

Mariner Finance plc

Interim condensed consolidated financial statements and Directors' report

For the six months ended 30 June 2022

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Mariner Finance plc

Interim Directors' report pursuant to Listing Rule 5.75.2

Interim condensed consolidated financial statements for the period ended 30 June 2022

These interim condensed consolidated financial statements comprise the interim consolidated financial statements of Mariner Finance plc and its subsidiaries Mariner Finance Baltic SIA and Baltic Container Terminal SIA.

Performance review

During the first six months of the year the group continued to operate in its two core markets, precisely operation of sea terminal and property rental.

The group's operational results for the first six months of 2022 exceeded those attained in the same period of last year. As a result of this, the group's profit before tax of Eur 2,998,066 (30 June 2021 – Eur 1,822,426), was higher than that attained last year. The main reason for this increase in profitability was higher volumes handled, mainly due to a post Covid-19 pandemic recovery. Furthermore, the Russia-Ukraine conflict had a positive effect on volumes too with containers previously passing through Russia being diverted instead to Riga. Volumes handled at Baltic Container Terminal SIA during the first six months of the current year were 21.7% higher than those handled in the same period of the previous year. This implied that turnover for the first six months of the current year exceeded that attained in the previous year.

Revenue generated through the group's rental business was also higher than that attained in the first six months of 2021 with average occupancy increasing to 64%. The reason for the increase in the occupancy rate is both due to a post Covid-19 economy and industry recovery.

The group has a net current liability position as at 30 June 2022 of Eur 1,942,701 (December 2021: net current liability of Eur 3,956,738). The reason for this is that the group's Year 2019 investments had been financed via a bank overdraft with the intention of subsequently refinancing Eur 5,000,000 into a term loan facility. The management of the company has since decided not to proceed with such refinancing and instead maintain its current overdraft facility, which is not repayable on demand and being extended on an annual basis. Had this term loan facility been in place at 30 June 2022, the Group would have had a working capital ratio of 1.46 with current assets exceeding current liabilities by Eur 2,557,299. The group maintains a strong financial position with net assets as at 30 June 2022 amounting to Eur 55,748,384 (December 2022: Eur 52,929,420).

The Board confirms that the group maintains a strong financial position and has significant liquid reserves which will assist it during the slowdown in the international logistics chain.

Result and dividends

The result for the period ended 30 June 2022 is shown in the condensed consolidated statement of profit and loss and other comprehensive income on page 2. The group registered a profit after tax for the period of Eur 2,818,964 as compared to Eur 1,657,913 in June 2021. No interim dividend is being recommended.

Approved by the Board of Directors on 26 August 2022 and signed on its behalf by:



Lawrence Zammit
Director



Kevin Saliba
Director

Mariner Finance plc

Condensed consolidated statement of profit and loss and other comprehensive income

Six-month period ended 30 June 2022

	Group	
	30 Jun 2022	30 Jun 2021
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Revenue	9,716,793	7,403,444
Cost of sales	(4,683,950)	(3,703,661)
Gross profit	5,032,843	3,699,783
Administrative expenses	(1,261,343)	(973,185)
Other operating income	187,581	114,383
Other operating expenses	(57,360)	(73,564)
Operating profit	3,901,721	2,767,417
Investment income	169,312	149,532
Finance costs	(1,072,967)	(1,094,523)
Profit before tax	2,998,066	1,822,426
Income tax expense	(179,102)	(164,513)
Profit for the period representing total comprehensive income attributable to equity holders of the holding company	2,818,964	1,657,913

