

International Hotel Investments p.l.c.

Interim Financial Statements (Unaudited)

For the six-month period

1 January 2024 to 30 June 2024

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International Hotel Investments p.l.c.
Interim Financial Statements
For the period from 1 January 2024 to 30 June 2024

Directors' Report

Six-month period ended 30 June 2024

Basis of Preparation

The published figures for the reporting period have been extracted from the unaudited consolidated financial statements of International Hotel Investments p.l.c. ("the Group") for the six months ended 30 June 2024 and the comparative period in 2023. Comparative balance sheet information as of 31 December 2024 has been extracted from the audited financial statements of the Group for the year ended on that date. This report is being published in terms of Capital Markets Rule 5.74 issued by the Listing Authority and has been prepared in accordance with the applicable Capital Markets Rules and International Accounting Standard 34, 'Interim Financial Reporting'. In terms of Capital Markets Rule 5.75.5, the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group's independent auditors.

Principal Activities

IHI plc dates its origins to that of its founding shareholder in Malta in 1962, and is now engaged primarily in the ownership, development and management of luxury hotels and its proprietary Corinthia brand - but also involved in related commercial and residential real estate development and project design services. The Company has several subsidiary companies and investments in associate companies through which it promotes the business of the Group.

Review of Performance

The Group's revenues increased by 9% in the first half of 2024 to €135.6 million from €124.8 million in the comparable period last year.

In consequence, the Group increased EBITDA to €22.89 million in the first half of this year compared to €18.75 million in the corresponding period last year. More importantly, EBITDA conversion at 17% for the first half the year, which includes a low season, is 2% better than last year notwithstanding continued inflationary pressures on payroll and other costs. The Group's subsidiary Corinthia Hotels Limited, which manages owned and third-party hotels, is also incurring significant pre-opening costs and taking on new, senior personnel as this company ramps up its activity, expertise and resources in advance of the opening of several new, luxury Corinthia hotels in later 2024 and 2025, which will drive revenues to the Group only once such hotels are operating.

In reviewing the financial results for the first six months of 2024, one should also note the following:

Interest income and expense has been impacted by the increase in base rates as Central bankers battle inflationary pressures. Interest cost increased by €4.4 million from €17.3million in the corresponding period to €21.7 million on account of these base rate increases and net increases in debt.

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Directors' Report - continued

Period ended 30 June 2024

All the above results in a loss after tax of €10.2 million being reported compared to a loss of €11.7 million in the same period last year

The net profit, net of tax, of €17.1 million in the Statement of Comprehensive Income principally reflects the currency translation difference on the Group's non-Euro denominated investments in London and in St Petersburg. Both the Sterling and the Rouble strengthened against the reporting currency of the Group which is the Euro.

State of Affairs and Outlook

Most hotels are performing better than last year. In all our hotels and businesses, management remains entirely focused on maintaining tight discipline on all operating costs whilst offering quality service. The Company's targets for year-end and financial planning are based on revenue expectations that are in line with our original forecasts.

All CAPEX remains tightly controlled. As at the end of June 2024, the Group had €60.7 million in cash and bank balances at its disposal.

Through its operating entity Corinthia Hotels Limited, the Company remains focused on a growth strategy that is based on management agreements. Works are now well underway on projects on sites in Doha, New York, Riyadh, Maldives and Bucharest, where Group subsidiary companies are involved as development partners, technical services providers and hotel operators, with practically all of the capital funding for these projects being provided by third parties. These hotels are expected to open in phases with Bucharest and New York opening in the next months.

Furthermore, the redevelopment of the Grand Hotel Astoria in Brussels is ongoing with a target date of Q4 2024 set for opening. The Company has a 50% share in this project. The project in Rome, which will be leased on completion, is progressing with a handover date expected in Q3 next year.

