INTERNATIONAL HOTEL INVESTMENTS P.L.C.

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by International Hotel Investments p.l.c. pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority.

Information on audited financial statements of IHI Magyarország Zrt for 2023 as Guarantor

The audited financial statements for year ended 31 December 2023 of IHI Magyarország Zrt as guarantor of the International Hotel Investments p.l.c. secured bond (ISIN MT0000111303) are attached to this company announcement and are also available on:

https://www.corinthiagroup.com/wp-content/uploads/2024/04/IHI-Hungary-IFRS-Financial-Statements-December-2023.pdf

Stephen Bajada
Company Secretary

Encl.

30 April 2024

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Annual Report and financial statements prepared in accordance with International Financial Reporting Standards

IHI Magyarország Zrt.
Year ended 31 December 2023

Contents

Directors' report

The directors present their report together with the audited financial statements of IHI Magyarorszag Zrt. (the 'Company') for the year ended 31 December 2023.

Mission and Strategy

The Company's mission is to maximise shareholders' wealth by owning and operating assets at the top end of the market within which it operates.

Principal activities

The Company operates the Corinthia Hotel Budapest, a landmark five-star deluxe hotel located in the heart of Budapest drawing on an unrivalled 112-year history of excellence and tradition. The Company also owns and operates the Royal Residence and the Royal Spa.

The Company's sole shareholder is IHI p.l.c., a company domiciled in Malta.

Review of business and future outlook

The results for the year are set out in the statement of profit or loss and other comprehensive income on page 8 of the financial statements. The profit for the year of €1.25 million (2022: €0.23 million) will be added to the retained earnings.

Future developments

After years of stagnation since the pandemic and a transitional year in 2023, the Company has set its sight on pre-pandemic business levels for 2024, and we expect conversion ratios from Revenue to operating results before depreciation and fair value movements to follow suite. Inflationary pressures are expected to ease, however interest rates, the tight labour market and the military conflict by Russia and Israel will continue to unsettle the energy markets.

We continue to look for efficiencies, staff appropriately for business levels in the operational departments and be opportunistic and strategic with our energy purchases in order to lower the cost pressure on hotel.

Going concern

The Directors have reviewed the Company's and the IHI p.l.c. Group's operational and cash flow forecasts. Based on this review, after making enquiries, and in the light of the current financial position, the existing banking facilities and other funding arrangements, the Directors confirm, that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Directors' report - continued

Equity

The statement of changes in equity is set out on page 10 of the financial statements.

In 2023, no dividend has been declared to the parent IHI p.l.c.

Directors

The board of directors is made up as follows:

Frank Xerri de Caro
Joseph Pisani
Richard Cachia Caruana

The company's Articles of Association do not require any directors to retire.

Approved by the Board of Directors on 30 April 2024 and signed on its behalf by:

Frank Xerri de Caro
Chairperson

Joseph Pisani
Director

Erzsébet krt 43-49
1073 Budapest
Hungary

Independent auditor's report

To the Shareholders of IHI Magyarország Zrt.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of IHI Hungary Magyarorszag Zrt. (the Company) as at 31 December 2023, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and

What we have audited

IHI Hungary Magyarorszag Zrt.'s financial statements, set out on pages 8 to 39 comprise:

- the statement of comprehensive income for the year ended 31 December 2023;
- the statement of financial position as at 31 December 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

Independent auditor's report - *continued*

To the Shareholders of IHI Magyarország Zrt.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent auditor's report - *continued*

To the Shareholders of IHI Magyarország Zrt.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2023 contains* other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Financial Statements* 2023 and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 2 to 3) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Lucienne Pace Ross
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

30 April 2024

Statement of comprehensive income

	Notes	2023 €'000	2022 €'000
Revenue	5	**21 870**	15,686
Direct costs		**(11,322)**	(8,344)
Gross profit		**10,548**	7,342
Marketing costs		**(879)**	(755)
Administrative expenses		**(4,252)**	(2,826)
Other operating expenses		**(1,289)**	(876)
Depreciation		**(1,578)**	(1,629)
Results from operating activities	6	**2,550**	1,256
Finance income		**202**	252
Finance costs		**(1,188)**	(1,178)
Net finance costs	8	**(986)**	(926)
Profit before tax		**1,564**	330
Tax expense	9	**(314)**	(103)
Profit for the year - total comprehensive income		**1,250**	227
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Gross fair value movement arising on revaluation of hotel properties	10	**(4,500)**	-
Income tax relating to component of comprehensive income	19	**405**	-
Other comprehensive income for the year net of tax		**(4,095)**	-
Total comprehensive income for the year		**(2,845)**	227

