HILI FINANCE

Company Announcement

The following is a Company Announcement issued by Hili Finance Company p.l.c. (the “Company”) in terms of the Capital Markets Rules.

Financial Analysis Summary

QUOTE

In line with the requirements of the Capital Markets Rules, the Financial Analysis Summary of the Company dated June 26, 2025, has been approved for publication and is attached herewith. It is also available for viewing on the Company’s website: www.hilifinance.com

UNQUOTE

BY ORDER OF THE BOARD
June 26, 2025

Mr Adrian Mercieca
Company Secretary

Nineteen Twenty Three
Valletta Road, Marsa, MRS 3000 Malta
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www.hilifinance.com

Company Registration No. C 85692
Hili Finance Company plc is a subsidiary of Hili Ventures Limited.

Financial Analysis Summary

26 June 2025

Issuer

Hili Finance Company p.l.c.

(C 85692)

Guarantor

Hili Ventures Limited

(C 57902)

Prepared by:

MZ Investments

M.Z. Investment Services Limited
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The Board of Directors
Hili Finance Company p.l.c.
Nineteen Twenty-Three
Valletta Road
Marsa MRS 3000
Malta

26 June 2025

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages which is being forwarded to you together with this letter.

The purpose of this Analysis is that of summarising key financial information appertaining to Hili Finance Company p.l.c. (the "**Issuer**", "**Company**", or "**Hili Finance**") and Hili Ventures Limited (the "**Guarantor**", "**Group**", or "**Hili Ventures**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical information for the most recent three financial years ended 31 December 2022, 31 December 2023, and 31 December 2024 has been extracted from the respective audited consolidated annual financial statements.

(b) The forecast information for the financial year ending 31 December 2025 has been provided by the Group.

(c) Our commentary on the financial performance, cash flows, and financial position of the Issuer and the Guarantor is based on explanations provided by Hili Ventures.

(d) The ratios quoted in this Analysis have been computed by applying the definitions set out in Part 4 – Explanatory Definitions.

(e) Relevant financial data in respect of the companies included in Part 3 – Comparative Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Malta Business Registry, as well as other sources providing financial information.

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MZ INVESTMENTS

This Analysis is meant to assist investors by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. Furthermore, it does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest or not invest in any of the Issuer's securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. ABOUT THE ISSUER

Hili Finance Company p.l.c. was incorporated on 6 April 2018 and its principal object is to act as a financing vehicle for Hili Ventures Limited and its subsidiaries. The Company is not engaged in any trading activities, and its sole purpose is to raise finance and advance it to related entities within the Group. As a result, the Issuer is economically dependent from the operations, performance, and prospects of the Guarantor and its various subsidiaries.

The Issuer has issued four bonds, for a total nominal value of €250 million, all of which are listed on the Regulated Main Market (Official List) of the Malta Stock Exchange.

In 2018, Hili Finance issued €40 million in 3.85% unsecured and guaranteed bonds maturing in July 2028 (the "**2018 Bonds**"). The net proceeds were advanced to Hili Ventures which, in turn, used the funds to refinance existing borrowings (€30.30 million) and fund Group-wide investments and acquisitions (€9.10 million).

In 2019, the Company issued €80 million in 3.80% unsecured and guaranteed bonds maturing in August 2029 (the "**2019 Bonds**"). The net proceeds were advanced to Hili Ventures which, in turn, used the funds to pursue: (i) the acquisition of the 100% shareholding in the company that owned the Comino Hotel and Bungalows (€59 million); (ii) the acquisition of new containers for the purpose of leasing them to container shipping lines on a long-term basis (€10 million); and (iii) other Group-wide investments and acquisitions (€10 million).

In 2022, Hili Finance issued €50 million in 4.00% unsecured and guaranteed bonds maturing in March 2027 (the "**2022 Bonds**"). Similarly, these funds were advanced to Hili Ventures for the following purposes: (i) to refinance, in part, the acquisition of the Group's ship-to-ship operations company (€17 million); (ii) refinance, in full, an equity investment in Hili Properties p.l.c. (€18.40 million); and for (iii) general corporate funding purposes of the Group (€13.85 million).

Most recently, in 2024, Hili Finance issued €80 million in 5.00% unsecured and guaranteed bonds maturing in July 2029 (the "**2024 Bonds**"). The net proceeds were also advanced to Hili Ventures which, in turn, used the funds to refinance existing borrowings (circa €65 million) and for general corporate funding purposes of the Group (circa €14 million).