Mariner Finance plc

Condensed consolidated statement of financial position

As at 30 June 2022

	Group	
	30 Jun 2022 (unaudited) EUR	31 Dec 2021 (audited) EUR
ASSETS AND LIABILITIES		
Non-current assets		
Goodwill	13,184,904	13,184,904
Intangible asset	495,597	517,952
Property, plant and equipment	43,267,787	43,569,497
Investment property	4,443,000	4,443,000
Right-of-use assets	7,774,694	7,938,050
Loans receivable	29,102,919	27,969,299
	<u>98,268,901</u>	<u>97,622,702</u>
Current assets		
Loans receivable	932,319	414,467
Inventories	440,337	454,850
Trade and other receivables	4,111,423	3,216,393
Cash and cash equivalents	2,649,713	639,763
	<u>8,133,792</u>	<u>4,725,473</u>
Total assets	<u>106,402,693</u>	<u>102,348,175</u>
Current liabilities		
Trade and other payables	3,016,562	2,246,624
Lease liability	699,696	699,696
Bank overdraft and loans	6,348,224	5,720,932
Current tax liability	12,011	14,959
	<u>10,076,493</u>	<u>8,682,211</u>
Non-current liabilities		
Other financial liabilities	245,591	61,805
Debt securities in issue	34,838,178	34,788,672
Lease liability	5,254,047	5,604,050
Bank loans	-	42,017
Deferred tax liability	240,000	240,000
	<u>40,577,816</u>	<u>40,736,544</u>
Total liabilities	<u>50,654,309</u>	<u>49,418,755</u>
Net assets	<u>55,748,384</u>	<u>52,929,420</u>

Mariner Finance plc

Condensed consolidated statement of financial position (continued)

As at 30 June 2022

	Group	
	30 Jun 2022	31 Dec 2021
	(unaudited)	(audited)
	EUR	EUR
EQUITY		
Equity attributable to the owners of the holding company		
Share capital	500,000	500,000
Other equity	10,000,000	10,000,000
Other reserves	(1,898,805)	(1,898,805)
Revaluation reserve	9,368,400	9,368,400
Retained earnings	37,778,789	34,959,825
Total equity	<u>55,748,384</u>	<u>52,929,420</u>

Mariner Finance plc

Condensed consolidated statement of changes in equity

Period ended 30 June 2022

	Share capital Eur	Other equity Eur	Other reserves Eur	Revaluation reserve Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2021	500,000	10,000,000	(1,898,805)	9,368,400	32,327,414	50,297,009
Profit for the period	-	-	-	-	1,657,913	1,657,913
Total comprehensive income for the period	-	-	-	-	1,657,913	1,657,913
Balance at 30 June 2021	500,000	10,000,000	(1,898,805)	9,368,400	33,985,327	51,954,922
Profit for the period	-	-	-	-	974,498	974,498
Total comprehensive income for the period	-	-	-	-	974,498	974,498
Balance at 31 December 2021	500,000	10,000,000	(1,898,805)	9,368,400	34,959,825	52,929,420
Profit for the period	-	-	-	-	2,818,964	2,818,964
Total comprehensive income for the period	-	-	-	-	2,818,964	2,818,964
Balance at 30 June 2022	500,000	10,000,000	(1,898,805)	9,368,400	37,778,789	55,748,384

Mariner Finance plc

Condensed consolidated statement of cash flows

Six-month period ended 30 June 2022

	Group	
	30 Jun 2022	30 Jun 2021
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Cash flows from operating activities	3,798,830	2,585,272
Cash flows used in investing activities	(2,257,444)	(1,602,712)
Cash flows from financing activities	468,564	717,596
Net movement in cash and cash equivalents	2,009,950	1,700,156
Cash and cash equivalents at the beginning of the period	639,763	727,042
Cash and cash equivalents at the end of the period	<u>2,649,713</u>	<u>2,427,198</u>

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2022

1. Corporate information

The interim condensed consolidated financial statements of the group for the six months ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors of the 26 August 2022.

The principal activities of the group are investment, development, operation and management of sea terminals namely in Riga Latvia as well as property held for rental income.

2. Basis of preparation and significant accounting policies

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2022 have been extracted from the unaudited management accounts of the group and have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and in terms of the Malta Financial Services Authority Listing Rules.

The financial information of the group as at 30 June 2022 and for the six months then ended reflect the financial position and the performance of Mariner Finance plc and its subsidiaries Mariner Finance Baltic SIA and Baltic Container Terminal SIA. The comparative amounts reflect the position of the group as included in the audited financial statements for the year ended 31 December 2021 and the unaudited results for the period ended 30 June 2021.

The interim condensed consolidated 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 annual financial statements as at 31 December 2021. These interim financial statements are intended to provide an update on the latest set of financial statements and accordingly focus on the new activities, events and circumstances during the interim period.