In line with our asset strategy, management is continuing with the evaluation of all our assets. In reviewing our asset strategies, we are also actively assessing opportunities to sell non-core or fully mature assets. Net proceeds from sales of assets will be deployed mostly towards paying down additional debt incurred during the pandemic, as well as a combination of dividends and further investments into new real estate projects.

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Directors' Report - continued

Period ended 30 June 2024

Directors

At the date of this report, the Directors of the Group are as follows:

Mr Alfred Pisani (Chairman)
Mr Frank Xerri de Caro
Mr Moussa Atiq Ali
Mr Hamad Buamim
Mr Douraid Zaghouani
Mr Joseph Pisani
Mr Richard Cachia Caruana
Mr Mohamed Mahmoud Alzarouq Shawsh
Mr Alfred Camilleri
Mr Simon Naudi (appointed 18th January 2024)

In accordance with the Group's Articles of Association, the present Directors remain in office.

On behalf of the Board,



Alfred Pisani
Chairman



Richard Cachia Caruana
Director

Registered Office:

22 Europa Centre,
Floriana FRN1400,
Malta

Interim Income Statement - the Group

	1 January to 30 June 2024 €'000	1 January to 30 June 2023 €'000
Revenue	135,605	124,787
Direct costs	<u>(74,824)</u>	<u>(69,631)</u>
	60,781	55,155
Marketing costs	(5,942)	(3,217)
Administrative expenses	(23,332)	(23,600)
Other operating expenses	<u>(8,621)</u>	<u>(9,590)</u>
Operating results before depreciation and fair value gains/(losses)	22,886	18,749
Depreciation and amortisation	(13,347)	(13,960)
Other losses arising on property, plant and equipment	(436)	(249)
Other operational exchange gain/(losses)	656	(823)
Results from operating activities	<u>9,759</u>	<u>3,717</u>
Net changes in fair value of financial assets through profit and loss	-	175
Finance income		
- interest and similar income	1,045	280
Finance costs		
- interest expense and similar charges	(21,686)	(17,308)
- net exchange differences on borrowings	<u>(1,117)</u>	<u>(1,602)</u>
Profit/(loss) before tax	<u>(11,999)</u>	<u>(14,738)</u>
Tax credit	1,824	3,014
Profit/(loss) for the period	<u>(10,175)</u>	<u>(11,724)</u>
Profit/(loss) for the period attributable to:		
- Owners of IHI	(7,576)	(10,256)
- Non-controlling interests	<u>(2,599)</u>	<u>(1,468)</u>
	<u>(10,175)</u>	<u>(11,724)</u>

Interim Statement of Comprehensive Income - the Group

	1 January to 30 June 2024 €'000	1 January to 30 June 2023 €'000
Profit/(loss) for the period	(10,175)	(11,724)
Other comprehensive income/(loss):		
Translation reserve	15,256	(12,122)
Income tax relating to components of other comprehensive income	1,874	5,939
Other comprehensive income/(loss) for the period, net of tax	17,130	(6,183)
Total comprehensive income/(loss) for the period	6,955	(17,907)

Interim Statement of Financial Position - the Group

	30 June 2024 €'000	31 December 2023 €'000
Assets		
Non-current		
Intangible assets	46,287	46,395
Indemnification assets	17,168	17,168
Investment property	251,851	161,635
Property, plant and equipment	1,297,365	1,341,845
Right-of-use assets	13,266	14,810
Deferred tax assets	30,450	20,761
Investments accounted for using the equity method	5,035	5,034
Financial assets at fair value through profit or loss	3,411	3,411
Other financial assets at amortised cost	6,790	6,083
Trade and other receivables	491	453
	<u>1,672,114</u>	<u>1,617,595</u>
Current		
Inventories	15,593	14,535
Other financial assets at amortised cost	108	110
Trade and other receivables	61,814	48,707
Current tax asset	241	228
Cash and cash equivalents	70,895	87,084
Assets placed under trust arrangement	77	77
	<u>148,728</u>	<u>150,741</u>
Total assets	<u>1,820,842</u>	<u>1,768,336</u>