2. ABOUT THE GUARANTOR

Hili Ventures is the holding company of a diversified group with a deep-rooted entrepreneurial heritage dating back to 1923. Through its various subsidiaries, the Group is principally engaged in quick service restaurant operations, retail sales, technology, real estate, logistics and transportation, shipping, oil and gas, engineering, and hospitality. From its headquarters in Malta, the Guarantor, through its subsidiaries, operates in nine markets, mostly across Europe.

Premier Capital p.l.c. operates quick-service restaurants in Estonia, Greece, Latvia, Lithuania, Malta, and Romania, acting as the developmental licensee for a world-leading brand. Its expansive network comprised 193 restaurants as at the end of FY2024, with more than half featuring drive-through facilities and café operations. Premier Capital p.l.c. served more than more than 90 million customers in 2024.

1923 Investments Limited is an active investment company engaged in the sale and distribution of retail and consumer electronic products. The company operates 50 stores and service centres through its Apple Premium Partner iSpot Poland S.p z.o o. Its subsidiary Harvest Technology p.l.c. provides a broad range of technology solutions in various sectors such as banking, aviation, health, law and enforcement, gaming, and retail. 1923 Investments also holds a 50% stake in iCentre Hungary with 5 Apple Premium Reseller stores in the country.

Hili Properties p.l.c. holds and manages commercial real estate in Malta, Latvia, Lithuania, Estonia and Romania. Its diverse portfolio, valued at €233.57 million as at 31 December 2024, includes quick-service restaurants, grocery-anchored retail complexes, dedicated office blocks, warehousing facilities, an academic hospital, land, and an industrial plant. In 2021, Hili Properties p.l.c. listed its shares on the Regulated Main Market (Official List) of the Malta Stock Exchange through a public offering of new shares. In February 2025, Hili Ventures launched a Conditional Voluntary Public Takeover Bid for the acquisition of all the issued share capital of Hili Properties. Following the end of the acceptance period on 25 March 2025, and the transfer of shares on 22 April 2025, Hili Ventures increased its shareholding in Hili Properties from 74.83% with 299,999,990 ordinary shares to 87.74% with 351,749,612 ordinary shares. Subsequently, by 26 May 2025, Hili Ventures acquired a further 3,670,815 shares from the secondary market, thereby increasing its holding to 88.66% with 355,420,427 ordinary shares.

Breakwater Investments Limited is a specialist group of companies, with over 100 years of maritime experience, operating in the engineering, shipping, logistics, and oil and gas industries across several countries in Europe, North America, the United Kingdom, the Middle East, North Africa, and Asia.

TBP Properties Single Member S.A. was set up to own and manage commercial real estate in Greece. In 2023, the Group embarked on its first project: the development of a state-of-the-art, 4,000 sqm logistics and distribution centre in Athens. The facility was completed in early 2025 with a total investment of approximately €7.50 million which supports the Group's restaurant operations and expansion plans in Greece.

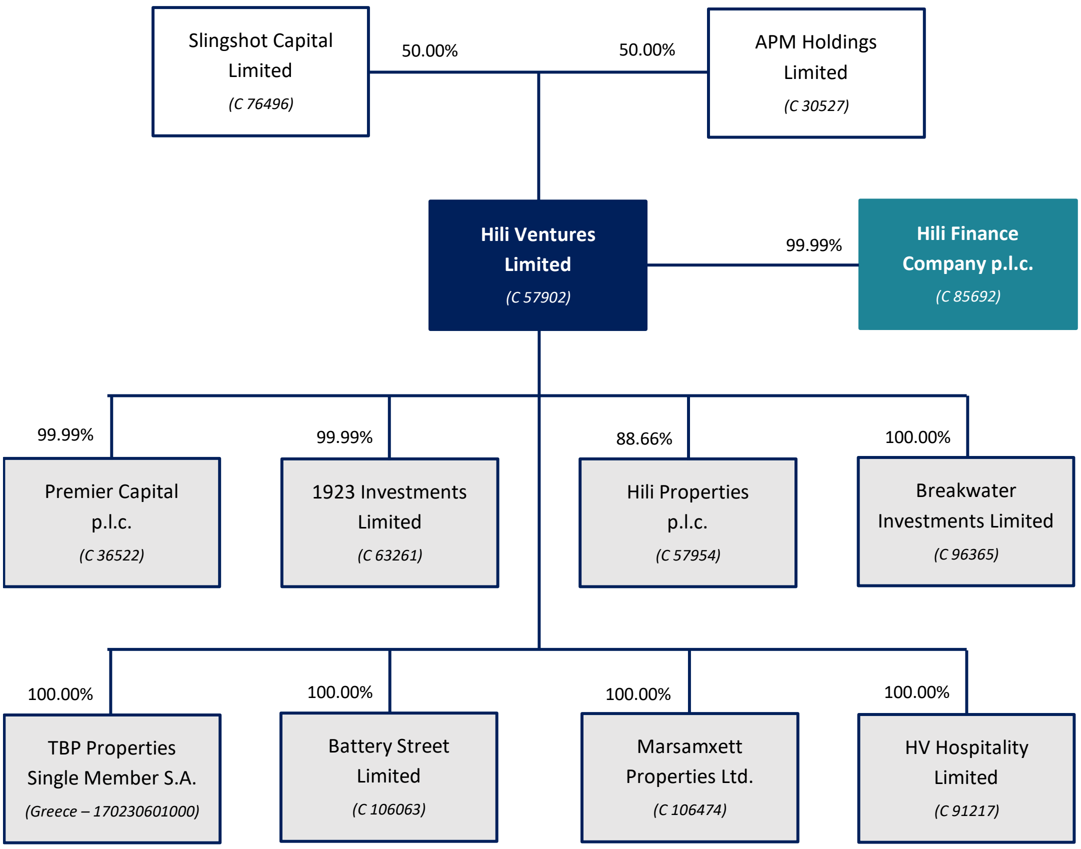
Battery Street Limited holds the leasehold title to a hotel property in Valletta, which is currently undergoing redevelopment.

