

# **Hal Mann Vella Group P.L.C.**

## **Condensed Consolidated Interim Financial Statements (unaudited) for the period from 1 January 2024 to 30 June 2024**

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# Hal Mann Vella Group P.L.C.

## Directors' Report pursuant to Capital Markets Rule 5.75.2 for the period from 1 January 2024 to 30 June 2024

*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. The Half-Yearly Report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2024 prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2023.*

### Principal activities

The principal activity of the Company is to hold assets for the Group and also acts as the financing arm of the Group.

The principal activities of the Group relate to the manufacture and business of stone, marble and granite as well as the manufacture of terrazzo and pre-cast elements. The Group owns and leases a number of commercial properties and is also involved in property development and resale.

### Business review

During the period under review, the Group revenue amounted to €12.0 million (2023: €9.7 million). The Group registered an operating profit of €2.7 million (2023: €1.9 million).

The Group registered a consolidated profit before tax of €1,551,724 for the six month period ended 30 June 2024 as compared to the consolidated profit before tax of €723,982 for the six month period ended 30 June 2023.

The Group's total assets as at 30 June 2024 stood at €134.4 million while equity attributable to the shareholders amounted to €52.7 million.

All segments of the Group, manufacturing and contracting, property development and letting, have shown improved operational performance compared to the same period in 2023, despite facing increased operating costs. The order book for the second half of the year remains strong, although there are risks associated with potential project delays beyond the Group's direct control.

### Post Balance Sheet Event

In July 2024 the Company issued €23m 5.35% secured bonds redeemable at par on 26 July 2034, or earlier on any early redemption date falling on any date between 26 July 2031 and 25 July 2034 (the "Secured Bonds").

The Secured Bonds were made available for subscription by holders of the €30 million 5% secured bonds 2024 issued by the Company electing to subscribe for the Secured Bonds by surrendering their respective holdings in the existing bonds due to be redeemed on 6 November 2024. The €23m Secured Bonds were oversubscribed by existing bondholders of the 2024 Bond.

The Secured Bonds were admitted to listing on the Official List of the Malta Stock Exchange on 2 August 2024 with trading commencing on 5 August 2024.

Following the issue of the €23m Secured Bonds, the balance on the €30 million 5% 2024 bonds amounted to EUR7,000,000, which will be redeemed on 6 November 2024.

# Hal Mann Vella Group P.L.C.

## Directors' Report pursuant to Capital Markets Rule 5.75.2 for the period from 1 January 2024 to 30 June 2024

### Dividends and Reserves

The Board of Directors does not propose the payment of an interim dividend.

### Board of Directors

The Directors of the Company who held office during the period under review were:

Mr. Martin Vella – Chairman

Mr. Mark Vella – Director

Mr. Joseph Vella – Director

Mr. Mario Galea – Independent Non-Executive Director

Dr. Arthur Galea Salomone – Independent Non-Executive Director

Ms. Miriam Schembri - Non-Executive Director

### By order of the Board:



Mr. Martin Vella - Chairman



Mr. Mark Vella - Director

### Registered Office

The Factory  
Mosta Road  
Lija  
Malta

29 August 2024

# Hal Mann Vella Group P.L.C.

## Statement pursuant to Capital Markets Rule 5.75.3 for the period from 1 January 2024 to 30 June 2024

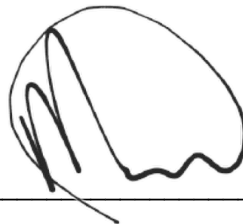
I hereby confirm that to the best of my knowledge:

- The condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2024, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting'); and
- The Interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.



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Mr. Martin Vella - Chairman



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Mr. Mark Vella - Director

29 August 2024

## Independent auditor's report

To the Board of Directors of Hal Mann Vella Group P.L.C.