Interim Statement of Financial Position - the Group

	30 June 2024 €'000	31 December 2023 €'000
Equity and liabilities		
Equity		
Capital and reserves attributable to owners of IHI:		
Issued capital	615,685	615,685
Revaluation reserve	97,939	97,941
Translation reserve	(41,666)	(52,684)
Reporting currency conversion difference	443	443
Other components of equity	2,617	2,617
Retained earnings	(58,302)	(50,728)
	<u>616,716</u>	<u>613,274</u>
Non-controlling interests	226,587	223,074
Total equity	<u>843,303</u>	<u>836,348</u>
Liabilities		
Non-current		
Trade and other payables	6,104	8,134
Bank borrowings	359,276	332,844
Bonds	253,107	297,769
Lease liabilities	11,823	13,221
Other financial liabilities	26,323	24,623
Deferred tax liabilities	119,969	110,992
	<u>776,602</u>	<u>787,583</u>
Current		
Trade and other payables	112,441	90,606
Bank borrowings	39,062	38,396
Bond	44,876	10,362
Lease liabilities	2,463	2,715
Other financial liabilities	-	91
Current tax liabilities	2,095	2,235
	<u>200,937</u>	<u>144,405</u>
Total liabilities	<u>977,539</u>	<u>931,988</u>
Total equity and liabilities	<u>1,820,842</u>	<u>1,768,336</u>

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Interim Statement of Changes in Equity - the Group

	Share capital €'000	Revaluation reserve €'000	Translation reserve €'000	Reporting currency conversion difference €'000	Other equity components €'000	Retained earnings €'000	Total attributable to owners €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2023	615,685	59,559	(31,023)	443	2,617	(40,382)	606,899	210,993	817,892
Loss for the period	-	-	-	-	-	(10,256)	(10,256)	(1,468)	(11,724)
Other comprehensive loss	-	-	(13,272)	-	-	-	(13,272)	7,088	(6,184)
Total income and expenses for the period	-	-	(13,272)	-	-	(10,256)	(23,528)	5,620	(17,908)
Balance at 30 June 2023	615,685	59,559	(44,295)	443	2,617	(50,638)	583,371	216,613	799,984
Loss for the period	-	-	-	-	-	(90)	(90)	511	421
Other comprehensive loss	-	38,382	(8,389)	-	-	-	29,993	5,950	35,943
Balance at 31 December 2023	615,685	97,941	(52,684)	443	2,617	(50,728)	613,274	223,074	836,348
Loss for the period	-	-	-	-	-	(7,576)	(7,576)	(2,599)	(10,175)
Other comprehensive income	-	-	11,019	-	-	-	11,019	6,112	17,130
Total income and expenses for the period	-	-	11,019	-	-	(7,576)	3,443	3,513	6,955
Balance at 30 June 2024	615,685	97,941	(41,666)	443	2,617	(58,304)	616,717	226,587	843,303

Interim Statement of Cash Clows - the Group

	1 January to 30 June 2024 €'000	1 January to 30 June 2023 €'000
Profit/(loss) before tax	(11,999)	(14,738)
Adjustments	34,932	37,355
Working capital changes:		
Inventories	(909)	(1,014)
Trade and other receivables	(9,543)	(7,333)
Advance payments	(58)	-
Trade and other payables	15,482	8,764
Cash generated from operations	27,905	23,034
Tax paid	(671)	(261)
Net cash generated from operating activities	27,234	22,773
Investing activities		
Payments to acquire property, plant and equipment	(38,876)	(23,392)
Payments to acquire intangible assets	(759)	(561)
Payments to acquire investment property	(384)	(807)
Proceeds from sale of investment property	795	-
Payments for acquisition of financial assets at fair value through profit or loss	(487)	-
Proceeds from sale of financial assets at fair value through profit or loss	-	1,145
Interest received	1,045	280
Net cash used in investing activities	(38,666)	(23,335)
Financing activities		
Bank finance advanced – net of arrangement fees	31,905	27,152
Repayment of bank borrowings	(10,404)	(8,076)
Payment for redemption of bonds	(10,392)	-
Bank loan fees	(900)	-
Principal elements of lease payments	(1,377)	(1,138)
Interest paid	(17,243)	(15,336)
Net cash used in financing activities	(8,411)	2,602
Net change in cash and cash equivalents	(19,843)	2,040
Cash and cash equivalents at beginning of period	78,532	55,740
Effect of translation of group entities to presentation currency	1,975	641
Cash and cash equivalents at end of period	60,664	58,421