Marsamxett Properties Ltd. was incorporated in 2023 to act as a holding vehicle of shares in Tigné Mall Limited ("**Tigné Mall**") – the operator of The Point shopping mall in Sliema, Malta. The company acquired full ownership of Tigné Mall in 2024, and it was subsequently delisted on 3 February 2025. The Point is Malta's prime shopping mall, covering an area of over 15,000 sqm and housing 67 fashion brands along with a variety of cafeterias and restaurants.

HV Hospitality Limited is a dedicated hospitality investment firm focused on identifying and developing hotels and retreats – particularly in the Mediterranean region – that have the potential to achieve landmark status. The company's first project, the Six Senses Comino, will see the redevelopment of the only hotel in Comino into an eco-luxury spa resort to be managed by world-leading brand Six Senses. It forms part of InterContinental Hotels Group p.l.c. and is one of the world's leading hotel brands in sustainable tourism. After obtaining the necessary planning permissions in May 2025, redevelopment works are expected to commence in 2026.

3. ORGANISATIONAL STRUCTURE

The diagram below illustrates the direct subsidiaries within the Group's organisational structure as at 26 May 2025:



The authorised share capital of Hili Ventures is €95 million divided into 16 million ordinary shares of a nominal value of €1 each, and 79 million non-cumulative 6.80% redeemable preference shares of a nominal value of €1 each.[1] The issued share capital of the Guarantor is €69.40 million divided into 1 million ordinary shares of a nominal value of €1 each, and €68.40 million non-cumulative 6.80%

[1] The non-cumulative 6.80% redeemable preference shares do not carry any voting rights, nor do they grant to their holders any voting rights to appoint directors on the board of directors of the Guarantor. They can be redeemed at the option of Hili Ventures by 31 December 2099 at their par value.

redeemable preference shares of a nominal value of €1 each, all fully paid up, which have been subscribed for, allotted, and fully taken up as follows: (i) APM Holdings Limited – 0.50 million ordinary shares; (ii) Slingshot Capital Limited – 0.50 million ordinary shares; and (iii) APM Holdings Limited – 68.40 million non-cumulative 6.80% redeemable preference shares.

4. DIRECTORS OF THE ISSUER

The Board of Directors of Hili Finance comprises the following five individuals who are responsible for the overall development, strategic direction, and risk management of the Company:

Geoffrey Camilleri	Chairman
Dorian Desira	Executive Director
Bettina Mifsud	Non-Executive Director
Jacqueline Camilleri	Independent, Non-Executive Director
Mario Vella	Independent, Non-Executive Director

5. DIRECTORS OF THE GUARANTOR

The Board of Directors of Hili Ventures comprises the following four individuals who are responsible for the overall development, strategic direction, and risk management of the Group:

Archibald Anderson Bethel	Chairman
Carmelo Hili	Chief Executive Officer
Annabel Hili	Executive Director
Jesmond Mizzi	Independent, Non-Executive Director

In carrying out his duties, the Chief Executive Officer is supported by an Executive Management team comprising the following three individuals:

Dorian Desira	Chief Financial Officer
Annabel Hili	Chief Operating Officer
Valentin Truta	General Counsel

6. SEGMENT INFORMATION

The Group has six segments: (i) restaurant operations; (ii) retail sales; (iii) commercial sales; (iv) logistics, transport, and engineering services; (v) rental income; and (vi) other activities, which primarily comprise technology-related maintenance and support services, payment gateway services, and management fees. Revenue is generated from operations in nine countries, namely Romania, Poland, the Baltics (Estonia, Latvia, and Lithuania), Greece, Malta, Morocco, and the United Kingdom.

