TUMAS INVESTMENTS p.l.c.

Condensed Interim Financial Statements
For the period 1 January 2024 to 30 June 2024

Company Registration Number C 27296

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This interim report is being published in terms of Chapter 5 of the Capital Market Rules of the Listing Authority - Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The condensed set of financial statements included in this report has been extracted from Tumas Investment p.l.c.'s unaudited financial information for the six months ended 30 June 2024 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 Interim Condensed Financial Report has not been audited or reviewed by the Company's independent auditors.

Trading performance

The company

During the six-month period ended June 2024 finance income amounted €1.37 million mainly composed of interest receivable from Spinola Development Co Ltd (guarantor), interest earned on local treasury bills and the facility charge levelled on the guarantor represented the balance. In total the income was €62,618 below that of the same period last year, as the company had less funds in its possession having paid a good portion of the funds originally advanced by guarantor. Finance costs were marginally lower than the same period last year and represent interest payable to bondholders, relevant amortization costs and interest on amounts owed to the guarantor. This led to a net interest income of €159,710, €57,710 below that of last year.

The Statement of Financial Position as at end of June this year is similar to the December 2023 figures with respect to non-current assets and non-current liabilities. This mirrored the bond issued, namely the 5% unsecured bond 2024 which matured at the end of July. Additionally, current assets saw a dip of €12.6 million as other financial assets, namely, local treasury bills matured and the proceeds paid back to the guarantor which had initially passed on the funds. Total assets have therefore gone down by €12.6 million to €57.14 million.

The same can be said for the liabilities side, once again reflects the impending bond maturity. Elsewhere, the other main change was in amounts due to the guarantor which reflected the downward shift in the company's asset base. Non-current liabilities therefore stood at €24.91million while current liabilities amounted to €31.41million including accrued interest.

The Guarantor - Spinola Development Company Limited

The guarantor of the bonds issued by the company represent in full the externally sourced financing at Portomaso and is in line with the funding sourced by Tumas Investments p.l.c., being the financing arm of Spinola Development Co. Ltd.

Based on the actual results for the first half of this year and bearing in mind that this is the second year since the abatement of the COVID-19 pandemic incoming tourism continued to be robust building on the 2023 performance, however, the geo-political situation did not see any improvement on last year as the war in Ukraine and the escalation of hostilities in the Middle East persisted. Locally the economy maintained its positive cycle, performing better than the rest of the EU, however inflation and a tight labour market are still evident this year. Lastly interest rates which were heightened in succession over the last two years have now levelled off and saw the first reduction in the ECB benchmark rates in June. It is hoped that more interest rate unwinding will occur as inflationary data demonstrates a prolonged downward trend in the level of overall costs.

Trading performance (continued)

The Guarantor - Spinola Development Company Limited (continued)

Tourism levels in both Q1 and Q2 of this year have shown further advances over last year, although this did not necessarily translate into higher occupancy and room rates for all accommodation segments. The five-star segment is weathering a relative challenge when it comes to improving room revenue over levels reached in 2023. In fact, estimated-all- year figures forecast an average room rate above last year and budget. However, occupancy is estimated to dip marginally on last year and more significantly below budget. It should however be noted that the performance for the first five months of this year was characterised by strong demand, some of which in the form of MICE business, committed to some time ago thus inflating the traditional demand for the first few months of 2024. Later on, in the period under review, lower demand in leisure business was witnessed which negatively impacted both occupancy and rate.

Reviewing data for the rest of the year underlines the customary summer months' performance however, the need to redefine and calibrate the Island's tourism strategy is evident as although numbers increase this has not seen a pro rata push in the 5-star segment. This lack of direct correlation is evident as we strive to hit last year's results which were at an optimum. Reviewing the estimated-all-year F&B performance one notes an appreciable addition to budgeted revenue while the direct cost ratio was managed so that the forecast result indicates a superior performance to budget.

Despite the challenges ahead we are cautiously optimistic that the overall budget for this year may be achieved.

When comparing to last year, however year to date total revenue is marginally lower. A slightly higher cost base mainly in the form of payroll across all departments, partly offset by lower overheads is leading to a slightly lower departmental profit percentage. In absolute terms indirect costs are also higher when compared to last year, once again, mainly payroll costs leading to a lower GOP to-date when compared to 2023. It must be pointed out that while payroll represents the major cost component, with a propensity to increase further, additional hikes in other direct costs are being managed while utilities cost were on the same level of last year, once again taking into consideration Government's continued subsidy of energy costs.

Passenger traffic through the airport is encouraging particularly when it comes to higher flight capacity to main airports and superior seat load factors providing a level of comfort to the industry as a whole, however, this may not be enough for the 5-star hotel segment to register better results on last year.