Statement of financial position

	Notes	2023 €'000	2022 €'000
Assets			
Non-current			
Property, plant and equipment	10	116,025	119,632
Right-of-use asset	10.6	78	181
		116,103	119,813
Current			
Inventories	11	1,018	963
Trade and other receivables	12	1,956	2,203
Cash and cash equivalents	13	1,684	907
		4,658	4,073
Total assets		120,761	123,886
Equity			
Called-up share capital	14.1	3,862	3,862
Capital reserve		6,106	6,106
Revaluation reserve	15	35,760	39,855
Retained earnings	16	14,783	13,533
Total equity		60,511	63,356
Liabilities			
Non-current			
Other financial liabilities	18	34,809	36,859
Lease liabilities	10.6	-	78
Deferred tax liabilities	19	5,615	5,868
Trade and other payables	20	7,052	12,994
		47,476	55,799
Current			
Other financial liabilities	18	1,622	1,404
Trade and other payables	20	10,396	2,700
Lease liabilities	10.6	85	117
Current taxation		671	510
		12,774	4,731
Total liabilities		60,250	60,530
Total equity and liabilities		120,761	123,886

The financial statements on pages 8 to 39 were authorised for issue by the board of directors on 30 April 2024 and signed on its behalf by:

Frank Xerri de Caro
Chairperson

Joseph Pisani
Director

Statement of changes in equity

	Share capital €'000	Capital reserve €'000	Revaluation reserve* €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2022	3,862	6,106	39,855	13,306	63,129
Comprehensive income	-	-	-	227	227
Balance at 31 December 2022	3,862	6,106	39,855	13,533	63,356
Balance at 1 January 2023	**3,862**	**6,106**	**39,855**	**13,533**	**63,356**
Comprehensive income	-	-	(4,095)	1,250	(2,845)
Balance at 31 December 2023	**3,862**	**6,106**	**35,760**	**14,783**	**60,511**

* Not available for distribution

Statement of cash flows

	Notes	2023 €'000	2022 €'000
Profit before tax		**1,564**	330
Adjustments	21	**2,642**	2,574
Working capital changes:			
Inventories		**(55)**	(104)
Trade and other receivables		**169**	(357)
Trade and other payables		**993**	(137)
Net cash generated from operating activities		**5,313**	2,306
Investing activities			
Payments to acquire property, plant and equipment	10	**(2,368)**	(1,532)
Net cash used in investing activities		**(2,368)**	(1,532)
Financing activities			
Shareholder loan repayments*		**(2,050)**	(1,369)
Lease liability		**(118)**	(125)
Net cash used in financing activities		**(2,168)**	(1494)
Net increase/(decrease) in cash and cash equivalents		**777**	(721)
Cash and cash equivalents at beginning of year		**907**	1,627
Cash and cash equivalents at end of year	13	**1,684**	907

* During the year, the Company repaid €2.05 million (2022: €1.37 million) in shareholder's loans.

Notes to the financial statements

1. Nature of operations

The Company's main business is connected with the ownership and operation of a hotel and adjacent apartments and spa in Budapest, Hungary.

2. General information

IHI Magyarország Zrt. (the 'Company'), is a limited liability company incorporated in Budapest, Hungary. The Company's registered address is Erzsébet krt. 43-49, 1073 Budapest, Hungary.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements are presented in thousands of Euro (€'000) which is also the functional currency of the Company.

3. Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities classified at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), the land and buildings class within property, plant and equipment and investment property – which are measured at fair value.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 4 – Critical accounting estimates, judgements and errors).

As at 31 December 2023, the company reported a profit of €1,250,000 (2022: profit of €227,000) and its current liabilities exceeded its current assets by €8,116,000 (2022: €658,000). These accounts have been prepared on a going concern basis, which assumes that the company will continue operational existence for the foreseeable future. The validity of this assumption depends on the continued support given by the immediate parent company, International Hotel Investments p.l.c. and its shareholders. The directors have obtained assurances that the ultimate parent company will not call for payment of the amounts due before third party balances are settled and will continue to support financially the company to enable it to meet its liabilities as and when they fall due.