## Report on Review of Condensed Consolidated Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Hal Mann Vella Group P.L.C. and its subsidiaries as at 30 June 2024, the related condensed consolidated interim statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended, and the explanatory notes (the interim financial information). The directors are responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

This report is made solely to the Board of Directors in accordance with the terms of our engagement and is released for publication in compliance with the requirements of Capital Markets Rules 5.75.4 issued by the Listing Authority. Our review has been undertaken so that we might state to the Board of Directors those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibilities to anyone other than the Board of Directors for our review work, for this report, or for the conclusion we have expressed.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the six months period ended 30 June 2024 are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the EU.



**Fiona Buttigieg (Partner)**  
for and on behalf of HLB CA Falzon  
Registered Auditors

29 August 2024

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**Together we make it happen**

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**PARTNERS:** Jozef Wallace Galea, Alfred Falzon, Patrizio Prospero, Fiona Buttigieg.

# Hal Mann Vella Group P.L.C.

## Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

for the period from 1 January 2024 to 30 June 2024

|   | Note | 1 January to<br>30 June 2024<br>(unaudited)<br>€ | 1 January to<br>30 June 2023<br>(unaudited)<br>€ |
|---|------|--|--|
| <b>Revenue from contracts with customers</b>  | 4    | 11,960,391                                       | 9,712,887  |
| Cost of sales and services  |      | (7,520,646)                                      | (6,553,379)                                      |
| <b>Gross profit</b>   |      | 4,439,745  | 3,159,508  |
| Rental income   | 4    | 1,305,869  | 1,137,266  |
| Distribution and selling costs  |      | (112,833)  | (80,099)   |
| Administrative expenses   |      | (2,997,287)                                      | (2,596,746)                                      |
| Other operating income  |      | 49,515   | 315,082  |
| <b>Operating profit</b>   |      | 2,685,009  | 1,935,011  |
| Share in net profit of joint ventures   | 8    | 979  | 3,883  |
| Finance and similar income  |      | 3,744  | 442  |
| Finance costs   |      | (1,138,008)                                      | (1,215,354)                                      |
| <b>Profit before tax</b>  | 4    | 1,551,724  | 723,982  |
| Income tax expense  | 5    | (443,448)  | (24,948)   |
| <b>Profit after tax for the period attributable to the ordinary equity holders of the Company</b> |      | 1,108,276  | 699,034  |
| <b>Other comprehensive income</b>   |      |  |  |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> |      |  |  |
| - Net gain/(loss) on equity instruments at fair value through other comprehensive income          |      | 9,603  | 517  |
| <b>Total comprehensive (loss)/income for the period</b>   |      | 1,117,879  | 699,551  |
| <b>Earnings per share (cents)</b>   |      | <b>0.22</b>                                      | <b>0.14</b>                                      |

The notes on page 11 – 18 form part of these financial statements.

# Hal Mann Vella Group P.L.C.

## Condensed Consolidated Interim Statement of Financial Position

|                                    |      | As at<br>30 June 2024<br>(unaudited)<br>€ | As at<br>31 December 2023<br>(audited)<br>€ |
|------------------------------------|------|---|---|
|                                    | Note |   |   |
| <b>ASSETS</b>                      |      |   |   |
| <b>Non-current assets</b>          |      |   |   |
| Property, plant & equipment        | 6    | 37,381,873                                | 37,109,025                                  |
| Investment in joint-ventures       | 4,8  | 1,566,348                                 | 1,566,513                                   |
| Other non-current financial assets | 7    | 411,541                                   | 411,089                                     |
| Investment property                | 9    | 54,479,010                                | 54,045,991                                  |
| Right-of-use assets                |      | 7,126,489                                 | 7,234,216                                   |
| Deferred taxation                  |      | 1,976,249                                 | 1,889,290                                   |
| Goodwill                           |      | 62,888                                    | 62,888                                      |
| <b>Total non-current assets</b>    |      | 103,004,398                               | 102,319,012                                 |
| <b>Current assets</b>              |      |   |   |
| Inventories                        |      | 5,593,187                                 | 4,194,943                                   |
| Property held-for-sale             |      | 4,779,794                                 | 5,333,753                                   |
| Trade and other receivables        | 10   | 17,826,440                                | 16,130,224                                  |
| Contract assets                    |      | 2,478,615                                 | 1,714,057                                   |
| Other current financial assets     | 7    | 91,000                                    | 91,000                                      |
| Cash and cash equivalents          |      | 639,651                                   | 1,096,784                                   |
| <b>Total current assets</b>        |      | 31,408,687                                | 28,560,761                                  |
| <b>Total assets</b>                |      | 134,413,085                               | 130,879,773                                 |

