

HUDSON MALTA PLC

Condensed interim consolidated financial statements (unaudited)

For the period 1 January 2024 to 30 June 2024

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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 2024. 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 plc 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 forming part of the Hudson Group. The Company earns interest from these loans.

Review of the business

During the period ended 30 June 2024, the Group reported an increase in revenues of 4% compared to the same period in 2023, to reach €28.8 million from €27.7 million with the increase coming mainly from new stores opened in late 2023. Gross profit margin for the period decreased marginally by 0.2% in comparison to 2023 resulting in a slight overall increase in gross profit to €9.6 million from €9.3 million.

Net operating expenses increased by 11% from €6.7 million to €7.4 million reflecting the cost of operating more stores as well as the impact of inflationary pressures on payroll and other operating costs. As a result, the Group's EBITDA decreased slightly by €0.2 million to €2.4 million from €2.6 million.

With financing costs increasing by €0.3m, and amortisation on rental cost increasing by €0.5m, both mainly due to the new stores, the Group reported a loss before tax of €1.4 million compared to a loss before tax of €0.4 million in 2023.

Forecasts indicate that the Group will be in a profitable position by the year end due to the seasonality of the business and certain measures that have been put in place to manage profitability.

Dividend

During a meeting of the Company's Board of Directors held on 26th March 2024, the Board resolved to declare an interim dividend of €5.9 million, after receiving a dividend of a similar value from Hudson Malta Sales Limited.

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 Group and Company as at 30 June 2024, 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



Christopher Muscat
Director

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

27th August 2024

Statements of financial position

	Group		Company	
	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
ASSETS				
Non-current assets				
Property, plant and equipment	6,363,393	6,695,753	-	-
Right-of-use assets	27,990,539	30,606,823	-	-
Investments in subsidiaries	8 -	-	28,300,000	22,400,000
Intangible assets	3,746,299	3,853,771	-	-
Deferred tax asset	1,694,174	1,201,133	46,612	46,612
Financial assets at amortised cost	5,257,044	5,382,044	10,907,470	11,032,470
Trade and other receivables	-	190,018	-	-
Total non-current assets	45,051,449	47,929,542	39,254,082	33,479,082
Current assets				
Inventories	12,517,724	10,135,881	-	-
Trade and other receivables	13,326,874	16,501,370	1,533,050	1,252,761
Current income tax asset	341,759	-	-	2,755
Cash and cash equivalents	1,558,305	3,733,771	154,845	370,751
Total current assets	27,744,662	30,371,022	1,687,895	1,626,267
Total assets	72,796,111	78,300,564	40,941,977	35,105,349

Statements of financial position - continued

	Note	Group		Company	
		As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €	As at 30 June 2024 Unaudited €	As at 31 December 2023 Audited €
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		22,450,000	22,450,000	22,450,000	22,450,000
Other reserves		(15,994,856)	(15,994,856)	-	-
Capital contribution (Accumulated losses)/ retained earnings	11	5,900,000	-	5,900,000	-
		(365,189)	6,423,163	264,684	237,387
Total equity		11,989,955	12,878,307	28,614,684	22,687,387
Non-current liabilities					
Lease liabilities		26,092,634	27,860,042	-	-
Borrowings	7	12,538,152	12,633,849	11,950,888	11,935,680
Total non-current liabilities		38,630,786	40,493,891	11,950,888	11,935,680
Current liabilities					
Lease liabilities		3,403,158	3,575,129	-	-
Trade and other payables		13,147,850	17,846,279	355,749	482,282
Borrowings	7	5,603,707	3,272,701	-	-
Current tax liabilities		20,655	234,257	20,656	-
Total current liabilities		22,175,370	24,928,366	376,405	482,282
Total liabilities		60,806,156	65,422,257	12,327,293	12,417,962
Total equity and liabilities		72,796,111	78,300,564	40,941,977	35,105,349

The notes on pages 9 to 14 are an integral part of these financial statements.

