The following is a Company Announcement issued by HUDSON MALTA P.L.C., a company registered under the laws of Malta with company registration number C 83425 (hereinafter the 'Company'), pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the laws of Malta), as amended from time to time.

Quote

Approval and Publication of Half-Yearly Financial Statements

The Company announces that during a meeting of its Board of Directors held on 25th August 2023, the Company's half-yearly financial report and unaudited condensed consolidated financial statements for the six-month financial period ended 30th June 2023 were approved.

The Board resolved not to declare an interim dividend.

A copy of the aforesaid half-yearly unaudited financial statements, as approved, is available for viewing below as an attachment to this announcement and at the Company's registered office, and is also available for download from the following link on the Hudson Group's website: https://hudson.com.mt/investor-relations/.

Unquote

By order of the Board.

Dr Luca Vella
Company Secretary

25th August 2023

Company Announcement: HDS70

HUDSON MALTA PLC

Condensed interim consolidated financial statements (unaudited)

For the period 1 January 2023 to 30 June 2023

Company Registration Number: C 83425

Interim directors' report pursuant to Capital Markets Rule 5.75.2

This Half-Yearly Report is being published in terms of Chapter 5 of the Capital Markets Rules issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005 (Chapter 476 of the laws of Malta). The condensed interim consolidated financial information included in this report has been extracted from the Group's unaudited financial information for the period ending 30 June 2023. In accordance with the terms of Capital Markets Rule 5.75.5, this interim report has not been audited or reviewed by the Company's independent auditors.

Principal activities

The Hudson Malta p.l.c. Group (the "Group") operates the retail stores in Malta for the parent company, Hudson Holdings Limited (the "Hudson Group") as well as handling the importation and distribution of branded consumer products in Malta and Italy.

In 2018 Hudson Malta plc (the "Company") raised €12m from a public Bond issue for the main purpose of financing the retail expansion in Malta and overseas of the Hudson Group. The money raised was loaned to Hudson Malta Sales Ltd ("HMS"), to its parent company Hudson Holdings Limited and a sister company also falling part of the Hudson Group. The Company earns interest from these loans.

Review of the business

During the period ended 30 June 2023, the Group reported an increase in revenues of 14% compared to the same period in 2022, to €27.7 million. Gross profit margin for the period ended 30 June 2023 increased slightly in comparison with that of the same period in 2022, increasing from 33% up to 33.7%, with gross profit rising to €9.4 million from €8.0 million. The increase in operating costs, driven by inflationary pressures in payroll, resulted in the Group reported an operating profit of €0.2 million compared to a profit of €0.6 million in 2022. With net finance costs of €0.5 million (June 2022: €0.6 million), the Group reported a net loss before tax of €341,003 (June 2022: net profit €17,588). Despite this negative performance in the first six months, Management expects that the Group will be in a profit position by the year end due to the seasonality of the business.

As at 30 June 2023 the Group maintained its working capital position similar to that reported in same period last year at €7 million (December 2022: €7 million).

Dividend

The Board has resolved not to declare an interim dividend.

Interim directors' report pursuant to Capital Markets Rule 5.75.2 - continued

Directors' Statement pursuant to Capital Markets Rule 5.75.3

We hereby confirm, to the best of our knowledge:

- That the condensed interim consolidated financial statements, prepared in accordance with the applicable set of accounting standards, give 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 period then ended and;

- The Interim Directors' Report includes a fair view of the information required in terms of Capital Markets Rule 5.81.

Signed on behalf of the Board of Directors,

Alfred Borg
Director

George Amato
Director

Registered office:
Hudson House
Burmarrad Road,
Burmarrad
St. Paul's Bay SPB 9060, Malta

25th August 2023

Consolidated statement of financial position

	As at 30 June 2023 Unaudited €	As at 31 December 2022 Audited €
ASSETS		
Non-current assets		
Property, plant and equipment	**5,049,066**	5,162,034
Right-of-use assets	**19,696,897**	21,341,059
Intangible assets	**3,949,831**	4,068,715
Deferred tax asset	**1,300,917**	1,164,163
Financial assets at amortised cost	**5,382,044**	5,382,044
Trade and other receivables	-	249,682
Total non-current assets	**35,378,755**	37,367,697
Current assets		
Inventories	**8,196,743**	7,839,892
Trade and other receivables	**12,281,643**	14,397,960
Cash and cash equivalents	**2,206,924**	4,227,785
Total current assets	**22,685,310**	26,465,637
Total assets	**58,064,065**	63,833,334

Consolidated statement of financial position - continued

	Note	**As at 30 June 2023 Unaudited €**	As at 31 December 2022 Audited €
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	**22,450,000**	22,450,000
Other reserves		**(15,994,856)**	(15,994,856)
Retained earnings		**6,087,857**	6,309,509
Total equity		**12,543,001**	12,764,653
Non-current liabilities			
Lease liabilities		**16,846,074**	18,543,565
Borrowings	7	**12,909,920**	13,016,086
Total non-current liabilities		**29,755,994**	31,559,651
Current liabilities			
Lease liabilities		**3,928,495**	3,030,812
Trade and other payables		**8,971,381**	14,303,009
Borrowings	7	**2,670,612**	1,926,893
Current tax liabilities		**194,582**	248,316
Total current liabilities		**15,765,070**	19,509,030
Total liabilities		**45,521,064**	51,068,681
Total equity and liabilities		**58,064,065**	63,833,334

The notes on pages 8 to 13 are an integral part of these financial statements.