*The notes on page 11 – 18 form part of these financial statements.*

# Hal Mann Vella Group P.L.C.

## Condensed Consolidated Interim Statement of Financial Position

|  | Note | As at<br>30 June 2024<br>(unaudited)<br>€ | As at<br>31 December 2023<br>(audited)<br>€ |
|--|------|---|---|
| <b>EQUITY AND LIABILITIES</b>                        |      |   |   |
| <b>Equity</b>  |      |   |   |
| Issued capital                                       |      | 4,999,820                                 | 4,999,820                                   |
| Revaluation reserve on property, plant and equipment |      | 24,892,585                                | 24,892,585                                  |
| Fair value reserve                                   |      | 74,854                                    | 65,251                                      |
| Revaluation reserve on investment property           |      | 7,673,906                                 | 7,673,906                                   |
| Capital redemption reserve                           |      | 47,852                                    | 47,852                                      |
| Incentives and benefits reserves                     |      | 604,060                                   | 604,060                                     |
| Retained earnings                                    |      | 14,413,270                                | 13,304,994                                  |
| <b>Total equity</b>                                  |      | <b>52,706,347</b>                         | <b>51,588,468</b>                           |
| <b>Non-current liabilities</b>                       |      |   |   |
| Interest bearing loans and borrowings                | 7    | 8,671,059                                 | 10,776,394                                  |
| Finance lease liability                              |      | 7,955,264                                 | 8,083,859                                   |
| Deferred taxation                                    |      | 6,867,443                                 | 6,825,612                                   |
| <b>Total non-current liabilities</b>                 |      | <b>23,493,766</b>                         | <b>25,685,865</b>                           |
| <b>Current liabilities</b>                           |      |   |   |
| Current borrowings                                   | 7    | 38,934,058                                | 36,958,155                                  |
| Finance lease liability                              |      | 218,048                                   | 139,355                                     |
| Trade and other payables                             | 7    | 18,053,138                                | 15,355,947                                  |
| Current tax due                                      |      | 1,007,728                                 | 1,151,983                                   |
| <b>Total current liabilities</b>                     |      | <b>58,212,972</b>                         | <b>53,605,440</b>                           |
| <b>Total liabilities</b>                             |      | <b>81,706,738</b>                         | <b>79,291,305</b>                           |
| <b>Total equity and liabilities</b>                  |      | <b>134,413,085</b>                        | <b>130,879,773</b>                          |

The notes on page 11 – 18 form part of these financial statements.

The financial statements set out on pages 5 to 18 were approved and authorized for issue by the Board of Directors and signed on its behalf by:



Mr. Martin Vella - Chairman

29 August 2024



Mr. Mark Vella - Director



## Hal Mann Vella Group P.L.C.

### Condensed Consolidated Interim Statements of Changes in Equity

for the period from 1 January 2024 to 30 June 2024 (unaudited)