The other revenue generating segments of the guarantor namely car park, marina and tower bar cumulatively are estimated to perform circa €190,000 short of budget, although positive to last year. The heightened performance at Portomaso continues to support the car park activity, while the tower bar will probably perform below budget and last year. This year's budget was set on bullish revenue numbers of 2023, the first full year following the pandemic when this venue was closed for a prolonged period.

The marina will this year see a change in management as it transits from on internal arrangement which was in place since inception of activities into an outsourced management agreement with a third-party company managing the boating facility on our behalf and paying Spinola Development Co Ltd a global fee for the concession's enjoyment. This being a transition year, we will probably see a drop in our share of revenue, which should be made up for and improved upon in the coming years. The new arrangement is effective as from the 1st June 2024. From a profitability point of view, taking these three departments cumulatively should see us approaching budget but we may still fall short depending on the performance of the coming six months for reasons highlighted above.

Trading performance (continued)

The Guarantor - Spinola Development Company Limited (continued)

The other traditional revenue item with respect to the guarantor, namely property, is now enduring the expected slack in activity as stock remains at a minimum level of two apartments and an area awaiting development. There are no plans as yet for the latter to materialize. The tail-off within this segment ushers in the gearing up of activity at the ex-Halland, site namely the Halland Residences which are at an advanced construction stage aiming at achieving full structural completion by Q4 2024, with major M&E and finishing works rolling out as from Q4 this year. It is encouraging to note that the property comes along with an extremely high level of interest and we should be well placed to offer this upscale residential complex to the market in the near future. Interest comes from both the general public as well as industry specialists. No efforts are being spared in completing this real estate project with the highest level of finishes and with particular attention to environmental sustainability keeping a check upon the eventual carbon footprint of this complex.

Rental income, both commercial and office space, yet another legacy revenue driver for Portomaso will again feature high in the income table with a strong performance within both office and commercial elements. It is envisaged that revenue generated from rental income should surpass last year's while we should also be able to meet budget. As for areas available to lease out these are roughly the same as at the end of last year with a number of offices which have become vacant in the recent past being earmarked for refurbishment. Works are in the pipeline; however, priority attention is being given to the development at the Halland. The rental income from the commercial areas is expected to be over last year and the forecast for the current year is marginally over budget. The main change from 2023 is the full-year operation of the co-working space which was launched mid-way last year. Occupancy this year is encouraging although there is further ground to gain, plus another area leased out in Q1 2024 to a related company in the gaming segment. Some vacant commercial areas are also being reconfigured so we can put them back on the market.

When it comes to capital investment within Portomaso, excluding the investment going into the Halland, this should amount this year to around €11million, with an appreciable amount of funds dedicated to the development of yet another area which is being leased out to a related company for the setting up of gaming operations and the land-based casino. Part of this has already been delivered and is in operation (vide above), a larger part is in the pipeline while that related to the land based is still forecast. Other investments are being made in the hotel covering a number of areas spanning new F&B venues, upgrades in various amenities and investments of plant and machinery in order to retain standards and improve on energy efficiency. At this junction it is worth noting a major investment currently underway with the installation of a 200kWp photo voltaic panel system upon the hotel which is earmarked to be in operational during Q4 of this year. Once again, a show of commitment towards environmental sustainability.

While operational cashflow will again be strong, financing activities in general saw the guarantor paying off a loan enjoyed for the last ten years from Tumas Investments Plc with the latter redeeming the 2024, 5% Unsecured Bond. Spinola Development Co Ltd partly refinanced this through bank financing to the tune of €12 million while we are glad to report that the balance of €13 million was sourced from internally generated revenue over the course of the years the bond was on the market.

Trading performance (continued)

The Guarantor - Spinola Development Company Limited (continued)

We continue to invest in Portomaso through both property, plant and equipment and investment property in addition to the ancillary operations to the hotel and lease-out areas, while we channel finances for the completion of the Halland Residences through own funds, although external funding has also been sought as a back-up. That said, Spinola Development Co Ltd is well placed with a healthy level of cash and monetary investments as reserves. Moreover, a level of unutilised bank facilities complements the strength of our balance sheet. It is forecast that EBITDA this year should reach €20.14 million slightly below last year and superior to budget, while gearing will improve as the company's external borrowings have been reduced in July 2024, unless further borrowings are taken onboard with respect to the Halland Residences project. The guarantor will, as in the past, take on board business challenges whilst maintaining a strategy of risk mitigation in the face of perpetual challenges endemic to the various business sectors we operate in so as to return further future sustainable results.

Dividends

The directors do not recommend the payment of an interim dividend (2023: €Nil).

On behalf of the Board:

Raymond Fenech
Director

Joseph Schembri
Director

Registered office:

Tumas Group Corporate Office
Level 3
Portomaso Business Tower
Portomaso
St. Julians
Malta

28 August 2024

	Note	Six-months ended 30 June 2024 € (unaudited)	2023 € (unaudited)
Finance income	2	**1,366,560**	1,429,178
Finance costs		**(1,206,850)**	(1,211,758)
Net interest income		**159,710**	217,420
Administrative expenses		**(76,180)**	(74,375)
Profit before tax		**83,530**	143,045
Tax expense		**(29,235)**	(50,948)
Profit for the period		**54,295**	92,097
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**54,295**	92,097

The accounting policies and explanatory notes on pages 9 to 10 form an integral part of this condensed financial information.