3. Summary of material accounting policies - continued

3.2 Standards, interpretations and amendments to published standards effective in 2023

The following amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards :

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- IAS 12 Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments listed above did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

3.3 Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning 1 January 2023 and after. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's current or future reporting periods and on foreseeable future transactions.

3.4 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS as adopted by the EU for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS as adopted by the EU that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the following Notes:

The accounting policies have been consistently applied by Company and are consistent with those used in previous years.

3. Summary of material accounting policies - continued

3.4 Overall considerations - continued

Going concern

Operating conditions continued to improve during 2023 as almost all operations recovered from the effect of the COVID-19 pandemic. In 2023, the Group recorded an improved operating result before depreciation and fair value adjustments of €60.3 million compared to €51.7 million last year. The Group is projecting that consolidated revenue levels will continue to improve during 2024 and beyond as new openings come into play.

As from February 2022, the Group's operations in Russia were impacted in view of the military conflict between Russia and Ukraine. The geopolitical situation between Russia and the west resulted in a drop in international business to and from Russia, and in sanctions and counter sanctions being imposed.

In 2022, due to the evolving situation in and around the Russian market, the Group opted to settle in full its bank loan on its property in St. Petersburg. Naturally this had impacted the Group's cashflows and liquidity.

All COVID related arrangements that the Group had entered into with its funding banks both in Malta and internationally, had reverted back to their pre COVID-19 terms in 2022 and all capital and interest is being met when due. The Company`s and Group's liquidity situations are being kept under constant review, particularly in view of increased interest costs and certain projects and commitments that the Group is currently engaged in.

At 31 December 2023, the Group had access to €143.6 million, comprising €49.1 million of undrawn committed facilities, €7.4 million of unutilised bank overdrafts and €87.1 million of cash balances. This liquidity position enables the Group to sustain its operations as well as meet its capital commitments. Overall, the Group's balance sheet position remains robust.

Accordingly, the Directors and senior management consider the going concern assumption in the preparation of the Group's financial statements as appropriate as at the date of authorisation for issue of the 2023 financial statements. In their view, as at that date, there were no material uncertainties that may cast significant doubt on the Group's ability to continue operating as a going concern.

The board of directors and senior management remain vigilant on developments and will take appropriate measures as and when necessary to ensure the continued viability of the Company.

3.5 Interest-bearing loans

Borrowings, comprising intra-group loans, are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3. Summary of material accounting policies – continued

3.6 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in income statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

3.7 Revenue

Revenue includes revenue from accommodation, food and beverage services, and other ancillary services. The substantial majority of services are provided to customers during their stay at the hotel, and, depending on the type of booking, some services would generally be amalgamated into one 'contract' (for example, bed and breakfast).

Each of the services rendered is assessed to be a distinct performance obligation, and if applicable, the Company allocates the transaction price to each of the services rendered to the customer on a relative basis, based on their stand-alone selling price. Revenue from such operations is recognised over time since the customer benefits as the Company is performing; the majority of revenue relates to accommodation (i.e. the amount allocated to such performance obligation is recognised over the customer's stay at hotel).

3.8 Leases

The Company's lease accounting policy where the Company is the lessee is disclosed in Note 10.6

3.9 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.10 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by professional valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

3. Summary of material accounting policies - continued

3.10 Property, plant and equipment - continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	Years
Freehold buildings	50
Hotel plant and equipment	2-15
Furniture, fixture and fittings	3-10
Motor vehicles	5

Freehold land is not depreciated as it is deemed to have an indefinite life. Assets in the course of construction and payments on account are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (refer to Note 3.11). An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

3.11 Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

3. Summary of material accounting policies - continued

3.11 Impairment testing of property, plant and equipment - continued

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. Cash flows and discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.12 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities, other than derivative financial instruments, are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. Financial liabilities at fair value through profit or loss would be initially recognised at fair

3. Summary of material accounting policies - continued

value through profit or loss with transaction costs in profit or loss and would be subsequently measured at fair value. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. The cost of inventories comprises the invoice value of goods and, in general, includes transport and handling costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less and the estimated costs necessary to make the sale.

3.14 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3. Summary of material accounting policies - continued

3.15 Equity and reserves - continued

Share capital represents the nominal value of shares that have been issued.

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. Retained earnings include all current and prior period losses and retained profits.

3.16 Provisions, contingent liabilities and contingent assets

Provisions for legal claims and other obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by occurrence, or non-occurrence, of one or more uncertain future event not wholly within the control of the Company, or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

4. Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The fair value of property, plant and equipment and investment properties is determined by using valuation techniques. Further details of the judgements and assumption made are disclosed in Note 10.

