

# **Mariner Finance plc**

## **Interim condensed consolidated financial statements and Directors' report**

For the six months ended 30 June 2021

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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 2021

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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 terminals and property rental.

The group's operational results for the first six months of 2021 fell short of those attained in the same period of last year. As a result of this, the group's profit before tax of Eur 1,822,426 (30 June 2020 – Eur 2,392,308), was lower than that attained last year. The main reason for this drop in profitability was lower volumes handled, mainly due to the Covid-19 pandemic impact, resulting in a lower turnover generation. Volumes handled at Baltic Container Terminal SIA during the first six months of the current year were 9% lower than those handled in the same period of the previous year. This implied that turnover for the first six months of the current year fell short of that attained in the previous year.

Revenue generated through the group's rental business was lower than that attained in the first 6 months of 2020 with average occupancy dropping by 40%. The reason for the drop in the occupancy rate is also solely due to Covid-19.

The group has a net current liability position as at 30 June 2021 of Eur 2,991,998 (December 2020: net current liability of Eur 3,447,209). 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 2021, the Group would have had a working capital ratio of 1.28 with current assets exceeding current liabilities by Eur 1,508,002. The group maintains a strong financial position with net assets as at 30 June 2021 amounting to Eur 51,954,922 (December 2020: Eur 50,297,009).

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 2021 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 1,657,913 as compared to Eur 2,271,338 in June 2020. No interim dividend is being recommended.

Approved by the Board of Directors on 27 August 2021 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 2021

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	<b>Group</b>	
	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
	<b>6 months</b>	<b>6 months</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>EUR</b>	<b>EUR</b>
Revenue	<b>7,403,444</b>	7,976,187
Cost of sales	<b>(3,703,661)</b>	(3,736,195)
Gross profit	<b>3,699,783</b>	4,239,992
Administrative expenses	<b>(973,185)</b>	(1,079,759)
Other operating income	<b>114,383</b>	188,255
Other operating expenses	<b>(73,564)</b>	(75,946)
Operating profit	<b>2,767,417</b>	3,272,542
Investment income	<b>149,532</b>	170,277
Finance costs	<b>(1,094,523)</b>	(1,050,511)
Profit before tax	<b>1,822,426</b>	2,392,308
Income tax expense	<b>(164,513)</b>	(120,970)
<b>Profit for the period representing total comprehensive income attributable to equity holders of the holding company</b>	<b>1,657,913</b>	2,271,338

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# Mariner Finance plc

## Condensed consolidated statement of financial position

As at 30 June 2021

	Group	
	30 Jun 2021 (unaudited) EUR	31 Dec 2020 (audited) EUR
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Goodwill	13,184,904	13,184,904
Intangible asset	543,412	561,362
Property, plant and equipment	44,504,462	44,995,854
Investment property	4,652,000	4,652,000
Right-of-use assets	8,101,411	8,264,761
Loans receivable	25,391,256	23,795,966
	<u>96,377,445</u>	<u>95,454,847</u>
<b>Current assets</b>		
Loans receivable	640,436	749,722
Inventories	465,025	438,523
Trade and other receivables	3,388,474	2,979,922
Cash and cash equivalents	2,427,198	727,042
	<u>6,921,133</u>	<u>4,895,209</u>
<b>Total assets</b>	<u>103,298,578</u>	<u>100,350,056</u>
<b>Current liabilities</b>		
Trade and other payables	2,777,689	2,402,733
Lease liability	697,349	697,349
Bank overdraft and loans	6,224,366	5,226,956
Current tax liability	213,727	15,380
	<u>9,913,131</u>	<u>8,342,418</u>
<b>Non-current liabilities</b>		
Other financial liabilities	256,435	81,474
Lease liability	5,954,896	6,303,746
Debt securities in issue	34,764,000	34,716,456
Bank loans	195,484	348,953
Deferred tax liability	259,710	260,000
	<u>41,430,525</u>	<u>41,710,629</u>
<b>Total liabilities</b>	<u>51,343,656</u>	<u>50,053,047</u>
<b>Net assets</b>	<u>51,954,922</u>	<u>50,297,009</u>