#### Attributed to equity holders of the Parent

|  | Issued<br>capital<br>€ | Revaluation<br>reserve on<br>property,<br>plant and<br>equipment<br>€ | Revaluation<br>reserve on<br>investment<br>property<br>€ | Fair value<br>reserve<br>€ | Retained<br>earnings<br>€ | Incentives and<br>benefits<br>reserves<br>€ | Capital<br>redemption<br>reserve<br>€ | Total equity<br>€ |
|--|------------------------|---|--|----------------------------|---------------------------|---|---------------------------------------|-------------------|
| <b>Balance as at 1 January 2023 (audited)</b>    | 4,999,820              | 24,892,585  | 7,318,598  | 65,191                     | 12,381,967                | 604,060                                     | 47,852                                | 50,310,073        |
| Profit for the period                            | -                      | -   | -  | -                          | 699,034                   | -   | -                                     | 699,034           |
| Other comprehensive income                       | -                      | -   | -  | 517                        | -                         | -   | -                                     | 517               |
| <b>Total comprehensive income for the period</b> | -                      | -   | -  | 517                        | 699,034                   | -   | -                                     | 699,551           |
| <b>Balance as at 30 June 2023 (unaudited)</b>    | <u>4,999,820</u>       | <u>24,892,585</u>   | <u>7,318,598</u>   | <u>65,708</u>              | <u>13,081,001</u>         | <u>604,060</u>                              | <u>47,852</u>                         | <u>51,009,624</u> |

The notes on page 11 – 18 form part of these financial statements.

## Hal Mann Vella Group P.L.C.

### Condensed Consolidated Interim Statements of Changes in Equity

for the period from 1 January 2024 to 30 June 2024 (unaudited)

Attributed to equity holders of the Parent

|  | Issued<br>capital<br>€ | Revaluation<br>reserve on<br>property,<br>plant and<br>equipment<br>€ | Revaluation<br>reserve on<br>investment<br>property<br>€ | Fair value<br>reserve<br>€ | Retained<br>earnings<br>€ | Incentives and<br>benefits<br>reserves<br>€ | Capital<br>redemption<br>reserve<br>€ | Total equity<br>€ |
|--|------------------------|---|--|----------------------------|---------------------------|---|---------------------------------------|-------------------|
| <b>Balance as at 1 January 2024 (audited)</b>    | 4,999,820              | 24,892,585  | 7,673,906  | 65,251                     | 13,304,994                | 604,060                                     | 47,852                                | 51,588,468        |
| Profit for the period                            | -                      | -   | -  | -                          | 1,108,276                 | -   | -                                     | 1,108,276         |
| Other comprehensive income                       | -                      | -   | -  | 9,603                      | -                         | -   | -                                     | 9,603             |
| <b>Total comprehensive income for the period</b> | -                      | -   | -  | 9,603                      | 1,108,276                 | -   | -                                     | 1,117,879         |
| <b>Balance as at 30 June 2024 (unaudited)</b>    | <u>4,999,820</u>       | <u>24,892,585</u>   | <u>7,673,906</u>   | <u>74,854</u>              | <u>14,413,270</u>         | <u>604,060</u>                              | <u>47,852</u>                         | <u>52,706,347</u> |

The notes on page 11 – 18 form part of these financial statements.