This Note highlights information about the fair value estimation of land and buildings and investment property, together with a sensitivity analysis of the effects of shifts in unobservable inputs used in determining these fair values.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are, with the exception of the fair valuation of property, not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

5. Revenue

	2023 €'000	2022 €'000
Accommodation	**15,507**	11,151
Food and beverages	**4,319**	3,212
Other hotel revenue	**2,044**	1,323
	21,870	15,686

6. Results from operating activities

Results from operating activities are after the following charges:

	2023 €'000	2022 €'000
Operating lease costs	**8**	15
Depreciation of property, plant and equipment (Note 10)	**1,475**	1,509
Depreciation – Right of Use (Note 10.6)	**103**	120
Auditors' remuneration	**35**	24
Other non-audit services	**3**	0

7. Personnel expenses

	2023 €'000	2022 €'000
Wages and salaries	**3,271**	2,304
Casual workforce	**1,850**	1,278
Other payroll related expenses	**335**	321
	5,456	3,903

7.1 Average number of employees

	2023 €'000	2022 €'000
Management and administrative	**43**	41
Operating	**115**	90
	158	131

8. Finance income and finance costs

	2023 €'000	2022 €'000
Interest income on:		
Unrealised Exchange loss	**64**	114
Other income from Parent*	**138**	138
Finance income	**202**	252
Interest expense on:		
Interest on group balances	**(1,099)**	(1,047)
Other charges	**(15)**	(31)
Exchange Loss/Gain – net	**(74)**	(100)
Finance costs	**(1,188)**	(1,178)
Net finance costs	**(986)**	(926)

* The hotel building was pledged as collateral against a bond issued by the parent company amounting to €55 million. Interest receivable in relation to the collateral provided was invoiced for at 0.25% or €137,499.

9. Tax expense

	2023 €'000	2022 €'000
Income Tax	**(161)**	-
Deferred taxation (Note 19)	**(153)**	(103)
Tax Expense	**(314)**	**(103)**

In 2023 and 2022, the corporate income tax rate in Hungary was 9% for taxable profit.

Refer to Note 19 for information on the entity's deferred tax assets and liabilities.

	2023 €'000	2022 €'000
Profit before tax	**1,564**	330
Income tax using the Company's domestic tax rate	**(141)**	(30)
Effect of non-deductible expenses	**(173)**	(73)
Tax expense	**(314)**	(103)

10. Property, plant and equipment

	Land and buildings €'000	Plant and equipment €'000	Furniture, fixtures and fittings €'000	Assets in the course of construction €'000	Total €'000
Cost/revalued amount					
Balance at 1 January 2022	137,493	10,088	5,571	107	153,259
Additions	-	-	-	746	746
Reallocations	343	231	-	(574)	-
Balance at 31 December 2022	137,836	10,319	5,571	279	154,005
Balance at 1 January 2023	**137,836**	**10,319**	**5,571**	**279**	**154,005**
Additions	-	-	-	2,368	2,368
Balance at 31 December 2023	**137,836**	**10,319**	**5,571**	**2,647**	**156,373**
Depreciation and impairment losses					
Balance at 1 January 2022	18,501	9,421	4,942	-	32,864
Depreciation for the year	1,277	180	52	-	1,509
Balance at 31 December 2022	19,778	9,601	4,994	-	34,373
Balance at 1 January 2023	**19,778**	**9,601**	**4,994**	**-**	**34,373**
Depreciation for the year	1,298	168	9	-	1,475
Impairment charge	4,500	-	-	-	4,500
Balance at 31 December 2023	**25,576**	**9,769**	**5,003**	**-**	**40,348**
Carrying amounts					
At 1 January 2022	118,992	667	629	107	120,395
At 31 December 2022	118,058	718	577	279	119,632
At 31 December 2023	**112,260**	**550**	**568**	**2,647**	**116,025**

10. Property, plant and equipment - continued

10.1 Fair valuation of property

The disclosure below, including the sensitivities to shifts in unobservable fair value inputs, reflects the events and circumstances existent as at 31 December 2023, and do not take into account the events after reporting period.

In 2023, the directors appointed independent professionally qualified property valuers having appropriate recognised professional qualifications and the necessary experience. In 2023, we recognised a negative valuation movement of €4.5 million (2022: no movement was recognised).