Hili Ventures Limited **Segment Information** **For the financial year 31 December**	**2022** **Actual**	**2023** **Actual**	**2024** **Actual**	**2025** **Forecast**
Revenue by activity (€'000)	**782,648**	**986,495**	**1,088,450**	**1,206,738**
Restaurant operations	533,605	645,565	714,667	775,407
Retail sales	168,514	228,382	256,883	287,297
Commercial sales	21,174	45,364	45,885	56,558
Logistics, transport, and engineering services	42,206	46,493	48,312	57,191
Rental income	9,636	13,005	14,657	21,350
Other activities	7,513	7,686	8,046	8,935
Revenue by country (%)				
Romania	38.00	36.00	38.00	38.00
Poland	23.00	28.00	28.00	28.00
Baltics	16.00	16.00	15.00	14.00
Greece	10.00	10.00	10.00	9.00
Malta	9.00	7.00	7.00	8.00
Other	4.00	3.00	2.00	3.00

In **FY2024**, the Group recorded total revenue of €1.09 billion, an increase of €101.96 million (or +10.34%) from the prior year, mainly driven by restaurant and retail network expansion as well as organic growth across all areas of business.

Restaurant operations delivered the largest share of revenue at €714.67 million (+10.70%), representing 65.66% of total Group income. During the year, this business unit continued to expand its network and as at 31 December 2024, it operated a total of 193 restaurants. Of these, 106 restaurants were located in Romania, 43 in the Baltic States, 35 in Greece, and nine in Malta, collectively serving more than 90 million customers.

Retail sales rose by 12.48% (or +€28.50 million) to €256.88 million, accounting for 23.60% of total Group revenue. The business unit delivered a positive performance across multiple sales channels, including business-to-business and e-commerce activities, and benefitted from the full twelve-month contribution of Cortland Sp. Z.o.o. ("**Cortland**") compared to nine months in FY2023.[2] Footfall in stores declined slightly compared to the prior year, mitigated by intensified marketing efforts and targeted campaigns aimed at countering the effects of high inflation and market instability on consumer behaviour.

Commercial sales increased moderately by €0.52 million (or +1.15%) to €45.89 million, while its share of total Group revenue remained stable at 4.22%. During the year, the strategic plan of the Group's technology division to reposition its three subsidiaries as pure-play companies gained traction, with the respective entities now focused on (i) IT services and software development; (ii) automation, security, and building management solutions; and (iii) payment orchestration solutions.

Income from logistics, transport, and engineering services increased by 3.91% to €48.31 million, while other activities contributed €8.05 million in revenue, up by 4.68%. These two segments accounted for 4.44% and 0.74% of total Group revenue respectively. Rental income experienced another year of strong growth, climbing by 12.70% to €14.66 million, representing 1.35% of total Group revenue. During this period, the Group acquired the remaining stake in Tigné Mall and increased its shareholding to 100%.

Geographically, Romania's contribution increased to 38%, while Poland's share remained unchanged at 28%. The Baltics saw a decline to 15%, while Greece and Malta held constant at 10% and 7% respectively.

For **FY2025**, the Group is forecasting a 10.87% increase in total revenue to a new record of €1.21 billion, underpinned by growth across all operating segments. Restaurant operations are expected to generate €775.41 million in income, representing a year-on-year growth of 8.50% and 64.26% of projected total Group revenue. During the year, the Group will continue to invest considerably in its restaurants, with the inauguration of new stores and the refurbishment of existing ones, incorporating the latest technologies and introducing energy-efficient equipment for better environmental performance and renewable energy generation.

Retail sales are forecast to continue expanding, reaching €287.30 million (+11.84%), representing 23.81% of total Group revenue. Meanwhile, the revenue contribution of all other operating segments is expected to remain below the 5% mark, despite the strong double-digit projected increase in their respective income. Commercial sales are expected to rise by 23.26% to €56.56 million, while logistics, transport, and engineering services are anticipated to generate €57.19 million in income, a marked increase of €8.88 million (+18.38%). Rental income is forecast at €21.35 million (+45.66%) which includes the first full-year contribution from Tigné Mall, while revenue from other activities is expected to grow by 11.05% to €8.94 million.