TUMAS INVESTMENTS p.l.c.
Condensed statement of financial position
As at 30 June 2024

	As at 30 June 2024 € (unaudited)	As at 31 December 2023 € (audited)
ASSETS		
Non-current assets	**25,000,000**	25,000,000
Current assets	**32,135,725**	44,739,620
Total Assets	**57,135,725**	69,739,620
EQUITY AND LIABILITIES		
Total Equity	**815,326**	761,031
LIABILITIES		
Non-current liabilities	**24,914,881**	24,903,537
Current liabilities	**31,405,518**	44,075,052
Total Liabilities	**56,320,399**	68,978,589
Total Equity and Liabilities	**57,135,725**	69,739,620

The accounting policies and explanatory notes on pages 9 to 10 form an integral part of this condensed financial information.

The condensed financial statements set out on pages 5 to 10 were authorised for issue by the board of directors on 28 August 2024 and were signed on its behalf by:

Raymond Fenech
Director

Joseph Schembri
Director

	Share capital	Retained earnings	Total
	€	€	€
Balance as at 1 January 2023	250,002	422,170	672,172
Total comprehensive income for the period			
Profit for the period	-	92,097	92,097
Total comprehensive income for the period	-	92,097	92,097
Balance at 30 June 2023	**250,002**	**514,267**	**764,269**
Balance as at 1 January 2024	250,002	511,029	761,031
Total comprehensive income for the period			
Profit for the period	-	54,295	54,295
Total comprehensive income for the period	-	54,295	54,295
Balance as at 30 June 2024	**250,002**	**565,324**	**815,326**

The accounting policies and explanatory notes on pages 9 to 10 form an integral part of this condensed financial information.

	Six-months ended 30 June	
	2024	2023
	€	€
	(unaudited)	(unaudited)
Net cash (used in) / generated from operating activities	**(14,638,453)**	130,785
Net cash generated from financing activities	**1,715,344**	7,144,841
Net cash used in investing activities	**12,554,674**	(7,764,750)
Movement in cash and cash equivalents	**(368,435)**	(489,124)
Cash and cash equivalents at beginning of period	**1,341,350**	3,919,626
Cash and cash equivalents at end of period	**972,915**	3,430,502

The accounting policies and explanatory notes on pages 9 to 10 form an integral part of this condensed financial information.

1. Significant accounting policies

The accounting policies applied in the preparation of the condensed interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those financial statements.

2. Finance income

	Six-months ended 30 June	
	2024	2023
	€	€
Income from services		
Interest receivable from fellow subsidiary	**1,111,312**	1,109,555
Interest on treasury bills	**171,025**	237,063
Facility charges from fellow subsidiary	**84,223**	82,560
	1,366,560	1,429,178

3. Related Party Transactions

The company forms part of the Tumas Group of Companies. All companies forming part of the Tumas Group are related parties since these companies are all ultimately owned by Tumas Group Company Limited which is considered by the directors to be the ultimate controlling party. The main related party with whom transactions are entered into is Spinola Development Company Limited, the guarantor of the interest-bearing borrowings.

The principal transactions carried out with related parties during the period were as follows:

	Six-months ended 30 June	
	2024	2023
	€	€
Income from services		
Interest receivable from fellow subsidiary	**1,111,312**	1,109,555
Facility charges from fellow subsidiary	**84,223**	82,560

The company's balances with fellow subsidiaries as at the end of the period are as follows:

	As at 30 June 2024	As at 31 December 2023
	€	€
Non-current		
Loans receivable from fellow subsidiary	**25,000,000**	25,000,000
Current		
Loans receivable from fellow subsidiary	**25,000,000**	25,000,000

3. Related Party Transactions (continued)

Weighted average effective interest rate as at 30 June 2024 and 31 December 2023:

	As at 30 June 2024	As at 31 December 2023
Loans to fellow subsidiary	**4.5%**	4.5%

	As at 30 June 2024	As at 31 December 2023
	€	€
Current		
Net amounts owed to fellow subsidiary	**4,673,305**	17,863,609

Amounts owed to fellow subsidiary are unsecured, bear an interest of 1.8% (2023: 1.8%) and repayable on demand.

4. Share capital

	As at 30 June 2024	As at 31 December 2023
	€	€
Authorised, issued and fully paid up		
250,002 ordinary shares of €1 each	**250,002**	250,002

We hereby confirm that to the best of our knowledge:

1. The condensed financial statements give a true and fair view of the financial position of the company as at 30 June 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 Market Rule 5.81.

Raymond Fenech
Director