The financial statements on pages 3 to 14 were approved and authorised for issue by the Board on 27th August 2024 and were signed on its behalf by:


Alfred Borg
Director


Christopher Muscat
Director

Statements of comprehensive income

	Group		Company	
	Period from 1 January to 30 June 2024 Unaudited €	Period from 1 January to 30 June 2023 Unaudited €	Period from 1 January to 30 June 2024 Unaudited €	Period from 1 January to 30 June 2023 Unaudited €
Revenue	28,805,499	27,723,293	-	-
Cost of sales	(18,993,628)	(18,472,158)	-	-
Gross profit	9,811,871	9,251,135	-	-
Other operating income	161,272	77,730	-	-
Investment income	-	-	9,076,923	-
Operation and administrative expenses (excl. depreciation and amortisation)	(7,561,648)	(6,727,519)	(33,406)	(34,014)
Earnings before interest, taxes, depreciation and amortisation	2,411,495	2,601,346	9,043,517	(34,104)
Depreciation and amortisation	(2,935,091)	(2,413,514)	-	-
Operating (loss)/profit	(523,596)	187,832	9,043,517	(34,104)
Finance income	197,825	198,000	351,610	351,786
Finance costs	(1,040,924)	(726,835)	(276,208)	(268,048)
(Loss)/profit before tax	(1,366,695)	(341,003)	9,118,919	49,724
Income tax credit/(charge)	478,343	119,351	(3,191,622)	(17,403)
(Loss)/profit for the period – total comprehensive income	(888,352)	(221,652)	5,927,297	32,321

The notes on pages 9 to 14 are an integral part of these financial statements.

Statements of changes in equity

Group

	Note	Share capital €	Other reserves €	Capital contribution €	Retained earnings €	Total €
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
Balance as at 1 January 2024		22,450,000	(15,994,856)	-	6,423,163	12,878,307
Transaction with owners: <i>Distribution to owners:</i>						
Dividends		-	-	-	(5,900,000)	(5,900,000)
Capital contribution	11	-	-	5,900,000	-	5,900,000
Comprehensive income (Loss) for the period		-	-	-	(888,352)	(888,352)
Balance as at 30 June 2024		22,450,000	(15,994,856)	5,900,000	(365,189)	11,989,955

Statements of changes in equity - continued

Company

	Note	Share capital €	Capital contribution €	Retained earnings €	Total €
Balance as at 1 January 2023		22,450,000	-	237,387	22,687,387
Comprehensive income					
Profit for the period		-	-	32,321	32,321
Balance as at 30 June 2023		22,450,000	-	269,708	22,719,708
Balance as at 1 January 2024		22,450,000	-	237,387	22,687,387
Transaction with owners:					
<i>Distribution to owners:</i>					
Dividends		-	-	(5,900,000)	(5,900,000)
Capital contribution	11	-	5,900,000	-	5,900,000
Comprehensive income					
Profit for the period		-	-	5,927,297	5,927,297
Balance as at 30 June 2024		22,450,000	5,900,000	264,684	28,614,684

The notes on pages 9 to 14 are an integral part of these financial statements.

Statements of cash flows

	Group		Company	
	Period from 1 January to 30 June 2024 Unaudited €	Period from 1 January to 30 June 2023 Unaudited €	Period from 1 January to 30 June 2024 Unaudited €	Period from 1 January to 30 June 2023 Unaudited €
Cash flows used in operating activities				
Cash used in operations	(1,308,910)	(702,239)	(416,817)	(636,453)
Interest received	197,825	198,000	351,611	351,786
Income tax paid	(570,058)	(89,686)	(14,700)	(17,404)
Interest paid on lease liabilities	(620,812)	(461,428)	-	-
Interest paid on borrowings	(420,112)	(265,407)	(276,208)	(268,048)
Net cash used in operating activities	(2,722,067)	(1,320,760)	(356,114)	(570,119)
Cash flows used in investing activities				
Purchase of property, plant and equipment	(525,108)	(593,225)	-	-
Loans provided to related parties	-	-	-	(1,065,148)
Repayment of loans by related parties	-	-	140,208	-
Net cash used in investing activities	(525,108)	(593,225)	140,208	(1,065,148)
Cash flows generated/(used in) from financing activities				
Principal elements of lease payments	(1,288,599)	(744,432)	-	-
Proceeds from drawdown/(repayment of borrowings)	1,959,188	(182,855)	-	-
Net cash generated from/(used in) financing activities	670,589	(927,287)	-	-
Net movement in cash and cash equivalents	(2,576,586)	(2,841,272)	(215,906)	(1,635,267)
Cash and cash equivalents at the beginning of the period	3,338,137	2,775,504	370,751	2,105,901
Cash and cash equivalents at the end of the period	761,551	(65,768)	154,845	470,634

The notes on pages 9 to 14 are an integral part of these financial statements.