[2] Cortland was acquired in March 2023 for €42.2 million and added a chain of 16 stores to the Group's retail network. The company was the second largest Apple Premium Reseller in Poland, with a strong business-to-business segment and a leading education platform, before fully merging with iSpot Poland Sp. z o.o – a wholly-owned subsidiary of 1923 Investments Limited – on 30 June 2024.

Geographically, the revenue split will be sustained, with Romania and Poland expected to hold 38% and 28% of revenue respectively. The Baltics are forecast to decline marginally to 14%, while Greece and Malta are set to represent 9% and 8% of total Group revenue respectively.

7. SECURITIES IN ISSUE

7.1 INFORMATION RELATING TO THE ISSUER'S DEBT SECURITIES

The table below provides a list of the bonds issued by Hili Finance, all of which are listed and traded on the Regulated Main Market (Official List) of the Malta Stock Exchange:

Security ISIN	Security	Symbol Code	Amount Outstanding	Market Price*
Hili Finance Company p.l.c.				
MT0001891226	4.00% Hili Finance Company p.l.c. Unsecured and Guaranteed 2027	HF27A	€ 50,000,000	98.00%
MT0001891200	3.85% Hili Finance Company p.l.c. Unsecured and Guaranteed 2028	HF28A	€ 40,000,000	99.00%
MT0001891218	3.80% Hili Finance Company p.l.c. Unsecured and Guaranteed 2029	HF29A	€ 80,000,000	97.00%
MT0001891234	5.00% Hili Finance Company p.l.c. Unsecured and Guaranteed 2029	HF29B	€ 80,000,000	100.00%
			€ 250,000,000	

** As at 30 May 2025.*

7.2 INFORMATION RELATING TO RELATED PARTIES' DEBT SECURITIES

The table below provides a list of the bonds issued by other subsidiaries of Hili Ventures, all of which are listed and traded on the Regulated Main Market (Official List) of the Malta Stock Exchange:

Security ISIN	Security	Symbol Code	Amount Outstanding	Market Price*
Premier Capital p.l.c.				
MT0000511213	3.75% Premier Capital p.l.c. Unsecured 2026	PC26A	€ 65,000,000	99.80%
			€ 65,000,000	
Hili Properties p.l.c.				
MT0000941204	4.50% Hili Properties p.l.c. Unsecured and Guaranteed 2025	HP25A	€ 37,000,000	97.00%
			€ 37,000,000	

** As at 30 May 2025.*

8. ECONOMIC UPDATE

8.1 ROMANIA[3]

At the beginning of 2025, Romania's economic sentiment remained broadly positive despite fiscal and geopolitical uncertainty. The construction, agriculture, and transport sectors exhibited improved performance expectations, supported by the country's accession to the Schengen Area and ongoing infrastructure upgrades. A pronounced rebound in residential construction, together with a steady stream of EU-funded public infrastructure investment, is expected to underpin a gradual recovery in gross fixed capital formation. Nonetheless, private investment remains subdued, constrained by fiscal unpredictability and ongoing regional tensions. Concurrently, early indicators suggest a slowdown in retail activity and household consumption, as restrictive income policies and stubbornly elevated inflation continue to erode real disposable income.

Romania's export outlook for 2025 is tempered by the broader effects of increased US tariffs on key European trading partners, despite Romania's own limited direct exposure to US trade. Manufactured goods are particularly vulnerable through indirect channels. However, the negative contribution of net exports to GDP growth is expected to decline as the deceleration in domestic demand curbs import growth. Meanwhile, improved prospects for the export of services and agricultural products are set to partially offset external drag. Overall, real GDP is forecast to expand modestly by 1.4% in 2025 from a growth of 0.8% in 2024.

Looking further ahead, real GDP growth is projected to strengthen moderately to reach 2.2% in 2026, underpinned by improved macroeconomic conditions. The anticipated easing of monetary policy and a more benign inflationary environment are likely to create more favourable financing conditions, thereby supporting a recovery in private consumption. Provided that fiscal and political risks abate, investor confidence should rebound, leading to a more decisive revival in gross fixed capital formation. External demand is also expected to improve as growth prospects for EU trading partners brighten, although net exports are projected to drag on overall GDP growth. Despite a notable widening in 2024, the current account deficit is expected to narrow to 7.9% of GDP in 2025, and to 7% in 2026, from 8.5% in 2024. However, the external imbalance remains elevated and subject to downside risks, particularly in the event of sustained national political uncertainty or a sharper-than-expected deterioration in global demand.