# Mariner Finance plc

## Condensed consolidated statement of financial position (continued)

As at 30 June 2021

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	<u>Group</u>	
	<u>30 Jun 2021</u>	<u>31 Dec 2020</u>
	(unaudited)	(audited)
	EUR	EUR
<b>EQUITY</b>		
<b>Equity attributable to the owners of the holding company</b>		
Share capital	500,000	500,000
Other equity	10,000,000	10,000,000
Other reserves	(1,898,805)	(1,898,805)
Revelation reserve	9,368,400	9,368,400
Retained earnings	33,985,327	32,327,414
<b>Total equity</b>	<u><u>51,954,922</u></u>	<u><u>50,297,009</u></u>

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# Mariner Finance plc

## Condensed consolidated statement of changes in equity

Period ended 30 June 2021

	Share capital Eur	Other equity Eur	Other reserves Eur	Revaluation reserve Eur	Retained earnings Eur	Total Eur
<b>Balance at 1 January 2020</b>	<b>500,000</b>	<b>10,000,000</b>	<b>(1,898,805)</b>	<b>9,368,400</b>	<b>29,130,152</b>	<b>47,099,747</b>
Profit for the period	-	-	-	-	2,271,338	2,271,338
Total comprehensive income for the period	-	-	-	-	2,271,338	2,271,338
<b>Balance at 30 June 2020</b>	<b>500,000</b>	<b>10,000,000</b>	<b>(1,898,805)</b>	<b>9,368,400</b>	<b>31,401,490</b>	<b>49,371,085</b>
Profit for the period	-	-	-	-	925,924	925,924
Total comprehensive income for the period	-	-	-	-	925,924	925,924
<b>Balance at 31 December 2020</b>	<b>500,000</b>	<b>10,000,000</b>	<b>(1,898,805)</b>	<b>9,368,400</b>	<b>32,327,414</b>	<b>50,297,009</b>
Profit for the period	-	-	-	-	1,657,913	1,657,913
Total comprehensive income for the period	-	-	-	-	1,657,913	1,657,913
<b>Balance at 30 June 2021</b>	<b>500,000</b>	<b>10,000,000</b>	<b>(1,898,805)</b>	<b>9,368,400</b>	<b>33,985,327</b>	<b>51,954,922</b>

# Mariner Finance plc

## Condensed consolidated statement of cash flows

Six-month period ended 30 June 2021

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	<b>Group</b>	
	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
	<b>6 months</b>	<b>6 months</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>EUR</b>	<b>EUR</b>
Cash flows from operating activities	2,585,272	4,006,465
Cash flows used in investing activities	(1,602,712)	(3,732,262)
Cash flows from in financing activities	717,596	1,479,154
<b>Net movement in cash and cash equivalents</b>	<b>1,700,156</b>	<b>1,753,357</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>727,042</b>	<b>615,296</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,427,198</b>	<b>2,368,653</b>

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# Mariner Finance plc

## Notes to the interim condensed consolidated financial statements

30 June 2021

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### 1. Corporate information

The interim condensed consolidated financial statements of the group for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors of the 27 August 2021.

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 2021 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 2021 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 2020 and the unaudited results for the period ended 30 June 2020.

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 2020. 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.

As further explained in the Directors' report, due to Covid-19 pandemic, the group incurred a drop in both its handling volumes and rental income. This notwithstanding, the group has a strong financial position and significant resources at its disposal, which will assist it during the economic slowdown. Furthermore, the group's container terminal as well as the property in Latvia, are both well-positioned to continue to be a long-term sustainable businesses.

#### *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 2020.

### 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 2021, no new standards or amendments to other International Financial Reporting Standards were applied.

# Mariner Finance plc

## Notes to the interim condensed consolidated financial statements

30 June 2021

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### 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*

##### *Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments amend IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

##### *Amendments to IAS 8 - Definition of Accounting Estimates*

The amendments are intended to help entities distinguish between accounting policies and accounting estimates.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

# Mariner Finance plc

## Notes to the interim condensed consolidated financial statements

30 June 2021

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

*Amendments to IAS 8 - Definition of Accounting Estimates (continued)*

These amendments are applicable for period beginning on or after 1 January 2023 and as at the date of these financial statements were not yet endorsed by the European Union.

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 2020.

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 2020.