# Hal Mann Vella Group P.L.C.

## Condensed Consolidated Interim Statement of Cash Flows for the period from 1 January 2024 to 30 June 2024

|   | 1 January to<br>30 June 2024<br>(unaudited)<br>€ | 1 January to<br>30 June 2023<br>(unaudited)<br>€ |
|---|--|--|
| <b>Cash flows from operating activities</b>         |  |  |
| Profit before tax                                   | 1,551,724  | 723,982  |
| Adjustments for:                                    |  |  |
| Share in net profit of joint ventures               | (979)  | (3,883)  |
| Depreciation  | 786,775  | 697,093  |
| Provision for estimated credit losses (ECL)         | 41,927   | 120,318  |
| Finance and similar income                          | (3,744)  | (442)  |
| Finance costs                                       | 1,138,008  | 1,215,354  |
| Working capital changes:                            |  |  |
| Increase in inventories                             | (1,398,244)                                      | (431,785)  |
| (Increase)/decrease in property for resale          | 553,959  | (1,444,120)                                      |
| Decrease/(increase) in contract assets              | (773,445)  | 27,163   |
| Decrease/(increase) in receivables                  | (1,455,079)                                      | 1,081,658  |
| Increase/(decrease) in payables                     | 1,882,770  | 2,294,580  |
| Interest paid on overdraft                          | (59,832)   | (13,089)   |
| Interest received from banks                        | 3,744  | 442  |
| Advances to related undertakings                    | (289,266)  | (2,069,880)                                      |
| Taxation paid                                       | (618,164)  | (252,507)  |
| <b>Net cash generated from operating activities</b> | <b>1,360,154</b>                                 | <b>1,944,884</b>                                 |
| <b>Cash flows from investing activities</b>         |  |  |
| Payments to acquire property, plant and equipment   | (978,864)  | (857,912)  |
| Receipts from disposal of investment property       | -  | 3,000  |
| Payments to acquire investment property             | (433,019)  | (97,050)   |
| <b>Net cash used in investing activities</b>        | <b>(1,411,883)</b>                               | <b>(951,962)</b>                                 |
| <b>Cash flows from financing activities</b>         |  |  |
| Repayment / Drawdown of banks loans                 | 522,875  | (950,723)  |
| Repayment of principal portion of lease liability   | (109,752)  | (216,253)  |
| Interest paid on bank loans                         | (219,197)  | (229,964)  |
| Advances (to)/from related companies                | (301,468)  | (234,448)  |
| Advances from joint ventures                        | (167,655)  | 179,471  |
| Interest paid on bonds                              | -  | (11,522)   |
| <b>Net cash used in financing activities</b>        | <b>(275,197)</b>                                 | <b>(1,463,439)</b>                               |
| <b>Net movement in cash and cash equivalents</b>    | <b>(326,926)</b>                                 | <b>(470,517)</b>                                 |
| <b>Effect of ECL on cash in banks</b>               | <b>143</b>                                       | <b>(1,135)</b>                                   |
| Cash and cash equivalents at beginning of period    | (1,758,084)                                      | (1,278,409)                                      |
| <b>Cash and cash equivalents at end of period</b>   | <b>(2,084,867)</b>                               | <b>(1,750,061)</b>                               |

The notes on page 11 – 18 form part of these financial statements.

# Hal Mann Vella Group P.L.C.

## Notes to the Interim Condensed Consolidated Financial Statements for the period from 1 January 2024 to 30 June 2024

### 1. General information

The interim condensed consolidated financial statements of Hal Mann Vella Group plc and its subsidiaries ("the Group") for the six months ended 30 June 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 29 August 2024.

Hal Mann Vella Group plc ("the Company") is a public limited liability company incorporated in Malta, under the Companies Act, Cap. 386 of the Laws of Malta.

### 2. Principal accounting policies

#### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six month-period ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting').

The interim condensed consolidated financial statements figures have been extracted from unaudited management accounts for the six months ended 30 June 2024, and have been reviewed in accordance with ISRE 2410 'Review of financial information performed by the independent auditor of the entity'. The Group has prepared the financial statements on the basis that it 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 Group 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 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited financial statements as at 31 December 2023, which have been prepared in accordance with IFRS as adopted by the EU. New standards which came into effect as of 1 January 2024, are mentioned in note 2.2 below.

As required by IAS 34 'Interim Financial Reporting', these condensed half-yearly financial statements include the comparative statement of financial position as at 31 December 2023, and the comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the period ended 30 June 2023.

#### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

# Hal Mann Vella Group P.L.C.

## Notes to the Interim Condensed Consolidated Financial Statements for the period from 1 January 2024 to 30 June 2024

### ***Amendment to IFRS 16 - Leases on sale and leaseback***

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

### ***Amendment to IAS 1 - Non-current liabilities with covenants***

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

### ***Amendment to IAS 7 and IFRS 7 - Supplier finance***

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

### ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12***

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

## **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing condensed consolidated interim financial statements, the Board of Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2023.