The labour market is expected to remain relatively resilient. Employment growth is projected to continue through 2025 and 2026, largely driven by private sector hiring, while the unemployment rate is forecast to decline to 5.3% in 2025, and to 5.2% in 2026, from 5.4% in 2024. Although nominal wage growth remained in double digits during 2024 – exerting pressure on Romania's cost competitiveness – the trajectory of wage inflation is forecast to moderate meaningfully. This adjustment has been

[3] **Source:** European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025. This economic update reflects information available as at the time of publication of the European Commission's Spring 2025 Economic Forecast and remains subject to change as macroeconomic conditions, policies, and external factors evolve.

reinforced by a government-enacted public sector wage freeze from December 2024 and the rollout of a new minimum wage setting mechanism in early 2025.

On the inflation front, the disinflation process is expected to remain uneven. Following a sharp drop in inflation to 5.8% in 2024 from 12% in 2022 and 9.7% in 2023, the pace of disinflation is forecast to slow in 2025, with inflation cooling to 5.1% in 2025 and 3.9% in 2026. Underlying inflationary pressures – particularly from services – remain sticky, and the scheduled removal of the electricity price cap is expected to push domestic energy costs higher. However, disinflationary forces may emerge from softer international energy and agri-food prices.

Key Economic Indicators	2022 Actual	2023 Actual	2024 Actual	2025 Forecast	2026 Projection
Romania					
Real GDP growth *(%, year-on-year)*	4.00	2.40	0.80	1.40	2.20
Inflation - HICP *(%, year-on-year)*	12.00	9.70	5.80	5.10	3.90
Unemployment (%)	5.60	5.60	5.40	5.30	5.20
Current account balance *(% of GDP)*	(9.60)	(7.30)	(8.50)	(7.90)	(7.00)
General fiscal balance *(% of GDP)*	(6.40)	(6.60)	(9.30)	(8.60)	(8.40)
Gross public debt *(% of GDP)*	47.90	48.90	54.80	59.40	63.30

Source: European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025.

From a fiscal standpoint, Romania's general government deficit surged to 9.3% of GDP in 2024 from below 7% in the prior two years, driven primarily by a substantial increase in public sector wages, pensions, and debt servicing costs. In response, a fiscal consolidation package worth circa 2% of GDP was adopted in late 2024. This includes a nominal freeze on public remuneration and pensions, as well as revenue-enhancing measures equivalent to 0.3% of GDP. As a result, the general government deficit is forecast to improve moderately to 8.6% in 2025, and further to 8.4% in 2026. These forecasts do not incorporate the planned tax reform and other elements of Romania's Medium-Term Fiscal Strategy Programme which could generate a more pronounced fiscal correction. Nonetheless, government debt is projected to climb steadily to over 63% of GDP by 2026 from 54.8% in 2024, reflecting continued high primary deficits and a rising interest burden.

8.2 POLAND[4]

Poland's economy is expected to maintain robust growth over the medium term, supported primarily by strong domestic demand and a rebound in investment, despite continued headwinds from net exports. Real GDP increased by 2.9% in 2024 (2023: 0.2%), broadly in line with earlier forecasts. Poland's economic performance was anchored by rising real wages, expanded family benefits, and softening inflationary pressures, all of which underpinned household consumption. These effects

[4] **Source:** European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025. This economic update reflects information available as at the time of publication of the European Commission's Spring 2025 Economic Forecast and remains subject to change as macroeconomic conditions, policies, and external factors evolve.

outweighed the contraction in construction investment and the negative contribution from net exports.

The growth momentum is forecast to strengthen to 3.3% in 2025 before moderating slightly to 3% in 2026. Private consumption is expected to remain the key engine of growth amid continued gains in real disposable income. Investment is projected to increase markedly, reflecting an acceleration in public sector capital outlays funded through EU mechanisms. Although net exports are again expected to exert a negative impact, this drag is forecast to narrow. By 2026, GDP growth is anticipated to ease marginally, with consumption and investment still contributing positively. A more material recovery in exports is expected to help limit the negative external contribution.

Labour market conditions are set to remain tight. Employment declined marginally in 2024 but is projected to stabilise in 2025 and recover in 2026, reflecting renewed labour demand in line with the economic expansion. Nevertheless, demographic pressures persist, as the worker pool continues to shrink due to an ageing population. The participation rate, having reached a historical peak in 2024, is forecast to continue rising through 2025 and 2026. The unemployment rate is expected to remain broadly stable, settling at 2.8% in 2026. Nominal compensation per employee rose sharply by 12.3% in 2024 but is forecast to moderate significantly – to 6.2% in 2025 and 4.8% in 2026 – owing to easing inflation and smaller increases in the minimum wage.

