

CORINTHIA FINANCE P.L.C.

Interim Financial Statements (Unaudited)  
For the period from 1 March 2021 to  
31 August 2021

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## Directors' report

The directors present their report together with the unaudited interim financial statements of Corinthia Finance Plc (the 'Company') for the six month period 1 March 2021 to 31 August 2021.

### Basis of preparation

The published figures have been extracted from the unaudited management financial statements for the six months from 1 March 2021 to 31 August 2021 and its comparative period in 2020. The comparative Statement of Financial Position as at 28 February 2021 has been extracted from the audited financial statements for the year then ended. This report is being published in terms of Capital Market Rule 5.75 issued by the Malta Financial Services Authority and has been prepared in accordance with the applicable Capital Market Rules and the International Accounting Standard 34, 'Interim Financial Reporting'. In terms of Capital Market Rule 5.75.5, the Directors are stating that this Half-Yearly Report has not been audited or reviewed by the auditors of the Company.

### Principal activities

The principal activity of the Company is to finance the ownership, development, operation and financing of hotels, resorts and leisure facilities, forming part of the Corinthia Group of Companies, of which it is a member.

The Company is a special purpose vehicle set up for financing transactions of the Corinthia Group of Companies. It raised such finance mainly through the issue of bonds, which are quoted on the Malta Stock Exchange and guaranteed by Corinthia Palace Hotel Company Limited, to whom the proceeds from their issue have been advanced.

### Review of the business

During the six-month period ended 31 August 2021, the Company registered a profit of €3,355.

The global disruption on the hospitality industry caused by Covid-19 remains ongoing. Upon significantly reducing or even closing operations in the Corinthia Group's hotels early on in the pandemic, a number of measures were implemented group-wide to drastically reduce operating costs. This mainly took the form of payroll saving measures in order to address the largest single operating cost of the group. The Group tapped into various Government support schemes covering payroll and other forms of subsidies and support in several countries where it operates. To date, the Group is still largely benefitting from such schemes.

### State of Affairs and Outlook

Following periods of intermittent lockdowns and significant disruptions, all the Group's hotels and businesses are now open. Capex remains tightly controlled and management remains focused on maintaining tight discipline on all operating costs. The challenge today relates to labour shortages as the industry struggles to attract workers as demand increases.

The Group's targets for year-end are not ambitious and the financial planning is premised on cautious revenue expectations and the continuation of subsidies and support schemes only to the extent that these have been publicly committed to by the respective governments in the countries in which the Group operates. Notwithstanding the prolonged reduction in business, the Group has sufficient liquidity and financial resources to meet payment obligations including the Company's bond interest payments as they arise throughout the course of 2022. The directors therefore consider the going concern assumption in the preparation of the Half Yearly Report as appropriate as at the date of authorisation for issue.

The directors of the Company and the Group remain vigilant on developments and will take further measures as and when necessary to ensure the continued viability of the Company and Group and to

preserve liquidity in order to meet demands over the coming months in an agile and decisive manner as events unfold.

**Directors**

The following have served as directors of the Company during the period under review:

Mr Joseph Fenech (Chairman)  
Mr Frank Xerri de Caro  
Dr Joseph J. Vella  
Mr Mario P. Galea

In accordance with the Company's Articles of Association, the present directors remain in office.

On behalf of the board,



Mr Joseph Fenech  
Chairman



Dr Joseph J. Vella  
Director

Registered Office:  
22, Europa Centre  
John Lopez Street  
Floriana FRN 1400  
Malta

28 October 2021

## Interim statement of profit or loss

|                                 | <b>Period from<br/>1 March 2021 to<br/>to<br/>31 August 2021<br/>€</b> | Period from<br>1 March 2020<br>to<br>31 August 2020<br>€ |
|---------------------------------|--|--|
| Finance income                  | <b>875,000</b>   | 875,000  |
| Finance costs                   | <b>(850,000)</b>   | (850,000)  |
| Net interest earned             | <b>25,000</b>  | 25,000   |
| Administrative expenses         | <b>(19,839)</b>  | (15,207)   |
| Profit before tax               | <b>5,161</b>   | 9,793  |
| Tax expense                     | <b>(1,806)</b>   | (3,428)  |
| Profit after tax for the period | <b>3,355</b>   | 6,365  |

## Interim statement of financial position

|                                     | Notes | 31 August<br>2021<br>€ | 28 February<br>2021<br>€ |
|-------------------------------------|-------|------------------------|--------------------------|
| <b>ASSETS</b>                       |       |                        |                          |
| <b>Non-current</b>                  |       |                        |                          |
| Loans owed by parent company        | 3     | <b>39,910,000</b>      | 39,910,000               |
| Total non-current assets            |       | <b>39,910,000</b>      | 39,910,000               |
| <b>Current</b>                      |       |                        |                          |
| Receivables                         |       | <b>1,267,951</b>       | 1,924,129                |
| Other financial assets              |       | <b>20,150</b>          | 20,150                   |
| Cash and cash equivalents           |       | <b>74,464</b>          | 73,169                   |
| Total current assets                |       | <b>1,362,565</b>       | 2,017,448                |
| <b>Total assets</b>                 |       | <b>41,272,565</b>      | 41,927,448               |
| <b>EQUITY</b>                       |       |                        |                          |
| Share capital                       |       | <b>250,000</b>         | 250,000                  |
| Retained earnings                   |       | <b>12,983</b>          | 9,628                    |
| Total equity                        |       | <b>262,983</b>         | 259,628                  |
| <b>Non-current liabilities</b>      |       |                        |                          |
| Bonds in issue                      | 2     | <b>40,000,000</b>      | 40,000,000               |
| Total non-current liabilities       |       | <b>40,000,000</b>      | 40,000,000               |
| <b>Current liabilities</b>          |       |                        |                          |
| Payables                            |       | <b>1,009,582</b>       | 1,667,820                |
| Total current liabilities           |       | <b>1,009,582</b>       | 1,667,820                |
| <b>Total liabilities</b>            |       | <b>41,009,582</b>      | 41,667,820               |
| <b>Total equity and liabilities</b> |       | <b>41,272,565</b>      | 41,927,448               |