The financial statements on pages 3 to 13 were approved and authorised for issue by the Board on 25th August 2023 and were signed on its behalf by:

Alfred Borg
Director

George Amato
Director

Consolidated statement of comprehensive income

	Period from 1 January to 30 June 2023 Unaudited €	Period from 1 January to 30 June 2022 Unaudited €
Revenue	**27,723,293**	24,300,231
Cost of sales	**(18,472,158)**	(16,292,553)
Gross profit	**9,251,135**	8,007,678
Other operating income	**77,730**	222
Operation and administrative expenses	**(9,141,033)**	(7,418,677)
Operating profit	**187,832**	589,223
Finance income	**198,000**	200,115
Finance costs	**(726,835)**	(762,280)
(Loss) / Profit before tax	**(341,003)**	27,057
Income tax credit / (charge)	**119,351**	(9,470)
(Loss) / Profit for the period – total comprehensive income	**(221,652)**	17,588

The notes on pages 8 to 13 are an integral part of these financial statements.

Consolidated statement of changes in equity

	Note	Share capital €	Capital contribution €	Other Reserves €	Retained earnings €	Total €
Balance as at 1 January 2022		16,450,000	6,000,000	(15,994,856)	6,101,997	12,557,141
Comprehensive income						
Profit for the period		-	-	-	17,588	17,588
Transactions with owners						
Issue of share capital	11	6,000,000	(6,000,000)	-	-	-
Balance as at 30 June 2022		**22,450,000**	**-**	**(15,994,856)**	**6,119,585**	**12,574,729**
Balance as at 1 January 2023		22,450,000	-	(15,994,856)	6,309,509	12,764,653
Comprehensive income						
(Loss) for the period		-	-	-	(221,652)	(221,652)
Balance as at 30 June 2023		**22,450,000**	**-**	**(15,994,856)**	**6,087,857**	**12,543,001**

The notes on pages 8 to 13 are an integral part of these financial statements.

Consolidated statement of cash flows

	Period from 1 January to 30 June 2023 Unaudited €	Period from 1 January to 30 June 2022 Unaudited €
Cash flows used in operating activities		
Cash used in operations	(702,239)	(1,760,996)
Interest received	198,000	200,115
Income tax paid	(89,686)	(182,116)
Interest paid on lease liabilities	(461,428)	(340,000)
Interest paid on borrowings	(265,407)	(395,327)
Net cash used in operating activities	(1,320,760)	(2,478,324)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(593,225)	(425,168)
Receipts from loans and receivables	-	101,922
Net cash used in investing activities	(593,225)	(323,246)
Cash flows (used in)/generated from financing activities		
Principal elements of lease payments	(744,432)	(749,345)
(Repayment of)/proceeds from drawdown on borrowings	(182,855)	950,545
Net cash (used in)/generated from financing activities	(927,287)	201,200
Net movement in cash and cash equivalents	(2,841,272)	(2,600,370)
Cash and cash equivalents at the beginning of the period	2,775,504	7,508,826
Cash and cash equivalents at the end of the period	(65,768)	4,608,457

The notes on pages 8 to 13 are an integral part of these financial statements.

Selected explanatory notes to the interim consolidated financial statements

1. General information

The principal activity of Hudson Malta p.l.c (the "Company") is to own the entities operating the retail stores in Malta for the Hudson Holdings Limited group (the "Hudson Group"), of which the Company is a fully owned subsidiary. In 2021 the Hudson Group acquired Trilogy Limited, a Maltese company operating retail stores in Malta which stake was transferred to the Group so that Trilogy Limited became a subsidiary along with Hudson Malta Sales Limited, with an effective date as at 1 July 2021. Subsequent to the transfer, Trilogy Limited merged into Hudson Malta Sales Limited as from 1 January 2022.

The interim consolidated financial statements include the financial statements of Hudson Malta plc and its subsidiaries (the Group). The condensed interim financial information has been extracted from the Company's unaudited consolidated financial information as at 30 June 2023.

2. Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below.

The condensed consolidated interim financial information as at and for the six-month period ended 30 June 2023 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting'). These financial statements have not been audited nor reviewed by the Company's independent auditors. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those of the annual financial statements of Hudson Malta p.l.c. for the year ended 31 December 2022, as described in those financial statements.

New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. There is no impact on the adoption of these revisions on the Group's accounting policies and on the Group's financial results.

Impact of standards issued but not yet applied by the Group

Certain amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not mandatory for the Group's accounting periods beginning after 1 January 2023.