Key Economic Indicators	**2022** **Actual**	**2023** **Actual**	**2024** **Actual**	**2025** **Forecast**	**2026** **Projection**
<u>Poland</u>					
Real GDP growth *(%, year-on-year)*	5.30	0.20	2.90	3.30	3.00
Inflation - HICP *(%, year-on-year)*	13.20	10.90	3.70	3.60	2.80
Unemployment (%)	2.90	2.80	2.90	2.80	2.80
Current account balance *(% of GDP)*	(2.90)	1.80	0.20	1.00	0.70
General fiscal balance *(% of GDP)*	(3.40)	(5.30)	(6.60)	(6.40)	(6.10)
Gross public debt *(% of GDP)*	48.80	49.50	55.30	58.00	65.30

Source: European Commission, *'Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty'*, 19 May 2025.

Inflationary pressures are expected to continue declining in a gradual manner. Inflation stood at 3.7% in 2024 (2023: 10.9%) and is forecast to edge down to 3.6% in 2025. Despite legislative changes to energy support measures set to take effect in the second half of 2025, their impact is expected to be offset by a substantial correction in energy commodity prices. Inflation in services is projected to ease only slowly due to sustained wage growth. In 2026, headline inflation is forecast to decline more decisively to 2.8%, driven by falling energy prices and subdued growth in imported non-energy goods prices.

The country's fiscal situation deteriorated notably in 2024, with the general government deficit widening to 6.6% of GDP (2023: 5.3%). This was largely due to tax revenue growth falling short of expectations, coupled with increased public sector wages and higher-than-estimated defence investment. Public spending is set to remain elevated in 2025, with additional outlays on defence, infrastructure, and social programmes – including the 'Active Parent' initiative, social contribution holidays, and pension reforms. Public investment is expected to surpass 5% of GDP in 2025, supported by accelerated military procurement and large-scale infrastructure spending in transport and energy. Interest expenditure is also forecast to rise due to the expanding debt burden.

Despite these pressures, gradual fiscal consolidation is anticipated, supported by revenue-side measures outlined in Poland's medium-term fiscal-structural plan. These include excise duty increases and a freeze on the indexation of personal income tax brackets. As a result, the general government deficit is expected to decline modestly to 6.4% of GDP in 2025, and further to 6.1% in 2026, although the overall expenditure burden will remain high in the absence of more substantial structural adjustments.

Poland's gross public debt is projected to continue rising, increasing from 49.5% of GDP in 2023 to 55.3% in 2024 and further to 58% in 2025, reaching 65.3% in 2026. The increase reflects both sustained primary deficits and stock-flow adjustments, including one-off transfers related to Recovery and Resilience Facility-financed investments and defence procurement.

Externally, the current account balance remained broadly neutral in 2024, posting a modest surplus of 0.2% of GDP compared to 1.8% in 2023. This is forecast to improve to 1% in 2025, before moderating slightly to 0.7% in 2026. The outlook reflects a gradual rebound in exports amid solid domestic demand and elevated import content associated with public investment.

8.3 LATVIA[5]

In 2024, the Latvian economy contracted by 0.4% compared to the growth of 2.9% registered in 2023, amid subdued investment activity and weak external demand. Although private consumption recovered from the contraction experienced in 2023, it remained tepid at 0.5% growth, underpinned by strong wage dynamics. However, heightened geopolitical uncertainty and elevated financing costs weighed heavily on private investment, while the delay in EU co-financed public investment further exacerbated the downturn.

After recording a robust 9.9% expansion in 2023, investment plummeted by 6.7% in 2024. Meanwhile, exports of goods and services declined, reflecting a challenging external environment and a deterioration in cost competitiveness. Despite these headwinds, public consumption remained a key pillar of support to economic activity. Inflation was moderate at 1.3% in 2024 when compared to 9.1% in 2023, owing mainly to a steep decline in energy prices earlier in the year, although price pressures related to services and food intensified toward year-end. Labour market conditions deteriorated only marginally, with the unemployment rate edging up to 6.9% from 6.5% in 2023.

[5] **Source:** European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025. This economic update reflects information available as at the time of publication of the European Commission's Spring 2025 Economic Forecast and remains subject to change as macroeconomic conditions, policies, and external factors evolve.

In 2025, the Latvian economy is projected to stage a mild recovery, with GDP growth expected at 0.5%. This upturn is expected to be driven by robust wage growth and an increase in disposable income stemming from tax reforms which should help sustain private consumption. Nevertheless, continued geopolitical tensions are likely to encourage precautionary savings, with the savings rate anticipated to remain elevated at 7.5%. Investment is projected to contract further by 1.2% due to lingering uncertainty and negative carry-over effects notwithstanding the expected inflows of EU funds and defence-related expenditure.

