profit for the period - total comprehensive income	-	3,307	3,307
Balance at 30 September 2022	250,000	38,314	288,314
Balance at 1 April 2023	<b>250,000</b>	<b>39,889</b>	<b>289,889</b>
Profit for the period - total comprehensive income	-	<b>3,515</b>	<b>3,515</b>
<b>Balance at 30 September 2023</b>	<b>250,000</b>	<b>43,404</b>	<b>293,404</b>

The notes on pages 7 to 9 are an integral part of these condensed interim financial statements.

## Condensed statement of cash flows

	6 months ended 30 September	
	2023 €	2022 € (unaudited)
<b>Cash flows from operating activities</b>	<b>(2,881,875)</b>	(1,464,286)
<b>Cash flows used in investing activities</b>	-	-
Net movement in cash and cash equivalents	<b>(2,881,875)</b>	(1,464,286)
Cash and cash equivalents at beginning of period	<b>3,071,996</b>	3,018,511
<b>Cash and cash equivalents at end of period</b>	<b>190,121</b>	1,554,225

The notes on pages 7 to 9 are an integral part of these condensed interim financial statements.



## Notes to the condensed interim financial statements

### 1. Basis of preparation

This condensed interim financial information for the six-month period ended 30 September 2023 has been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention. These financial statements have not been audited nor reviewed by the company's independent auditors. The condensed interim financial information does 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 ended 31 March 2023, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the annual financial statements for the period ended 31 March 2023.

### 2. Borrowings

	30 September 2023 €	31 March 2023 €
<b>Non-current</b>		
650,000 4.35% bonds 2027	<b>64,633,374</b>	64,584,587

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective interest method as follows:

	30 September 2023 €	31 March 2023 €
Original face value of bonds issued	<b>65,000,000</b>	65,000,000
Bond issue costs	<b>(924,036)</b>	(924,036)
Accumulated amortisation	<b>577,410</b>	508,623
Closing net book amount of bond issue costs	<b>(366,626)</b>	(415,413)
<b>Amortised cost and closing carrying amount of the bonds</b>	<b>64,633,374</b>	64,584,587

## Notes to the condensed interim financial statements - continued

### 2. Borrowings - continued

By virtue of an offering memorandum dated 27 March 2017, the company issued 650,000 bonds with a face value of €100 each, for an aggregate amount of €65,000,000. The bonds have a coupon interest of 4.35% which is payable annually in arrears on 25 April. The bonds are redeemable at par and are due for redemption on 25 April 2027 unless they are previously re-purchased and cancelled in accordance with the provisions of the offering memorandum. The bonds are guaranteed by SD Holdings Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 4 May 2017. The quoted market price for the bonds as at 30 September 2023 was €98.00 (31 March 2023: €97.50). At the end of the reporting period, bonds with a face value of €524,300 (31 March 2023: €521,625) were held by a company director.

### 3. Related party transactions

The company forms part of the db Group of Companies. All companies forming part of the db Group are related parties since these companies are all ultimately owned by SD Holdings Limited, which is considered by the directors to be the ultimate controlling party. The main related parties with whom transactions were entered into during the current and the comparative financial periods were SD Holdings Limited, the guarantor of the bonds, and fellow subsidiaries to whom the bond proceeds were advanced in accordance with the provisions of the prospectus (see Note 2).

Balances with related parties at the end of the financial reporting periods were as follows:

	<b>30 September 2023</b>	31 March 2023
	€	€
<b>Loans receivable</b>		
Loan to parent company	<b>1,488,101</b>	1,488,101
Loans to fellow subsidiaries	<b>62,844,585</b>	62,844,585
	<b>64,332,686</b>	64,332,686
<b>Current amounts receivable</b>		
Amounts receivable from parent company	<b>37,012</b>	1,640
Amounts receivable from fellow subsidiaries	<b>1,659,793</b>	165,980
Accrued interest receivable from related parties	<b>23,948</b>	6,674
	<b>1,720,743</b>	174,294

The loans receivable are subject to a fixed interest rate of 4.55% with an additional renewal fee which is chargeable on the loans at a floating rate at the discretion of the directors of the issuer. As at the end of the current interim reporting period the element of the floating interest rate was 0.19% (31 March 2023: 0.22%). The loans are unsecured and repayable by not later than 10 April 2027.

### Notes to the condensed interim financial statements - continued

#### 3. Related party transactions - continued

Interest and related income from related parties during the current and the comparative six-month period is disclosed below:

	<b>6 months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
Finance income from loan advanced to parent company	<b>35,372</b>	35,409
Finance income from loans advanced to fellow subsidiaries	<b>1,493,812</b>	1,493,324
	<b>1,529,184</b>	1,528,733