The notes on pages 7 to 8 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 3 to 8 were approved by the board of directors, authorised for issue on 28 October 2021 and signed on its behalf by:



Mr. Joseph Fenech  
Chairman



Dr. Joseph J. Vella  
Director

### Interim statement of changes in equity

|                                       | Share<br>capital<br>€ | Retained<br>earnings<br>€ | Total<br>€     |
|---------------------------------------|-----------------------|---------------------------|----------------|
| <b>At 1 March 2020</b>                | <b>250,000</b>        | <b>2,913</b>              | <b>252,913</b> |
| Profit for the period                 | -                     | 6,365                     | 6,365          |
| Total comprehensive income for period | -                     | 6,365                     | 6,365          |
| <b>At 31 August 2020</b>              | <b>250,000</b>        | <b>9,278</b>              | <b>259,278</b> |
| <b>At 1 September 2020</b>            | <b>250,000</b>        | <b>9,278</b>              | <b>259,278</b> |
| Profit for the period                 | -                     | 350                       | 350            |
| Total comprehensive income for period | -                     | 350                       | 350            |
| <b>At 28 February 2021</b>            | <b>250,000</b>        | <b>9,628</b>              | <b>259,628</b> |
| <b>At 1 March 2021</b>                | <b>250,000</b>        | <b>9,628</b>              | <b>259,628</b> |
| Profit for the period                 | -                     | 3,355                     | 3,355          |
| Total comprehensive income for period | -                     | 3,355                     | 3,355          |
| <b>At 31 August 2021</b>              | <b>250,000</b>        | <b>12,983</b>             | <b>262,983</b> |

## Interim statement of cash flows

|   | <b>Period from<br/>1 March 2021<br/>to<br/>31 August 2021<br/>€</b> | <b>Period from<br/>1 March 2020<br/>to<br/>31 August 2020<br/>€</b> |
|---|---|---|
| <b>Cash flows from operating activities</b>             |   |   |
| Cash used in operating activities                       | (46,705)  | (88,867)  |
| Tax paid  | (2,000)   | (8,334)   |
|   | (48,705)  | (97,201)  |
| <b>Cash flows from investing activities</b>             |   |   |
| Interest received                                       | 1,750,000   | 1,767,083   |
|   | 1,750,000   | 1,767,083   |
| <b>Cash flows from financing activities</b>             |   |   |
| Interest paid   | (1,700,000)   | (1,700,000)   |
|   | (1,700,000)   | (1,700,000)   |
| <b>Net change in cash and cash equivalents</b>          | 1,295   | (30,118)  |
| <b>Cash and cash equivalents at beginning of period</b> | 73,169  | 113,266   |
| <b>Cash and cash equivalents at end of period</b>       | 74,464  | 83,148  |

## Notes to the financial statements

### 1. Summary of significant accounting policies

The accounting policies applied by the Company are consistent with those disclosed in the financial statements for the year ended 28 February 2021.

### 2. Bonds in issue

|        | Interest rate | Repayable by  | 31 August<br>2021<br>€ | 28 February<br>2021<br>€ |
|--------|---------------|---------------|------------------------|--------------------------|
| Bond V | 4.25%         | 12 April 2026 | 40,000,000             | 40,000,000               |
|        |               |               | 40,000,000             | 40,000,000               |

The bond issue costs have been borne by the parent company. The payment of this bond and interest thereon is guaranteed by the parent company which has bound itself jointly and severally with the Company.

### 3. Related party transactions

#### Finance income

|  | Period from<br>1 March 2021<br>to<br>31 August 2021<br>€ | Period from<br>1 March 2020<br>to<br>31 August 2020<br>€ |
|--|--|--|
| Interest charged on loans owed by parent company | 875,000  | 875,000  |

#### Loans owed by parent company

|         | Security | Interest rate | Repayable by | 31 August<br>2020<br>€ | 28 February<br>2020<br>€ |
|---------|----------|---------------|--------------|------------------------|--------------------------|
| Loan VI | None     | 4.375%        | 5 April 2026 | 39,910,000             | 39,910,000               |

Loan VI is to be fully repaid by 5 April 2026.

This loan ranks pari passu, without any priority or preference within all other present and future unsecured and unsubordinated obligations of the parent company, to which the loan has been advanced.

No loss allowance has been recognised based on the 12-month expected credit loss.

**Receivables**

|                                | <b>31 August<br/>2021</b> | 28 February<br>2021 |
|--------------------------------|---------------------------|---------------------|
|                                | €                         | €                   |
| <b>Current</b>                 |                           |                     |
| Amounts owed by parent company | <b>562,652</b>            | 344,268             |
| Accrued interest income        | <b>704,861</b>            | 1,579,861           |
|                                | <b>1,267,513</b>          | 1,924,129           |

The Company is a subsidiary of Corinthia Palace Hotel Company Limited. The Company's related parties include its parent company, fellow subsidiaries, key management personnel (the directors) and all other parties forming part of the Corinthia Group of Companies.

**4. Events after the end of the reporting period**

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the board.

We confirm that to the best of our knowledge:

- the interim financial statements give a true and fair view of the financial position of Corinthia Finance Plc as at 31 August 2020, and of its financial performance and its cashflows 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 Market Rules 5.81 to 5.85.



**Joseph Fenech**

Chairman



**Joseph J. Vella**

Director

28 October 2021