# Hal Mann Vella Group P.L.C.

## Notes to the Interim Condensed Consolidated Financial Statements for the period from 1 January 2024 to 30 June 2024

### 4. Segment information

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

*Property Development and Letting* This segment carries works in the building industry, including construction works, plumbing and electrical and to operate as turnkey contractors. Also in this segment, the Group leases out offices and residential building to third parties. The Group owns two hotels namely the Mavina Holiday Complex and the Huli Hotel with an underlying Bistro Restaurant. Both hotels as well as the restaurant are leased out to thirds parties.

*Manufacturing, Products and General Contracting Services* This segment includes the companies responsible for manufacturing and exports. This segment includes specialising in the manufacture of stone elements, arranging logistics, plant hire, deliveries, and supplies and subcontracting work. Also, coordination of orders for customers for products and services is done.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# Hal Mann Vella Group P.L.C.

## Notes to the Interim Condensed Consolidated Financial Statements for the period from 1 January 2024 to 30 June 2024

### 4. Segment information

Inter-segment transactions, assets and liabilities are eliminated upon consolidation and reflected in the 'eliminations' column.

| Six month period ended 30 June 2024   | Property<br>development<br>and letting<br>€ | Manufacturing<br>and General<br>contracting services<br>€ | Total segments<br>€ | Eliminations<br>€   | Consolidated<br>€  |
|---------------------------------------|---|---|---------------------|---------------------|--------------------|
| External revenue                      | 2,150,000                                   | 14,265,428  | 16,415,428          | (4,455,037)         | 11,960,391         |
| Rental income                         | 1,634,948                                   | 11,335  | 1,646,283           | (340,414)           | 1,305,869          |
| <b>Total revenue</b>                  | <b>3,784,948</b>                            | <b>14,276,763</b>   | <b>18,061,711</b>   | <b>(4,795,451)</b>  | <b>13,266,260</b>  |
| <b>Income/(expenses)</b>              |   |   |                     |                     |                    |
| Finance and similar income            | 595,932                                     | 20,743  | 616,675             | (612,931)           | 3,744              |
| Finance cost                          | (1,264,664)                                 | (716,843)   | (1,981,507)         | 843,499             | (1,138,008)        |
| Depreciation and amortisation         | (97,630)                                    | (933,871)   | (1,031,501)         | 244,714             | (786,787)          |
| Share in net profit of joint ventures | 979   | -   | 979                 | -                   | 979                |
| Income tax credit/(expense)           | (596,901)                                   | 235,601   | (361,300)           | (82,148)            | (443,448)          |
| <b>Segment profit before tax</b>      | <b>937,468</b>                              | <b>304,625</b>  | <b>1,242,093</b>    | <b>309,631</b>      | <b>1,551,724</b>   |
| <b>Total assets</b>                   | <b>123,498,114</b>                          | <b>55,185,928</b>   | <b>178,684,042</b>  | <b>(44,270,957)</b> | <b>134,413,085</b> |
| <b>Total liabilities</b>              | <b>67,133,533</b>                           | <b>51,755,854</b>   | <b>118,889,387</b>  | <b>(37,182,650)</b> | <b>81,706,738</b>  |
| <b>Other disclosures</b>              |   |   |                     |                     |                    |
| Interest in joint ventures            | 15,720                                      | -   | 15,720              | 1,550,628           | 1,566,348          |
| Capital expenditure                   | 433,019                                     | 978,864   | 1,411,883           | -                   | 1,411,883          |

# Hal Mann Vella Group P.L.C.

## Notes to the Interim Condensed Consolidated Financial Statements for the period from 1 January 2024 to 30 June 2024

### 4. Segment information

Inter-segment transactions, assets and liabilities are eliminated upon consolidation and reflected in the 'eliminations' column.