The global economy is experiencing the current geopolitical situation and conflict in Ukraine. Whilst performance is sensitive to further changes in the landscape, Management of Baltic Container Terminal SIA expects exports from Latvia to increase as long as there are sufficient empty containers available, whilst imports remain strong. The group's container terminal as well as the property in Latvia, are both well-positioned to continue to be a long-term sustainable business.

Significant accounting policies

The accounting policies adopted and the methods of computation in these interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2021.

3. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective

Initial application of International Financial Reporting Standards

During the six-month period ended 30 June 2022, the new standards or amendments to other International Financial Reporting Standards which were effective in the current period did not have any significant impact on these financial statements.

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2022

3. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective (continued)

International Financial Reporting Standards in issue but not yet effective

At the date of approval of these financial statements, a number of International Financial Reporting Standards were either not yet endorsed by the European Union or were not yet effective, as follows:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current. The changes in 'Classification of Liabilities as Current or Non-current — Deferral of Effective Date' issued on 15 July 2020 defer the effective date of these Amendments to annual reporting periods beginning on or after 1 January 2023.
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies. These are effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 8 – Definition of Accounting Estimates. These are effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction. These are effective for annual periods beginning on or after 1 January 2023

The directors of the Company are in the process of assessing the potential impact, if any, of these Standards on the financial statements. The directors anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the Group in the period of initial application.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, the judgements which can significantly affect the amounts recognised in the financial statements and the key assumptions made at the end of the reporting period concerning the future or any other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

As at the end of the reporting period the Director's have assessed the fair value of the investment property and the revalued amounts of land and buildings and there were no significant changes from the amounts reported in the group's annual financial statements for the year ended 31 December 2021.

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Notes to the interim condensed consolidated financial statements

30 June 2022

5. Operating segment information

The group, which operates solely in Latvia, operates one main business activity, which is the operation of a sea terminal in Riga Latvia. Apart from this the group also owns an investment property in Riga which it rents to third parties. Each of these operating segments is managed separately as each of these lines requires local resources.

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the year. The group's reportable segments under IFRS 8 are direct sales attributable to each business activity.

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after allocation of central administration costs and finance costs, other than that related to the bonds issued by the holding company, based on services and finance provided. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the group's accounting policies.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to consolidated totals are reported below:

Profit before tax

	30 Jun 2022	30 Jun 2021
	6 months	6 months
	(unaudited)	(unaudited)
	Eur	Eur
Total profit for reportable segments	4,026,565	2,833,186
Unallocated amounts:		
Bond interest expense	(919,877)	(919,877)
Other unallocated amounts	(108,622)	(90,883)
	2,998,066	1,822,426

Mariner Finance plc

Notes to the interim condensed consolidated financial statements

30 June 2022

5. Operating segment information (continued)

Assets

	30 Jun 2022 (unaudited) Eur	31 Dec 2021 (audited) Eur
Total assets for reportable segments	69,732,860	69,193,196
Unallocated amounts:		
Goodwill	13,184,904	13,184,904
Trade and other receivables	3,353	38,403
Loans receivable	21,020,581	19,506,046
Cash and cash equivalents	2,460,995	425,626
	<u>106,402,693</u>	<u>102,348,175</u>

Liabilities

	30 Jun 2022 (unaudited) Eur	31 Dec 2021 (audited) Eur
Total liabilities for reportable segments	13,943,758	13,641,613
Unallocated amounts:		
Debt securities in issue	34,838,178	34,788,672
Trade and other payables	1,872,373	988,470
	<u>50,654,309</u>	<u>49,418,755</u>

The group's revenue and results from continuing operations from external customers and information about its asset and liabilities by reportable segment are detailed below:

	Cargo handling and storage of containers 2022 Eur	Property rental 2022 Eur	Unallocated 2022 Eur	Total 2022 Eur
Continuing operations				
Revenue	9,716,793	-	-	9,716,793
Other operating income	-	187,581	-	187,581
Profit before tax	3,896,325	130,240	(1,028,499)	2,998,066
Total assets	65,225,900	4,506,960	36,669,833	106,402,693
Total liabilities	13,866,671	77,087	36,710,551	50,654,309

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Notes to the interim condensed consolidated financial statements

