

## **ENDEAVOUR HOLDINGS LIMITED**

### **Chairman's Report**

Dear Shareholders,

I am pleased to present our report on the Group's financial performance for the six months ending 31 October 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 successfully consolidated the financial statements of the subsidiary, Endeavour POS Ltd, into EHL's books as of 8 July 2022. The profit after tax for October 2023 stands at \$22.2M, showcasing a notable increase of \$3.5M when compared to the profit after tax of \$18.7M, excluding the gain on the acquisition of the subsidiary in July 2022. The profit, including the gain on acquisition, amounted to \$62.4M in October 2022.

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

Revenue from contracts with customers exhibited an increase of \$2.3M, increasing from \$42.8M in October 2022 to \$45.1M in October 2023. This increase can be attributed to the inclusion of six months' revenue from the subsidiary, as opposed to four months in 2022.

Rental expenses increased by \$1.1M from \$11.6M in October 2022 to \$12.8M in October 2023. The increase was primarily due to the inclusion of six months' expenses for the subsidiary, compared to four months in 2022. This was partially offset by to the continued reduction of rental discounts, which decreased from \$0.9M in 2022 to \$0.3M in 2023.

Administrative fees experienced a decrease of \$1.8M, dropping from \$3.7M in October 2022 to \$1.9M in October 2023. This reduction is primarily attributed to a decrease in legal and professional fees.

Operating expenses also saw a marginal decrease of \$0.1M, moving from \$0.2M in October 2022 to \$0.08M in 2023, mainly due to a reduction in the provision for bad debts.

#### **Taxation:**

Our parent 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 \$8.7M as of October 2023 due to a fair value write-down of \$10.6M at year-end, net of building improvements at Price Plaza, moving from \$917.0M in October 2022 to \$908.0M in October 2023. Trade and Other Receivables increased by \$2.3M from October 2022, primarily due to increase in prepaid expenses which was partially offset by a reduction in trade receivables. Trade and Other Payables decreased by \$0.8M from October 2022.

Borrowings increased by \$16.0M, reflecting principal repayments of \$11.0M, repayment of loan from related party of \$45.0M and a new \$40.0M loan obtained by the subsidiary for the acquisition of the company.

**Dividends:**

A Final dividend for the financial year ended 30 April 2023 was paid in July 2023. Interim dividends for the financial year ending 30 April 2024 of 40 cents per common share were declared on 23 November 2023, and is scheduled to be paid on 13 December 2023.

**Amalgamation:**

We have received required approvals from our bondholders and lenders for the amalgamation of Endeavour Holdings Limited and its subsidiary Endeavour POS Properties Limited and we are now in the process of registering the amalgamation.

We appreciate your continued support, and our commitment remains steadfast in maximizing shareholder value and ensuring the sustained growth of Endeavour Holdings Limited.

John Aboud  
Chairman  
5 December 2023