Selected explanatory notes to the condensed interim consolidated financial statements

1. General information

The principal activity of Hudson Malta plc (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.

The condensed 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 companies unaudited consolidated financial information as at 30 June 2024.

2. Basis of preparation

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

The condensed interim consolidated financial information as at and for the six-month period ended 30 June 2024 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 interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies used in the preparation of the condensed interim consolidated financial statements are consistent with those of the annual financial statements of Hudson Malta plc for the year ended 31 December 2023, 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 2024.

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 2024 and 31 December 2023, 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 2024 was determined based on value in use (VIU) calculations consistent with the methods used as at 31 December 2023 (for further details refer to Note 4 of the 2023 annual report). It was determined that as 31 December 2023, the recoverable amount of the CGU exceeded its carrying amount by €13,700,000 and consequently, no impairment charge was required for 2023.

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 12.5% to 22.8% or projected annual EBITDA is 27% 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 2023, 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 2024.

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.

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 retail 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 2024, the Group acquired property, plant and equipment with a cost of €525,108 (six months ended 30 June 2023: €593,225), while it disposed of property, plant and equipment with a cost of €103,176 (six months ended 30 June 2023: €6,653). The acquired assets mainly represent furniture and fit-outs for retail outlets.

7. Borrowings

	Group	
	As at 30 June 2024 € Unaudited	As at 31 December 2023 € Audited
Non-current		
(4.35%) bonds 2026	11,950,888	11,935,680
Bank loan	587,264	698,169
	12,538,152	12,633,849
 Current		
Bank overdrafts	796,754	395,634
Bank loan	407,580	474,613
Other bank trade financing	4,399,373	2,402,454
	5,603,707	3,272,701
Total borrowings	18,141,859	15,906,550

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:

	Company	
	As at 30 June 2024 € Unaudited	As at 31 December 2023 € Audited
Face Value		
(4.35%) bonds 2026	12,000,000	12,000,000
Bond Issue Costs	(228,745)	(228,745)
Accumulated Amortisation	179,633	164,425
Closing net book value	49,112	64,320
Amortised costs as 30 June 2024	11,950,888	11,935,680

8. Investments in subsidiaries

The subsidiaries as at 30 June 2024 are shown below. Unless otherwise stated, they have share capital consisting solely of ordinary shares.

Subsidiary	Voting rights held by the Group 2024	Interest held directly by the Company 2024	Interest held by the Group 2024
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 30 June 2024, the Group provided guarantees to third parties amounting to €4,062,479 (31 December 2023: €4,330,956).

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

10. Capital contribution

Through a Board Resolution dated 25th June 2024, the Directors have resolved that an amount of €5,900,000 from the balance due by the Company to its shareholders will be contributed for the allotment of additional shares in the Company in favour of the existing shareholders on a pro rata basis. In view that the effective issue and allotment of additional ordinary shares did not occur by 30 June 2024, the balance of €5,900,000 was allocated to the Capital Contribution reserve.

11. 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 and Group have related party transactions with their ultimate parent company and entities controlled by it in the normal course of business.

The following transactions were entered into with related parties during the financial reporting period:

	Group	
	Period from 1 January to 30 June 2024 Unaudited €	Period from 1 January to 30 June 2023 Unaudited €
Revenue		
Sales - related parties	3,975,432	4,328,169
Interest income - related parties	197,825	264,764
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Expenses		
Cost of sales - related parties	1,210,679	1,082,895
Management fees - parent	1,220,871	1,153,661
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