The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

3. Fair values of financial instruments

The Group is required to disclose fair value measurements by level of a fair value measurement hierarchy for financial instruments (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).
- Inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3).

At 30 June 2023 and 31 December 2022, the carrying amounts of financial instruments not carried at fair value comprising cash at bank, receivables, borrowings, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realization.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Fair values of non-financial instruments

Intangible assets held by the Group mainly consist of goodwill arising on the excess of the purchase price attributable to acquisitions in previous years over the carrying amount of net assets acquired allocated to the identifiable assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the Group as intangible assets with a finite life are amortised, whereas intangible assets with an indefinite life and goodwill are not amortised.

The recoverable amount of the cash-generating unit (CGU), to which the intangible asset was allocated, as at 30 June 2023 was determined based on value in use (VIU) calculations consistent with the methods used as at 31 December 2022 (for further details refer to Note 4 of the 2022 annual report). It was determined that as 31 December 2022, the recoverable amount of the CGU exceeded its carrying amount by €10,235,000 and consequently, no impairment charge was required for 2022.

Furthermore, management had determined that impairment of intangible assets involves critical accounting estimates. The recoverable amount of this CGU would equal its carrying amount if the post-tax discount rate is increased from 12.3% to 19.4% or projected annual EBITDA is 13% lower.

For the purposes of these interim condensed financial statements, management has considered the key assumptions considered in the impairment assessment performed for 31 December 2022, and in view of the significance of the headroom between the recoverable amount and the carrying amount, determined that there are no significant deviations and changes in estimates which indicate that an impairment is required as at 30 June 2023.

The VIU of the CGU, as a result of this assessment, remains in excess of the carrying amounts by a comfortable headroom.

5. Segment Information

5.1 Operating segments

The Group's internal reporting organisation and structure is such that its retail and wholesale operations are treated as one business segment. This comprises the Group's fashion and sportswear retail and wholesale operations in Malta.

Cash flows generated and returns secured from the different services are significantly interdependent, also in the context of commonality of risks to which the Group is exposed as a result of the provision of these services and in the context of commonality of customer base.

5.2 Information about geographical segments

The Group's revenues are derived from operations carried out in Malta and Italy. Considering the nature of the Group's activities, its non-current assets are located in Malta.

5.3 Information about major customers

The Group does not have any particular major customer, as it largely derives revenue from a significant number of customers availing of its services. Accordingly, the Group does not deem necessary any relevant disclosures in respect of reliance on major customers.

6. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with a cost of €593,225 (six months ended 30 June 2022: €425,168), while it disposed of property, plant and equipment with a cost of €6,653 (six months ended 30 June 2022: €101,922). The acquired assets mainly represent furniture and fit-outs for retail outlets.

7. Borrowings

	As at 30 June 2023 € Unaudited	As at 31 December 2022 € Audited
Non-current		
(4.35%) bonds 2026	**11,921,382**	11,907,084
Bank loan	**988,538**	1,109,002
	12,909,920	13,016,086
Current		
Bank overdrafts	**2,272,692**	1,452,281
Bank loan	**397,920**	474,612
	2,670,612	1,926,893
Total borrowings	**15,580,532**	14,942,979

The bond is 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 bond, using the effective interest rate as set out below:

	As at 30 June 2023 € Unaudited	As at 31 December 2022 € Audited
Face Value		
(4.35%) bonds 2026	**12,000,000**	12,000,000
Bond Issue Costs	**(228,745)**	(228,745)
Accumulated Amortisation	**150,127**	135,829
Closing net book value	**78,618**	92,916
Amortised costs as 30 June 2023	**11,921,382**	11,907,084

8. Investments in subsidiaries

The subsidiaries as at 30 June 2023 are shown below. Unless otherwise stated, they have share capital consisting solely of ordinary shares.

Subsidiary	Voting rights held by the Group 2023	Interest held directly by the Company 2023	Interest held by the Group 2023
Hudson Malta Sales Ltd	**100.0%**	**100.0%**	**100.0%**

The registered office of the subsidiary is *Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta.*

9. Contingent liabilities

As at 31 December 2022, the Group provided third parties with guarantees amounting to €4,266,869 (31 December 2022: €3,655,073).

The Group's bank facilities disclosed in note 7 are mainly secured by first general hypothecs and guarantees over the Hudson Malta P.L.C Group and Hudson Holdings Group's assets.

10. Related party transactions

The Company is a wholly owned subsidiary of Hudson Holdings Limited, the registered office of which is situated at Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta.

The Company has related party transactions with its ultimate parent company and entities controlled by it in the normal course of business.

In the ordinary course of its operations, the company sells goods to companies forming part of the group for trading purposes. The following transactions were entered into with related parties during the financial reporting period:

	Group	
	Period from 1 January to 30 June 2023 Unaudited €	Period from 1 January to 30 June 2022 Unaudited €
Revenue		
Sales - related parties	**4,328,169**	1,483,496
Interest income - related parties	**264,764**	200,115
Expenses		
Cost of sales - related parties	**1,082,895**	711,776
Management fees - parent	**1,153,661**	1,049,267