Notes to the Financial Statements

1. Summary of significant accounting policies

The accounting policies adopted in the preparation of the 2024 Group's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2023.

2. Tangible fixed assets

Tangible fixed assets acquired during the period amounted to **€39 million**.

3. Related party transactions

The Company has a related party relationship with its parent company, CPHCL Company Limited (CPHCL), and other entities forming part of the CPHCL Group of Companies, of which IHI is a subsidiary. Transactions with these companies are subject to review by the Audit Committee which provides comfort to the Board of Directors that such transactions are carried out on an arm's length basis and are for the benefit of the IHI Group. All transactions with companies forming part of the IHI Group have been eliminated in the preparation of this consolidated Half-Yearly Report.

Summary of Related Party Transactions	€'000
Parent and associated company – Management fee income	275
Associated companies – Hotel fee income	592

Notes to the Financial Statements

4. Segmental Reporting – Information about reportable segments

Hotels	2024	2023	2024	2023	2024	2023	2024	2023
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
	European countries	European countries	Eastern European countries	Eastern European countries	North Africa	North Africa	Total	Total
Segment revenue	90,057	81,853	24,670	21,793	4,258	2,038	118,985	105,684
Operating results before depreciation and fair value gains/(losses)	15,651	12,776	4,078	2,184	1,441	(426)	21,170	14,534
Depreciation and amortisation	(8,983)	(8,927)	(1,971)	(2,524)	(859)	(1,158)	(11,813)	(12,609)
Segment profit or loss	6,668	3,849	2,107	(340)	582	(1,584)	9,357	1,925

Notes to the Financial Statements

4. Segmental Reporting – Information about reportable segments - *continued*

Entity-wide disclosure

	June 2024	June 2023
	€'000	€'000
Segment revenue	118,987	105,684
Rental income from investment property	5,857	5,395
Hotel management company revenue	8,677	7,819
Catering business	9,079	9,383
Project management	5,079	4,334
Holding company revenue and other revenue	2,067	2,266
Elimination of intra-group revenue	(14,141)	(10,094)
Group revenue	135,605	124,787
Segment profit or loss	9,357	1,924
Net rental income from investment property	4,871	4,512
Catering business	(101)	(368)
Other write-offs	(436)	(249)
Project management	1,095	853
Development management	(1,617)	-
Other operational exchange gains/(losses)	-	(823)
Unallocated items	(1,637)	(1,120)
Corporate office operating loss	(2,019)	(2,398)
Hotel management company operating profit	188	772
Depreciation and amortisation	(1,533)	(1,351)
Consolidation adjustment	1,591	1,965
	9,770	3,717
Finance income	1,045	280
Finance costs	(21,686)	(17,308)
Net foreign exchange translation differences	(1,117)	(1,602)
Net fair value gain/(loss) on investment	-	175
	(11,999)	(14,738)

Statement Pursuant to Capital Markets Rule 5.75.3

We confirm that to the best of our knowledge:

- the interim financial statements give a true and fair view of the financial position of International Hotel Investments p.l.c. as at 30 June 2024, 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 Markets Rules 5.81 to 5.84.



Alfred Pisani
Chairman



Richard Caehia Caruana
Director

30 August 2024