The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which, the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Company's land and buildings, within property, plant and equipment, consists principally of hotel property that is owned and managed by companies forming part of the Corinthia Group.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

Valuation processes

Where management, through its assessment, concludes that the fair value of property differs materially from its carrying amount, an independent valuation report prepared by third party qualified valuers, is performed. This report is based on both:

- information provided by the Company which is derived from the Company's financial systems and is subject to the Company's overall control environment; and

- assumptions and valuation models used by the valuers, with assumptions being typically market related and based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by designated officers within the Company. This includes a review of fair value movements over the period.

Income capitalisation or discounted cash flow ('DCF') approach considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

10. Property, plant and equipment - continued

10.1 Fair valuation of property - continued

Operating results before depreciation and fair value gains/(losses)	based on projected income streams less operating expenditure necessary to operate the property, but prior to depreciation and financing charges;
Growth rate	based on management's estimated average growth of operating results before depreciation and fair value gains/(losses) levels, mainly determined by projected growth in income streams;
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor. Estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.
Capitalisation rate	mainly a function of the WACC rate and taking into consideration the assumed stabilised growth rate for the remaining life of the asset

Adjusted sales comparison approach: a sales price per square metre or per room related to transactions in comparable properties located in proximity to the respective property, with adjustments for differences in the size, age, exact location and condition of the property.

The table below include information about fair value measurements of the hotel property (classified within property, plant and equipment) using significant unobservable inputs (Level 3). Following an independent valuation this year, the fair value of the hotel property has recorded a fair value decrease of €4.5 million while in the year 2022, there were no fair value movements.

10. Property, plant and equipment - continued

10.1 Fair valuation of property - continued

Information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2023 and 2022

Description by class based on highest and best use	Fair value at 31 Dec 2023 €'000	Fair value at 31 Dec 2022 €'000	Significant unobservable inputs							
Current use as hotel property (classified as property, plant and equipment)			**Evolution of operating results before depreciation and fair value gains/(losses) over initial projected five-year period**		**Pre-tax rate (WACC)**		**Growth rate**		**Capitalisation rate**	
Income capitalisation approach (DCF)			**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
					%	%	%	%	%	%
Corinthia Hotel Budapest	**116,025**	119,632	***FY24-FY28*** **€5.3m - €10.0m**	*FY23-FY27* €3.8m - €10.4m	**10.02**	10.06	**2**	2	**8.02**	8.06

In relation to the DCF approach, an increase in the projected level of operating results before depreciation and fair value and growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value. With respect to the adjusted sales comparison approach, the higher the sales price per square metre, the higher the resultant fair valuation.

As at 31 December 2023, as evidenced in the tables above, a fair value loss was recognised in Corinthia Hotel Budapest.

A shift in discount rate of +/- 1% in 2023 (2022: +/- 1%) and in operating results before depreciation and fair value by 5% for 2023 (2022: 5%) would result in a shift in property valuation of - €12.9 million and + € 16.6 million and +/- €5.8 million respectively (2022: -€13.8 million and + € 17.7 million and +/- €6.0 million).

10. Property, plant and equipment – continued

10.2 Adjustments to carrying amount of property

Revaluation surplus and impairment charges recognised in other comprehensive income (within revaluation reserve), gross of deferred tax:

	€'000
At 1 January 2022, 31 December 2022 and 1 January 2023	46,096
Revaluation of hotel property carried out at year end, gross of deferred tax	**(4,500)**
At 31 December 2023	**41,596**

10.3 Carrying amount of hotel property

Following adjustments to the hotel property carrying amount as referred to above at each reporting period, the carrying amount of the hotel property is €116.0 million (2022: €119.6 million).

10.4 Historic cost of hotel property

The carrying amounts of the land and buildings that would have been included in these financial statements had these assets been carried at cost less accumulated depreciation thereon would be €74.4 million (2022: €73.5 million).

10.5 Use as collateral

The hotel property is pledged as collateral against a bond issued by the parent company.

10.6 Leases

This Note provides information for leases where the Company is a lessee.

i. <u>Amounts recognised in the balance sheet</u>

The balance sheet shows the following amounts relating to leases:

	31 December 2023 €'000	31 December 2022 €'000
Right-of-use assets		
Plant & equipment	**78**	181
Motor vehicles	**-**	-
	78	181
Lease liabilities		
Current	**85**	117
Non-current	**-**	78
	85	195

There were no additions to the Company's right-of-use assets during the 2023 (2022: nil).