| Six month period ended 30 June 2023   | Property<br>development<br>and letting<br>€ | Manufacturing<br>and General<br>contracting services<br>€ | Total segments<br>€       | Eliminations<br>€          | Consolidated<br>€         |
|---------------------------------------|---|---|---------------------------|----------------------------|---------------------------|
| External revenue                      | 310,000                                     | 12,733,812  | 13,043,812                | (3,330,925)                | 9,712,887                 |
| Rental income                         | 1,488,475                                   | (10,795)  | 1,477,680                 | (340,414)                  | 1,137,266                 |
| Total revenue                         | <u>1,798,475</u>                            | <u>12,723,017</u>   | <u>14,521,492</u>         | <u>(3,671,339)</u>         | <u>10,850,153</u>         |
| <b>Income/(expenses)</b>              |   |   |                           |                            |                           |
| Finance and similar income            | 598,224                                     | 22,857  | 621,081                   | (620,639)                  | 442                       |
| Finance cost                          | (1,318,722)                                 | (633,804)   | (1,952,526)               | 737,172                    | (1,215,354)               |
| Depreciation and amortisation         | (104,128)                                   | (776,129)   | (880,257)                 | 183,165                    | (697,092)                 |
| Share in net profit of joint ventures | 3,883                                       | -   | 3,883                     | -                          | 3,883                     |
| Income tax expense                    | (376,930)                                   | 370,260   | (6,670)                   | (18,278)                   | (24,948)                  |
| <b>Segment profit before tax</b>      | <b><u>674,277</u></b>                       | <b><u>66,330</u></b>                                      | <b><u>740,607</u></b>     | <b><u>(16,625)</u></b>     | <b><u>723,982</u></b>     |
| <b>Total assets</b>                   | <b><u>123,924,331</u></b>                   | <b><u>45,245,995</u></b>                                  | <b><u>169,170,326</u></b> | <b><u>(41,161,832)</u></b> | <b><u>128,008,494</u></b> |
| <b>Total liabilities</b>              | <b><u>69,989,000</u></b>                    | <b><u>40,923,191</u></b>                                  | <b><u>110,912,191</u></b> | <b><u>(33,913,321)</u></b> | <b><u>76,998,870</u></b>  |
| <b>Other disclosures</b>              |   |   |                           |                            |                           |
| Interest in joint ventures            | <u>165,720</u>                              | <u>-</u>  | <u>165,720</u>            | <u>1,553,532</u>           | <u>1,719,252</u>          |
| Capital expenditure                   | <u>187,490</u>                              | <u>767,472</u>  | <u>954,962</u>            | <u>-</u>                   | <u>954,962</u>            |



# Hal Mann Vella Group P.L.C.

## Notes to the Interim Condensed Consolidated Financial Statements for the period from 1 January 2024 to 30 June 2024

### 5. Income tax

The Group calculates the period income tax credit using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit in the interim condensed statement of profit or loss are:

|  | 1 January to<br>30 June 2024<br>(unaudited)<br>€ | 1 January to<br>30 June 2023<br>(unaudited)<br>€ |
|--|--|--|
| <b><i>Income tax expense:</i></b>          |  |  |
| Current income tax expense for the period  | (473,909)  | (495,403)  |
| Deferred tax credit                        | 30,461   | 470,455  |
| Income tax credit/(expense) for the period | <u>(443,448)</u>                                 | <u>(24,948)</u>                                  |

### 6. Property, plant and equipment

#### Acquisitions and disposals

During the six months ended 30 June 2024, the Group acquired assets with a cost of €978,864 (six months ended 30 June 2023: €857,912).

There were no assets disposed by the Group during the six months ended 30 June 2024 and 30 June 2023.

