



Hili Finance Company p.l.c.

Interim Financial Report (Unaudited)

For the period 1 January 2023 to 30 June 2023

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Hili Finance Company p.l.c.

Half-yearly Directors' Report Pursuant to Capital Market Rules 5.75.2

Period ended 30 June 2023



These condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They have been prepared under the historical cost convention and have not been audited or reviewed by the auditors of Hili Finance Company plc (the "Company").

Principal activities

The Company was incorporated on the 6th of April 2018 with the objective of raising funds to support and finance the subsidiaries of Hili Ventures Limited.

Business review

The main business activity of the Company has been the issue in July 2018 of *Eur40,000,000*, August 2019 of *Eur80,000,000* and March 2022 of *Eur50,000,000* worth of bonds to the public that were fully subscribed. The bonds are guaranteed by Hili Ventures Limited, being the parent company of Hili Finance Company p.l.c.

During the six-month period that ended 30 June 2023, the Company registered a profit before tax of *Eur491,680* (2022: profit of *Eur440,144*). The net assets of the Company at the end of the period amounted to *Eur4,193,805* compared to *Eur3,882,449* as at 31 December 2022.

The published figures have been extracted from the unaudited management financial statements for the six-month period ending 30 June 2023, and the audited accounts for the period ending 31 December 2022.

During the period under review, Hili Ventures Limited registered a profit before tax of *Eur24,948,235* (June 2022: *Eur2,179,259*) on investment income of *Eur29,596,877* (June 2022: *Eur6,767,503*). The Group's profit before tax for the same period amounted to *Eur22,224,701* (June 2022: *Eur17,103,217*) on revenues of *Eur437,815,650* (June 2022: *Eur351,292,309*). While the group's performance of the first 6 months of the year was very positive, the general operating and macro-economic environments are still prone to volatility. Whilst the situation remains fluid, the outlook for the rest of 2023 remains cautiously optimistic.

The Company is mainly dependent on the business prospects of Hili Ventures Limited, and consequently the operating results of its subsidiaries have a direct effect on the Company's financial position and performance, including the ability of the Company to meet its obligations under the issued bonds.

Approved by the Board of Directors on 28 August 2023 and signed on its behalf by:

A blue ink signature of Geoffrey Camilleri, written in a cursive style.

Geoffrey Camilleri
Chairman

A blue ink signature of Dorian Desira, written in a cursive style.

Dorian Desira
Director

Hili Finance Company p.l.c.
Condensed Statements of Profit or Loss
and Other Comprehensive Income
Period ended 30 June 2023



	Period from 1 January to 30 June 2023 Eur (unaudited)	Period from 1 January to 30 June 2022 Eur (unaudited)
Finance income	3,879,158	3,466,658
Finance costs	<u>(3,358,932)</u>	<u>(3,005,514)</u>
Net interest earned	520,226	461,144
Administrative expenses	<u>(28,546)</u>	<u>(21,000)</u>
Profit before tax	491,680	440,144
Income tax expense	(180,324)	(159,748)
Profit after tax and total comprehensive income for the period	<u><u>311,356</u></u>	<u><u>280,396</u></u>

Hili Finance Company p.l.c.
Condensed Statements of Financial Position
for the period ended 30 June 2023



	As at 30 June 2023	As at 31 December 2022
	Eur	Eur
ASSETS AND LIABILITIES		
Non-current assets		
Loans and receivables	<u>172,410,958</u>	<u>172,410,958</u>
	172,410,958	172,410,958
Current assets		
Loans and receivables	6,122,978	4,503,869
Other receivables	31,290	49,095
Cash and cash equivalents	488,238	409,277
	<u>6,642,506</u>	<u>4,962,241</u>
Total assets	<u>179,053,464</u>	<u>177,373,199</u>
Current liabilities		
Other payables	4,677,247	3,430,925
Other financial liabilities	78	-
Current tax liability	182,334	59,825
	<u>4,859,659</u>	<u>3,490,750</u>
Non-current liabilities		
Debt securities in issue	<u>170,000,000</u>	<u>170,000,000</u>
	170,000,000	170,000,000
Total liabilities	<u>174,859,659</u>	<u>173,490,750</u>
Net assets	<u>4,193,805</u>	<u>3,882,449</u>
EQUITY		
Share capital	2,000,000	2,000,000
Retained earnings	2,193,805	1,882,449
Total equity	<u>4,193,805</u>	<u>3,882,449</u>

The notes on pages 7 to 9 are an integral part of this interim condensed financial information.