10. Property, plant and equipment - continued

10.6 Leases - continued

ii. Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	31 December 2023 €'000	31 December 2022 €'000
Depreciation charge of right-of-use assets		
Plant & equipment	**103**	103
Motor vehicles	**-**	17
	103	120

iii. The Company's leasing activities and how these are accounted for

The Company leases equipment, and motor vehicles. Contracts are made for periods up to 6 years and may include extension options as described further below. The Company's leases pertain to equipment and motor vehicles, and are typically made for periods of up to 6 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until 2018, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees; and
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and for other items specific to the leased asset.

10. Property, plant and equipment - continued

10.6 Leases - continued

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

11. Inventories

	2023 €'000	2022 €'000
Food and beverages	**160**	140
Cleaning materials and consumables	**197**	205
Stationery and promotional material	**55**	44
Utensils, crockery, cutlery, chinaware and linen	**606**	574
	1,018	963

12. Trade and other receivables

	2023 €'000	2022 €'000
Trade receivables	**1,181**	1,410
Amounts owed by:		
Parent Company	**-**	5
Group company	**123**	12
Other related company	**-**	1
Other debtors	**149**	109
Financial assets	**1,453**	1,537
Advance payments in respect of capital creditors	**485**	621
Prepayments	**18**	45
Total receivables - current	**1,956**	2,203

12. Trade and other receivables - continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023 €'000	2022 €'000
Opening loss allowance as at 1 January	**5**	26
Receivables written off during the year as uncollectible	**79**	(18)
Impairment losses reversals	**-**	(3)
Balance at 31 December	**84**	5

The impairment loss in 2023 relates to specific provision for doubtful debtors that have been overdue for more than one year. Such balances were unsecured.

The provision accounts in respect of trade receivables are used to record impairment losses unless the Company deems that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. The Company's impairment model for trade receivables is disclosed in Note 24.1.

The carrying amount of trade and other receivables is considered to be a reasonable approximation of fair value.

13. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2023 €'000	2022 €'000
Bank balances	**1,567**	820
Cash in hand	**117**	87
Cash and cash equivalents in the statement of cash flows	**1,684**	907

14. Share capital

14.1 Authorised and issued share capital

	Ordinary shares of €1 each 2023 €'000	2022 €'000
On issue at 1 January (100,000 ordinary shares)	**3,862**	3,862
On issue at 31 December - fully paid up (100,000 ordinary shares)	**3,862**	3,862

14.2 Shareholders rights

Shareholders are entitled to vote at shareholders' meetings of the Company on the basis of one vote for each share held. They are entitled to receive dividends as declared from time to time. The shares in issue shall, at all times, rank *pari passu* with respect to any distribution whether of dividends or capital, in a winding up or otherwise.

15. Revaluation reserve

In 2023, a devaluation of €4.5 million was accounted for in the Statement of Comprehensive Income. In 31 December 2022, the property was assessed and the valuation resulted in no movement in value.

16. Retained earnings

The profit of €1.25 million has been transferred to retained earnings as set out in the statement of changes in equity for the year ended 31 December 2023 (2022: €0.23 million).

17. Capital management policies and procedures

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the Company defines as the profit for the year divided by total equity.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company seeks to maximise the return on shareholders' equity and to reduce the incidence of interest expense.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

18. Other financial liabilities

	2023 €'000	2022 €'000
Amounts owed to:		
Parent company (IHI p.l.c.)	**34,809**	36,859
Group company	**1,622**	1,404
	36,431	38,263
Non-current liabilities		
Amounts owed to:		
Parent company	**34,809**	36,859
	34,809	36,859
Current liabilities		
Amounts owed to:		
Group company	**1,622**	1,404
	1,622	1,404

The terms of the amounts owed to the related parties for the years ended 31 December 2023 is as follows:

	€'000	Interest	Terms Repayable by	Security
IHI p.l.c.	25,869	4% (2022: 4%)	2028	None
IHI p.l.c.	8,940	0%	Non-current	None
Group company	1,622	6M Euribor + 1%	Current	None
	36,431			

19. Deferred tax assets and liabilities

	2023 €'000	2022 €'000
Excess of tax base over carrying amount of tangible fixed assets	**(1,236)**	(1,247)
Tax effect on revaluation of land and buildings	**(5,214)**	(5,619)
Provision for exchange differences	**119**	120
Unrelieved tax losses	**716**	878
	(5,615)	(5,868)

The movement in the deferred tax can be analysed as follows:

	2023 €'000	2022 €'000
Recognised in other comprehensive income	**405**	-
Recognised in profit or loss	**(153)**	(103)
	(252)	(103)

20. Trade and other payables

	2023 €'000	2022 €'000
Non-current		
Parent company (IHI Plc)	**7,052**	12,994
Total payables non - current	**7,052**	12,994
Current		
Trade payables	**746**	384
Parent company (IHI Plc)	**6,899**	-
Fellow subsidiary companies	**-**	92
Other creditors	**731**	589
Accruals	**1,660**	1,118
Financial liabilities	**10,036**	2,183
Advance payments	**360**	517
Total payables - current	**10,396**	2,700

The carrying amount of trade and other payables is considered a reasonable approximation of fair value in view of the short-term nature of these instruments.

21. Cash flow adjustments

	2023 €'000	2022 €'000
Adjustments:		
Depreciation	**1,578**	1,629
Finance cost-net	**8**	15
Bad Debts	**79**	18
Other	**977**	912
	2,642	2,574

21.1 Reconciliation of financial liabilities

	Liabilities from financing activities	
	Other financial liabilities 2023 €'000	Other financial liabilities 2022 €'000
As at 1 Jan		
- Principal	**(36,859)**	(38,229)
- Net	**(36,859)**	(38,229)
Cash flows	**2,050**	1,370
As at 31 December	**(34,809)**	(36,859)
Comprising:		
- Principal	**(34,809)**	(36,859)
As at 31 December	**(34,809)**	(36,859)

22. Commitments

	2023 €'000	2022 €'000
Capital expenditure		
Contracted capital expenditure	**-**	1,754
Approved	**673**	112
	673	1,866

23. Related parties

The Company's related parties include its associates, key management, fellow subsidiaries and shareholders of ultimate parent company. None of the transactions incorporates special terms and conditions and no guarantees were given or received. Transactions with related companies are generally effected on a cost plus basis or on the basis of pre agreed arrangements. Outstanding balances are usually settled by bank payment. Amounts owed by/to related parties are shown separately in Notes 12, 18, and 20.

	2023 €'000	2022 €'000
Revenue		
Services rendered to		
Other related parties	-	(2)
	-	(2)
Expenses		
Marketing costs		
Charged by Corinthia Hotels Limited	**310**	226
	310	226
Administrative expenses		
Management fee charged by Parent company	**215**	156
Management & incentive fee charged by CHL	**696**	646
	911	802
Financing expense		
Interest expense – Parent company	**1,035**	1,050
Interest income – Parent company	**(13)**	(137)
	1,022	913

23.1 Transactions with key management personnel

In addition to the remuneration paid to the directors, in the course of its operations, the Company has a number of arrangements in place with its officers, executives and other related parties whereby concessions are made available for hospitality services rendered to them according to accepted industry norms.

24. Risk management objectives and policies

The Company is exposed to various risks through its use of financial instruments. The main types of risks are market risk, credit risk and liquidity risk, which result from both its operating and investing activities. The Company's risk management is coordinated at its head office, in close co-operation with the board of directors and the audit committee and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets. Long term financial investments are managed to generate lasting returns.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

24. Risk management objectives and policies - continued

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The most significant financial risks to which the Company is exposed to are described below. See also Note 24.4 for a summary of the Company's financial assets and liabilities by category.

24.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related parties and customers. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2023 €'000	2022 €'000
Classes of financial assets – carrying amounts		
Trade and other receivables	**1,453**	1,537
Bank balances	**1,567**	820
	3,020	2,357

The maximum exposure to credit risk at the end of the reporting period in respect of financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective Notes to the financial statements. The Company does not hold any significant collateral in this respect.

The Company has, over the years, conducted business with various corporates, tour operators and individuals located in different jurisdictions and, due to the spread of the Company's debtor base, there is no concentration of credit risk.

24. Risk management objectives and policies - continued

24.1 Credit risk - continued

The Company has a credit policy in place under which new customers are analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Customers that fail to meet the Company's benchmark creditworthiness may only transact with the Company only on a cash basis.

In monitoring customer credit risk, customers are individually assessed. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are only made on a prepayment basis.

The Company does not ask for any collateral in respect of trade and other receivables. The Company establishes an allowance for doubtful recoveries that represents its estimate of losses in respect of trade and other receivables. See Note 12 for further information on impairment of financial assets that are past due.

