

SD FINANCE plc

Condensed Interim Financial Statements
30 September 2024

	Pages
Interim Directors' Report	1 - 2
Condensed Statement of Financial Position	3
Condensed Statement of Comprehensive Income	4
Condensed Statement of Changes in Equity	5
Condensed Statement of Cash Flows	6
Notes to the Condensed Interim Financial Statements	7 - 9

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 2024 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 (the "Group").

In April 2024, the Company paid out €2,827,500 (2023: €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 2024 amounted to €1,541,441 (2023: €1,529,184). Profit before taxation for the current six-month period amounted to €7,869 (2023: €5,407). 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 strong results.

For the period April to September 2024, db Seabank Resort & Spa registered an increase in turnover of 9% of the 2023 figures, with revenues of €19 million compared to €17.4 million in 2023. Whereas db Hotel San Antonio Resort & Spa registered an increase in turnover of 8% of the 2023 figures at €15.6 million in 2024 compared to €14.5 million in 2023.

The leisure arm of the Group continued operating with twelve outlets during the first six months of the year ending 30 September 2024. Turnover for SRGN for the period ending 30 September 2024 stood at €16.1 million, compared with €14.5 million during the same period in the previous year.

Seaport Franchising Limited continued expanding with one new merchandise outlet in Republic Street Valletta. Turnover for the period to September 2024 stands at €3.7 million compared with €3.2 million during the same period in the previous year.

Starbucks outlets, now eighteen in total, continue to grow with turnover for the first six months of the current financial year increased slightly when compared to the same period in the previous year at €5.1 million. A new franchise "GROM" has been introduced in Malta and first outlet opened in Mellieha Bay was opened earlier this year, generating Eur 138,000 in revenue during the first six months of the financial year.

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 operation 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 2025, based on actual results for the six months ended 30 September 2024 and forecasts thereafter. Revenue is projected to increase substantially from the same period in the prior year to €92 million (2024: €89 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.

Interim Directors' Report - continued

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. Further details on these projections are available in the Financial Analysis Summary report issued in September 2024.

In view of the Group's financial discipline, together with its excellent results, cash balances increased to €71 million as at 31 March 2024. 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 group is exploring possibilities for internationalization to expand its global reach and adapt its offerings to diverse markets.

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 2025 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 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 Rule 5.81.



Robert Debono
Director



Stephen Muscat
Director

Registered office:
Seabank Hotel,
Marfa Road,
Mellieha
MLH 9064
Malta

25 November 2024

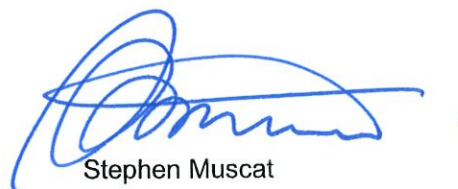
Condensed Statement of Financial Position

	Notes	As at 30 September 2024 €	As at 31 March 2024 €
ASSETS			
Non-current assets			
Loans receivable	3	64,332,686	64,332,686
Current assets		1,996,282	3,353,502
Total assets		66,328,968	67,686,195
EQUITY AND LIABILITIES			
Equity		300,025	294,910
Non-current liabilities			
Borrowings	2	64,837,376	64,780,119
Current liabilities			
Borrowings	2	1,136,182	2,551,638
Other current liabilities		55,385	59,528
		1,191,567	2,611,166
Total liabilities		66,028,943	67,391,285
Total equity and liabilities		66,328,968	67,686,195

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 25 November 2024 and were signed on its behalf by:


Robert Debono
Director


Stephen Muscat
Director

Condensed Statement of Comprehensive Income

	Note	6 months ended 30 September	
		2024 €	2023 €
Finance income	3	1,541,441	1,529,184
Finance costs		(1,464,573)	(1,466,410)
Net interest income		76,868	62,774
Administrative expenses		(68,999)	(57,367)
Profit before tax		7,869	5,407
Tax expense		(2,754)	(1,892)
Profit for the period		5,115	3,515
Other comprehensive income		-	-
Total comprehensive income for the period		5,115	3,515

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 2023	250,000	39,889	289,889
Profit for the period	-	3,515	3,515
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	3,515	3,515
Balance at 30 September 2023	250,000	43,404	293,404
Balance at 1 April 2024	250,000	44,910	294,910
Profit for the period	-	5,115	5,115
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	5,115	5,115
Balance at 30 September 2024	250,000	50,025	300,025

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	
	2024	2023
	€	€
Cash flows used in operating activities	(2,916,748)	(2,881,875)
Cash flows used in investing activities	-	-
Cash flows used in financing activities	-	-
Net movement in cash and cash equivalents	(2,916,748)	(2,881,875)
Cash and cash equivalents at beginning of period	3,149,230	3,071,996
Cash and cash equivalents at end of period	232,482	190,121

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 2024 has been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention. The condensed interim financial statements have been prepared on the basis that the Company will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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 2024, 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 2024.

2. Borrowings

	30 September 2024 €	31 March 2024 €
Non-current		
650,000 4.35% bonds 2017 - 2027	64,837,376	64,780,119
Current		
650,000 4.35% bonds 2017 - 2027	(104,392)	(97,958)
Accrued interest payable	1,240,574	2,649,596
	<u>1,136,182</u>	<u>2,551,638</u>
	65,973,558	67,331,757

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 2024 €	31 March 2024 €
Original face value of bonds issued	65,000,000	65,000,000
Bond issue costs	(924,036)	(924,036)
Accumulated amortisation	657,020	606,197
Closing net book amount of bond issue costs	<u>(267,016)</u>	<u>(317,839)</u>
Amortised cost and closing carrying amount of the bonds	64,732,984	64,682,161

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 every 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 2024 was €99.39 (31 March 2024: €99.00). The fair value of the bonds as at 30 September 2024 is €64,603,500 (31 March 2024: €64,350,000). At the end of the reporting period, bonds with a face value of €506,660 (31 March 2024: €18,000) 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:

	30 September 2024 €	31 March 2024 €
Loans receivable		
Loan to parent company	1,488,101	1,488,101
Loans to fellow subsidiaries	62,844,585	62,844,585
	64,332,686	64,332,686
Current amounts receivable		
Amounts receivable from parent company	40,412	4,757
Amounts receivable from fellow subsidiaries	1,701,964	196,179
	1,742,376	200,936

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 0.23% (31 March 2024: 0.23%). 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:

	6 months ended 30 September	
	2024 €	2023 €
Finance income from loan advanced to parent company	35,655	35,372
Finance income from loans advanced to fellow subsidiaries	1,505,786	1,493,812
	1,541,441	1,529,184

4. Fair values of financial instruments

At 30 September 2024, the carrying amounts of cash at bank, receivables, and payables approximated their fair values due to the nature or short-term maturity of these instruments. The loans to parent and fellow subsidiaries have a fair value of approximately €60,875,770 as at 30 September 2024 (31 March 2024: €59,472,026), compared to a carrying amount of €64,332,686. The fair values were calculated based on cash flows discounted using a current lending rate for similar instruments at the reporting date. They are classified as Level 3 fair values in the fair value hierarchy required by IFRS 7, 'Financial instruments: Disclosures' due to the inclusion of unobservable inputs including counterparty credit risk. Information on the fair value of the Company's bonds issued to the general public is disclosed in Note 2 to the condensed interim financial statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

5. Events after the end of the interim period

There were no events after the end of the interim period which would require adjustment to or disclosure in the condensed interim financial statements of the Company.