

## **ENDEAVOUR HOLDINGS LIMITED**

### **Chairman's Report**

Dear Shareholders,

I am pleased to present our report on the financial performance for the three months ending 31 July 2023. This report aims to provide you with an overview of our company's recent results and financial position.

#### **Financial Performance:**

In the post-acquisition phase, we have consolidated the Statement of Comprehensive Income and Statement of Financial Position of the subsidiary, Endeavour POS Ltd, into EHL's books as of 8 July 2022.

Profit after tax of \$11.0M in July 2023 increased by \$1.6M when compared with the profit after tax of \$9.4M excluding gain on acquisition of the subsidiary in July 2022. Profit including gain on acquisition was \$53.4M in July 2022.

#### **Revenue and Expenses:**

Revenue from contracts with customers increased by \$1.3M, rising from \$20.9M in July 2022 to \$22.2M in July 2023. This increase can be attributed to the inclusion of three months' revenue from the subsidiary, compared to only one month in 2022.

Rental expenses increased by \$0.4M going from \$5.9M in July 2022 to \$6.3M in July 2023. This change is primarily due to the continued reduction of rental discounts, decreasing from \$0.7M in 2022 to \$0.1M in 2023. It is important to note that this increase was offset by the inclusion of three months' expenses for the subsidiary, compared to just one month in 2022.

Administrative fees decreased by \$0.6M, dropping from \$1.5M in July 2022 to \$0.9M in July 2023. This reduction is mainly attributed to a decrease in legal fees. Operating expenses also decreased by \$0.2M going from \$0.1M in July 2022 to (\$0.1M) in 2023, primarily due to a reduction in the provision for bad debts.

#### **Taxation:**

Our company currently benefits from a 0% Corporation Tax rate, Business Levy, and Green Fund Levy, due to amendments under the Finance Act 2020 granted to listed SMEs. Our subsidiary company operates at a 30% tax rate.

#### **Financial Position:**

Our Investment Properties decreased by \$5.2M as of July 2023 due to a fair value write-down of \$10.6M at year-end, net of building improvements at Price Plaza, moving from \$913.0M in July 2022 to \$908.0M in July 2023. Trade and Other Receivables increased by \$1M from July 2022, primarily due to a reduction in trade receivables offset by an increase in prepaid expenses. Trade and Other Payables decreased by \$0.2M from July 2022.

Borrowings decreased by \$19.0M, reflecting principal repayments of \$14.0M, repayment of loan from related party of \$45.0M and a new \$40.0M loan obtained by the subsidiary.

**Dividends:**

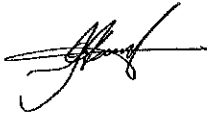
Interim dividends of 40 cents per common share were declared on June 23, 2023, and paid in July 2023.

EHL's management is satisfied that its strategy for retaining and attracting new tenants continues to bring stability to the business. We thank our tenants, shareholders, suppliers and staff for their continued support.

In conclusion, as the Chairman, on behalf of the esteemed members of the Board of Directors, I would like to assure our valued Shareholders that Endeavour is steadily recuperating from a somewhat turbulent post-COVID era.

Our unwavering commitment remains focused on ensuring that all our assets yield favorable returns for our shareholders while fostering contentment among our tenants in their occupancy of our properties. I am delighted to announce the successful completion of the acquisition of Massy Properties. In the forthcoming period, we shall commence the necessary repairs and upgrades. Through these enhancements, we are optimistic that our financial performance will continue to strengthen our bottom line.

I would like to express my heartfelt gratitude to our dedicated Board Members for their invaluable guidance and unwavering support. I would also like to commend our exceptional Management Team for effectively executing their mandates.



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John Aboud  
Chairman  
September 14, 2023