The condensed interim financial information on pages 3 to 6 were authorised for issue by the Board of Directors on 28 August 2023 and were signed by:

Geoffrey Camilleri
Chairman

Dorian Desira
Director

Hili Finance Company p.l.c.
Condensed Statement of Changes in Equity
for the period ended 30 June 2023



	Share capital Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2022	2,000,000	1,282,363	3,282,363
Total comprehensive income for the period	-	280,396	280,396
Balance at 30 June 2022 (unaudited)	2,000,000	1,562,759	3,562,759
Balance at 1 January 2023	2,000,000	1,882,449	3,882,449
Total comprehensive income for the period	-	311,356	311,356
Balance at 30 June 2023 (unaudited)	2,000,000	2,193,805	4,193,805

Hili Finance Company p.l.c.
Condensed Statements of Cash Flows
for the period ended 30 June 2023



	Period from 1 January to 30 June 2023 Eur (unaudited)	Period from 1 January to 30 June 2022 Eur (unaudited)
Cash flows from operating activities		
Operating profit before working capital movement	491,680	440,144
<i>Adjustments for:</i>		
Interest Income	(3,879,158)	(3,466,658)
Interest expense on debt securities issued	3,293,364	2,945,558
<i>Operating loss before working capital movement</i>	(94,114)	(80,956)
Movement in other receivables	17,854	68,717
Movement in other payables	(61,897)	(58,739)
<i>Net cash flows used in operating activities</i>	(138,156)	(70,978)
Cash flows from investing activities		
Loans advanced to parent company	-	(50,000,000)
Interest received	2,260,000	-
<i>Net cash flows used in investing activities</i>	2,260,000	(50,000,000)
Cash flow from financing activities		
Proceeds from bond issue	-	50,000,000
Interest paid	(2,042,883)	-
<i>Net cash flows from financing activities</i>	(2,042,883)	50,000,000
Net movement in cash and cash equivalents	78,961	(70,978)
Cash and cash equivalents at the beginning of the period	409,277	126,072
Cash and cash equivalents at the end of the period	488,238	55,094

1. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2023 have been extracted from the unaudited management accounts of the Company and have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

2. Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those financial statements.

3. Financial risk management

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2022.

4. Critical accounting estimates and judgements

In the process of applying the company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in these condensed financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any 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 six month period.

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments has been identified as the board of directors, responsible for making strategic decisions. The Board of Directors considers the Company to be made up of one segment, that is, raising financial resources from capital markets to finance the capital projects of the Group. All of the Company's revenue and expenses are

5. Segment information (continued)

generated in Malta and revenue is mainly earned from interest earned from inter-company loans.

6. Related party transactions

The Company forms part of the Hili Ventures. All companies forming part of the Group are related parties since these companies are all ultimately owned by Hili Ventures Limited. Trading transactions between these companies include items which are normally encountered in a group context.

The principal transactions carried out with related parties during the period are as follows:

	Six-months ended 30 June 2023 Eur
Finance income	
Interest receivable on loans advanced to parent company	<u><u>3,879,158</u></u>

7. Debt securities in issue

In July 2018, the Company issued *Eur40,000,000* 3.85% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 24th of July 2028. The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur40,000,000*. The market of debt securities on the last day before the statement of financial position date was *Eur37,200,000*. Interest is repayable on the 24th of July of each year at the rate of 3.85% per annum, payable annually in arrears on each interest payment date.

In August 2019, the company issued *Eur80,000,000* 3.80% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 27th of August 2029. The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur80,000,000*. The market value of debt securities on the last day before the statement of financial position date was *Eur75,200,000*. Interest is repayable on the 27 August of each year at the rate of 3.80% per annum, payable annually in arrears on each interest payment date.

7. Debt securities in issue (continued)

In March 2022, the Company issued *Eur50,000,000* 4% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 11th of March 2027. The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur50,000,000*. The market of debt securities on the last day before the statement of financial position date was *Eur49,500,000*. Interest is repayable on the 11th of March of each year at the rate of 4% per annum, payable annually in arrears on each interest payment date.

8. Subsequent events

There are no salient post balance sheet events.

Hili Finance Company p.l.c.

Statement Pursuant to Capital Market Rules 5.75.3
issued by the Malta Financial Services Authority
for the period ended 30 June 2023



We confirm that to the best of our knowledge:

- (a) the condensed interim financial statements give a true and fair view of the financial position of Hili Finance Company p.l.c. as at 30 June 2023, and the financial performance and cash flows of the company for the half year then ended, which have been prepared 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

- (b) the interim Directors' report includes a fair review of the information required in terms of Capital Market Rules 5.81 to 5.84.

Approved by the Board of Directors on 28 August 2023 and signed on its behalf by:

A handwritten signature in blue ink, appearing to be 'G. Camilleri', written in a cursive style.

Geoffrey Camilleri
Chairman

A handwritten signature in blue ink, appearing to be 'D. Desira', written in a cursive style.

Dorian Desira
Director