30 June 2022

5. Operating segment information (continued)

	Cargo handling and storage of containers 2021 Eur	Property rental 2021 Eur	Unallocated 2021 Eur	Total 2021 Eur
Continuing operations				
Revenue	7,403,444	-	-	7,403,444
Other operating income	-	114,383	-	114,383
Profit before tax	2,826,633	6,553	(1,010,760)	1,822,426
Total assets	64,650,916	4,542,280	33,154,979	102,348,175
Total liabilities	13,593,428	48,185	35,777,142	49,418,755

The group revenue is made up of revenue from cargo handling amounting to Eur 8,207,498 (Jan to Jun 2021: Eur 6,656,976) and revenue from storage of containers amounting to Eur 1,509,295 (Jan to Jun 2021: Eur 746,468). All this revenue is recognised over time. Contracts with customers for cargo handling and the storage of containers generally have an original expected duration of one year or less and are recognised in terms of the Group's accounting policies for revenues.

6. Intangibles

During the first six months ended 31 June 2022 the group's capital expenditure amounted to Eur Nil (Jan to Jun 2021: Eur 7,039).

7. Property, plant and equipment

During the first six months ended 31 June 2022 the group's capital expenditure amounted to Eur 524,861 (Jan to Jun 2021: Eur 109,201).

8. Borrowings

During the first six months ended 30 June 2022 the group's bank loan drawdowns amounted to Nil (Jan to Jun 2021: Eur Nil). Repayments of bank loans undertaken during the first six month of the year amounted to Eur 153,468 (Jan to Jun 2021: Eur 153,468).

9. Cash and cash equivalents

	30 Jun 2022 (unaudited) Eur	31 Dec 2021 (audited) Eur
Cash at bank	<u>2,649,713</u>	<u>639,763</u>

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Notes to the interim condensed consolidated financial statements

30 June 2022

10. Related party disclosures

The parent and ultimate parent company of the group are Mariner Capital Limited and MEH Holdings Limited, respectively, which are both incorporated in Malta. The registered address of both Mariner Capital Limited and MEH Holdings Limited is 37, Censu Tabone Street, St. Julian's STJ 1218 Malta.

The directors consider the ultimate controlling party to be Marin Hili who indirectly owns 60% (2021: 60%) of Mariner Finance p.l.c.

During the course of the period, the group entered into transactions with related parties as set out below:

	30.06.22			30.06.21		
	Related party activity Eur	Total activity Eur	%	Related party activity Eur	Total activity Eur	%
Administration expenses						
<i>Related party transactions with:</i>						
Parent	420,000			300,000		
Other related parties	30,000			30,000		
	<u>450,000</u>	<u>1,261,343</u>	<u>36</u>	<u>330,000</u>	<u>973,185</u>	<u>34</u>

	30.06.22			30.06.21		
	Related party activity Eur	Total activity Eur	%	Related party activity Eur	Total activity Eur	%
Investment income						
<i>Related party transactions with:</i>						
Parent	104,704			104,705		
Other related parties	33,442			33,176		
	<u>138,146</u>	<u>169,312</u>	<u>82</u>	<u>137,881</u>	<u>149,532</u>	<u>92</u>

Other related parties consist of related parties other than the parent, entities with a joint control or significant influence over the company, subsidiaries, associates, joint ventures in which the company is a joint venturer and key management personnel of the company or its parent.

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Notes to the interim condensed consolidated financial statements

30 June 2022

11. Fair value of financial assets and financial liabilities

At 30 June 2022 and 31 December 2021, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated the fair values due to the short-term maturities of these assets and liabilities. The fair values of non-current financial assets that are not measured at fair value and the fair values of non-current bank loans are not materially different from their carrying amounts due to their current rates of interest. The fair value of debt securities at 30 June 2022 is Eur 34,838,178 (31 December 2021 – Eur 34,788,672).

12. Subsequent events

There were no material events which occurred subsequent to Balance Sheet Date, which need to be reflected in these interim financial statements in terms of IAS 10.

Mariner Finance plc

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

30 June 2022

We confirm that to the best of our knowledge:

- a. the condensed consolidated financial statements give a true and fair view of the financial position of the group as at 30 June 2022, financial performance and cash flows for the period then ended, in accordance with accounting standards adopted for use in the EU for interim financial statements (*adopted IAS 34 'Interim Financial Reporting'*); and
- b. the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Lawrence Zammit
Director



Kevin Saliba
Director