Impairment of financial assets

The Company has three types of financial assets that are subject to the expected credit loss model:

- trade receivables and contract assets relating to the provision of services;
- other financial assets at amortised cost, comprising loans receivable from related parties and, in the case of the Company, subsidiary undertakings; and
- cash and cash equivalents.

Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets since they have substantially the same characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 3 to 4 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the assessment carried out in accordance with the above methodology the company concluded trade receivables and contract assets are adequately provided for.

24.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Note 3.4 discloses the measures that the Group has taken and is currently taking to manage the impact of the economic situation.

24. Risk management objectives and policies - continued

24.2 Liquidity Risk - continued

The Company actively manages its cash flow requirements. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The company`s working capital position as at the end of December 2023 reflects a deficit of €8.1million as oppose to €0.7million last year. The difference comes out from the parent company updated repayment terms of the balance intra-group.

The Company depends on the continued support given by the ultimate parent company CPHCL Company Limited and its shareholders. The Group's liquidity risk is actively managed taking cognisance of the matching of operational cash inflows and outflows arising from expected maturities of financial instruments, attributable to the Group's different operations, together with the Group's committed bank borrowing facilities and other financing that it can access to meet liquidity needs.

At 31 December 2023 and 31 December 2022, the Company has financial liabilities including estimated interest payments with contractual maturities which are summarised below:

31 December 2023	Current Within 1 year €'000	Non-current 2-5 years €'000	More than 5 years €'000
Parent company loan	1,035	13,079	25,868
Other interest-bearing borrowings	1,622	-	-
Trade and other payables	10,036	7,051	-
Lease liability	85	-	-
	12,778	**20,130**	**25,868**

This compares to the maturity of the Company's financial liabilities in the previous reporting period as follows:

31 December 2022	Current Within 1 year €'000	Non-current 2-5 years €'000	More than 5 years €'000
Parent company loan	1,035	15,130	26,903
Other interest bearing borrowings	1,404	-	-
Trade and other payables	2,183	-	12,995
Lease liabilities	117	78	-
	4,739	15,208	39,898

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the balance sheet date.

24. Risk management objectives and policies - continued

24.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

24.3.1 Foreign currency risk

The Company operates internationally and is exposed to currency risk on sales and purchases that are denominated in a currency other than its functional currency which is the Euro. The currency giving rise to the highest risk is the Hungarian Forint (HUF).

In respect of monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level.

The company's revenues, purchase and operating expenditure, financial assets and liabilities, are mainly denominated in Euro except for financial assets amounting to €658,854 and financial liabilities amounting to €1,126,168 which are denominated in HUF.

At 31 December 2023, if the EUR had weakened/strengthened by 10% against the HUF with all other variables held constant, post-tax profit for the year would have been €152,579 lower/€152,579 higher as a result of foreign exchange losses/gains on translation of the EUR denominated borrowings.

24.4 Summary of financial assets and liabilities by category

The carrying amounts of the Company's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as follows. See Note 3.13 for explanations about how the category of financial instruments affects their subsequent measurement.

	2023 €'000	2022 €'000
Current assets		
Financial assets at amortised cost		
- Amounts due from related companies	**123**	18
- Trade receivables	**1,181**	1,410
- Other receivables	**149**	109
Cash and cash equivalents	**1,684**	907
	3,137	2,444
Non-current liabilities		
Financial liabilities measured at amortised cost		
- Parent company loan	**34,809**	36,859
	34,809	36,859
Current liabilities		
Financial liabilities measured at amortised cost		
- Other interest-bearing borrowings	**1,622**	1,404
- Trade payables	**746**	384
- Amounts due to related companies	**13,950**	13,087
- Other payables	**731**	589
- Accruals	**1,660**	1,118
	18,709	16,582

25. Parent company

The Company is a subsidiary of International Hotel Investments p.l.c. (IHI p.l.c.), the registered office of which is situated at 22, Europa Centre, Floriana, Malta. The Company's ultimate parent company is CPHCL Company Limited, the registered office of which is the same as that of IHI p.l.c.

The parent company prepares consolidated financial statements of which the Company forms part. These financial statements are filed and are available for public inspection at the Registry of Companies in Malta.

26. Events after 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.

27. Directors

The Company`s directors received a total remuneration of €17,500 for the current period (2022: €22,803).

Approved by the Board of Directors on 30 April 2024 and signed on its behalf by:

Frank Xerri de Caro
Chairperson

Joseph Pisani
Director

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