### 7. Financial assets and financial liabilities

The Group's financial assets comprise of debt instruments at amortised cost such as bank term deposits, trade receivables, and loans to and amounts owed by joint ventures, related and other undertakings; as well as equity instruments designated at fair value through other comprehensive income (FVOCI), including investments in quoted and unquoted shares. The Group's financial liabilities comprise of trade and other payables, bank loans, finance lease liabilities, and loans from shareholders, related and other undertakings. All of the Group's financial instruments are measured at amortised cost, except for the equity instruments which are measured at FVOCI.

### 8. Investment in joint-ventures

For the six months ended 30 June 2024, the Group's share of profit in joint ventures amounted to €979 (six months ended 30 June 2023: €3,883).

Investment in joint-ventures includes investment in Zokrija Limited which was fully-impaired in 31 December 2022.

# Hal Mann Vella Group P.L.C.

## Notes to the Interim Condensed Consolidated Financial Statements for the period from 1 January 2024 to 30 June 2024

### 9. Investment property

During the six months ended 30 June 2024, the Group capitalised expenditure amounted to €433,019 (six months ended 30 June 2023: €97,050).

### 10. Trade and other receivables

Trade receivables are stated net of provision for estimated credit losses of €429,787 (31 December 2023: €179,682).

### 11. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

|  | Sales to<br>joint<br>venture<br>€ | Purchases<br>from joint<br>venture<br>€ | Amount owed<br>by joint<br>venture - net<br>of ECL<br>€ | Amount owed to<br>joint ventures<br>€ |
|--|-----------------------------------|---|---|---------------------------------------|
| <b>Joint ventures in which the parent is a venturer:</b> |                                   |   |   |                                       |
| HMK International Ltd                                    | Current                           | -                                       | -   | -                                     |
|  | 2023                              | -                                       | -   | 109,964                               |

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. As at 30 June 2024, the Group has recorded reversal of provision for estimated credit losses on receivables relating to amounts owed by related parties amounting to €74,053 (31 December 2023: €19,845). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### 12. Fair values measurements

At 30 June 2024 and 31 December 2023, the carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables and current borrowings 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 realisation. The fair values of loans and receivables and non-current borrowings are not materially different from their carrying amounts in the statement of financial position.

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.

# Hal Mann Vella Group P.L.C.

## Notes to the Interim Condensed Consolidated Financial Statements for the period from 1 January 2024 to 30 June 2024

The Group used the following hierarchy for determining and disclosing the fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's assets.

|   | <u>Level 1</u> | <u>Level 2</u>    | <u>Level 3</u>    | <u>Total</u>      |
|---|----------------|-------------------|-------------------|-------------------|
|   | €              | €                 | €                 | €                 |
| <b>As at 30 June 2024 (unaudited)</b>   |                |                   |                   |                   |
| Investment property                     | -              | 17,627,895        | 36,851,115        | 54,479,010        |
| Property, plant and equipment           | -              | 24,109,122        | -                 | 24,109,122        |
| Equity instruments at FVOCI             | -              | -                 | 411,538           | 411,538           |
|   | <u>-</u>       | <u>41,737,017</u> | <u>37,262,653</u> | <u>78,999,670</u> |
| <b>As at 31 December 2023 (audited)</b> |                |                   |                   |                   |
| Investment property                     | -              | 17,274,730        | 36,771,261        | 54,045,991        |
| Property, plant and equipment           | -              | 24,109,122        | -                 | 24,109,122        |
| Equity instruments at FVOCI             | -              | -                 | 396,089           | 396,089           |
|   | <u>-</u>       | <u>41,383,852</u> | <u>37,167,350</u> | <u>78,551,202</u> |

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements during the six-month period ended 30 June 2024.

Revaluation of property is due in 2024 and it will be performed during the forth (4th) quarter of the year.

### 13. Bonds

Hal Mann Vella Group p.l.c announced oversubscription of €23,000,000 5.35% secured bonds 2031 - 2034, as detailed in the prospectus dated 28 June 2024.