### 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.

# Mariner Finance plc

## Notes to the interim condensed consolidated financial statements

30 June 2021

### 5. Operating segment information (continued)

#### *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 2021 6 months (unaudited) Eur	30 Jun 2020 6 months (unaudited) Eur
Total profit for reportable segments	2,833,186	3,406,602
Unallocated amounts:		
Bond interest expense	(919,877)	(919,877)
Other unallocated amounts	(90,883)	(94,417)
	<u>1,822,426</u>	<u>2,392,308</u>

#### Assets

	30 Jun 2021 (unaudited) Eur	31 Dec 2020 (audited) Eur
Total assets for reportable segments	70,580,741	70,806,614
Unallocated amounts:		
Goodwill	13,184,904	13,184,904
Trade and other receivables	3,353	36,591
Loans receivable	17,296,405	15,931,204
Cash and cash equivalents	2,233,175	390,745
	<u>103,298,578</u>	<u>100,350,056</u>

# Mariner Finance plc

## Notes to the interim condensed consolidated financial statements

30 June 2021

### 5. Operating segment information (continued)

#### Liabilities

	30 Jun 2021 (unaudited) Eur	31 Dec 2020 (audited) Eur
Total liabilities for reportable segments	14,652,249	14,333,472
Unallocated amounts:		
Debt securities in issue	34,764,000	34,716,456
Trade and other payables	1,927,407	1,003,119
	<u>51,343,656</u>	<u>50,053,047</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 2021 Eur	Property rental 2021 Eur	Unallocated 2021 Eur	Total 2021 Eur
<b>Continuing operations</b>				
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	65,843,564	4,737,177	32,717,837	103,298,578
Total liabilities	14,634,962	17,287	36,691,407	51,343,656

	Cargo handling and storage of containers 2020 Eur	Property rental 2020 Eur	Unallocated 2020 Eur	Total 2020 Eur
<b>Continuing operations</b>				
Revenue	7,976,187	-	-	7,976,187
Other operating income	-	188,255	-	188,255
Profit before tax	3,326,472	80,130	(1,014,294)	2,392,308
Total assets	66,079,696	4,726,918	29,543,442	100,350,056
Total liabilities	14,285,287	48,185	35,719,575	50,053,047

# Mariner Finance plc

## Notes to the interim condensed consolidated financial statements

30 June 2021

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### 5. Operating segment information (continued)

The group revenue is made up of revenue from cargo handling amounting to Eur 6,656,976 (Jan to Jun 2020: Eur 7,389,556) and revenue from storage of containers amounting to Eur 746,468 (Jan to Jun 2020: Eur 577,631). 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 2021 the group's capital expenditure amounted to Eur 7,039 (Jan to Jun 2020: Eur 1,880).

### 7. Property, plant and equipment

During the first six months ended 31 June 2021 the group's capital expenditure amounted to Eur 109,201 (Jan to Jun 2020: Eur 2,785,736).

### 8. Borrowings

During the first six months ended 30 June 2021 the group's bank loan drawdowns amounted to Nil (Jan to Jun 2020: Eur 1,995,000). Repayments of bank loans undertaken during the first six month of the year amounted to Eur 153,468 (Jan to Jun 2020: Eur 153,468).

### 9. Cash and cash equivalents

	<b>30 Jun 2021</b> <b>(unaudited)</b> <b>Eur</b>	31 Dec 2020 (audited) Eur
Cash at bank	<b>2,427,198</b>	727,042

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### 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. Julians STJ 1218 Malta.

The directors consider the ultimate controlling party to be Marin Hili who indirectly owns 60% (2020: 60%) of Mariner Finance p.l.c.

# Mariner Finance plc

## Notes to the interim condensed consolidated financial statements

30 June 2021

### 10. Related party disclosures (continued)

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

	30.06.21			30.06.20		
	Related party activity Eur	Total activity Eur	%	Related party activity Eur	Total activity Eur	%
Administration expenses						
<i>Related party transactions with:</i>						
Parent	300,000			300,000		
Other related parties	30,000			30,000		
	<u>330,000</u>	<u>973,185</u>	<u>34</u>	<u>330,000</u>	<u>1,079,759</u>	<u>31</u>

	30.06.21			30.06.20		
	Related party activity Eur	Total activity Eur	%	Related party activity Eur	Total activity Eur	%
Investment income						
<i>Related party transactions with:</i>						
Parent	104,705			97,219		
Other related parties	33,176			29,072		
	<u>137,881</u>	<u>149,532</u>	<u>92</u>	<u>126,291</u>	<u>170,277</u>	<u>74</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.

# Mariner Finance plc

## Notes to the interim condensed consolidated financial statements

30 June 2021

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### 11. Fair value of financial assets and financial liabilities

At 30 June 2021 and 31 December 2020, 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 2021 is Eur 34,764,000 (31 December 2020 – Eur 34,716,456).

### 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 2021

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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 2021, 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