

Company Announcement

The following is a company announcement issued by Borgo Lifestyle Finance p.l.c. (the “**Company**”) bearing company registration number C 88245 and having its registered address situated at Vault 14, Level 2, Valletta Waterfront, Floriana, FRN 1914, Malta issued in terms of the Rules of Prospects MTF, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange.

Approval of Annual Report and Financial Statements for 2021

QUOTE

The Company’s Board of Directors met on 13th May, 2022 via teleconference and duly considered and approved the Annual Report and Consolidated Audited Financial Statements for the financial period ended 31st December 2021, which are available for viewing on the Company’s website:

<https://borgolifestylefinance.mt/investor-relations-section>

The Company is setting out below the director’s report on the following variances which arose when comparing the Consolidated Audited Financial Statements for the financial period 31st December 2021 with the 2021 forecasts published on the Company’s website (as per the above link) as explained in company announcement MSE REF: BLF29 (the “**FSFs**”).

Revenue:

Revenue for the year 2021 was just shy of what was forecast in the Company’s FSFs for 2021. More charters were realised during 2021 and any charters which were not realised in 2021 were moved to 2022 and therefore no potential revenue was lost.

Cost of Sales:

Cost of sales in the audited consolidated financial statements are much higher than what was forecasted in the 2021 mainly due to the increase in staff costs and costs of living together with the increase of running costs of the yacht, due to the implementation of COVID-19 measures on the yacht for the safety of the guests and staff.

Gross profit:

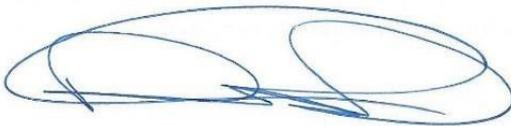
The significant decrease in gross profit from the forecasts to the audited consolidation financial statements is due to the difference in the cost of sales. This increase has turned the gross profit to a gross loss for the year.

Profit after taxation:

The consolidated financial statements shows a different picture to what was forecasted and in fact the consolidated financial statements show a loss before tax compared to the profit before tax forecasted. This has come down to the increase in expenses experienced during the year. Although initially COVID-19 had negatively affected the group, during 2021 the business operations of Big Blue Cruising improved and revenues generated are similar to pre COVID-19 figures. As a result of this difference, the Company is going to effect a deeper analysis of the costs incurred and also review the prices of the cruises with a possible increase. The effect of the sales price increase will be visible in the revenue in a medium term period due to the fact that most of the 2022 charters have already been sold in 2021 with 2021 pricing model.

Current assets:

The difference between the 2021 forecasts and the audited financial statements relate to further advances provided to the parent company.

UNQUOTE**Dr Jeremy Debono**

Company Secretary

Date: 13th May 2022

Reference No: BLF44