Public consumption is set to remain firm, while exports are expected to recover gradually despite external challenges, particularly the imposition of US tariffs impacting Latvia's key trading partners. Inflation is forecast to rise to 3%, driven by persistent services inflation fuelled by rising wages. Labour market conditions are expected to improve slightly, with the unemployment rate marginally declining to 6.8%, supported by stable demand for employment.

Key Economic Indicators	**2022 Actual**	**2023 Actual**	**2024 Actual**	**2025 Forecast**	**2026 Projection**
Latvia					
Real GDP growth *(%, year-on-year)*	1.80	2.90	(0.40)	0.50	2.00
Inflation - HICP *(%, year-on-year)*	17.20	9.10	1.30	3.00	1.70
Unemployment (%)	6.90	6.50	6.90	6.80	6.60
Current account balance *(% of GDP)*	(5.50)	(3.90)	(3.30)	(3.90)	(3.50)
General fiscal balance *(% of GDP)*	(4.90)	(2.40)	(1.80)	(3.10)	(3.10)
Gross public debt *(% of GDP)*	44.40	44.60	46.80	48.60	49.30

Source: European Commission, *'Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty'*, 19 May 2025.

In 2026, the pace of growth is expected to accelerate, with GDP forecast to expand by 2%, underpinned by a revival in both investment and external demand. Investment is projected to return to positive territory, increasing by 2.6% on the back of improved business sentiment and continued public sector support. Inflation is expected to be moderate at 1.7%, as pressures from services and processed food begin to ease, although core inflation is set to remain above headline inflation. The unemployment rate is forecast to decline further to 6.6%, reflecting firming labour demand. Compensation per employee is expected to remain on a strong upward trajectory, increasing by 5.5% in 2025 and 4.5% in 2026, due, in part, to higher public sector wages and minimum wage adjustments.

From a fiscal perspective, the general government balance improved to -1.8% of GDP in 2024, down from -2.4% in 2023. This was largely the result of buoyant tax revenue, supported by measures such as the introduction of advance corporate income tax payments for the financial sector, higher excise duties, and increased dividends from state-owned enterprises. Expenditure growth was contained by the withdrawal of energy price mitigation measures. However, the fiscal outlook is set to weaken going forward as the deficit is expected to widen to -3.1% of GDP in 2025 and 2026, driven by a decline in income tax revenue linked to personal income tax reform and reduced property income amid lower profitability of public enterprises. Expenditure growth will be led by higher compensation to public employees, increased social transfers, rising interest payments, as well as additional expenditure on defence. The public debt-to-GDP ratio is forecast to rise from 46.8% in 2024 to 48.6% in 2025 and to 49.3% in 2026, reflecting cumulative deficits and stock-flow adjustments.

The current account balance remained in deficit at -3.3% of GDP in 2024 (2023: -3.9%) and is projected to deteriorate again to -3.9% in 2025 before narrowing modestly to -3.5% in 2026. The sustained imbalance reflects both weak export performance and a gradual recovery in domestic demand, with external competitiveness set to remain under pressure.

8.4 LITHUANIA[6]

In 2024, Lithuania's economy grew by 2.8% compared to 0.3% registered in 2023 amid strong end-of-year developments in consumption and investment, both of which also contributed to a significant positive carry-over effect into 2025. This momentum provides a stable platform for further expansion despite persistent geopolitical tensions and ongoing structural uncertainties. Private consumption is expected to remain resilient in the short term, aided by sustained real wage growth. Nonetheless, the growth trajectory is likely to be tempered by the introduction of higher excise duties from the beginning of 2025 and a broader environment of caution, as reflected in the projected rise in the savings rate to historically elevated levels of between 12% and 13% of disposable income.

Investment is forecast to recover steadily, underpinned by projects funded through the EU Recovery and Resilience Facility and rising defence-related expenditure. However, heightened uncertainty is likely to limit private sector investment, particularly during 2025. As a result, total investment is expected to expand by 3.5% in 2025 and 4% in 2026. Export dynamics are also set to improve, despite lingering trade tensions and tariff developments. While Lithuania's direct exposure to the US remains low – around 5% of total exports in 2024 – some adverse spillovers to goods exported are expected. Nevertheless, Lithuania's competitiveness relative to key trading partners, coupled with robust performance in the services sector and improving export markets, should support growth in total exports of between 3% and 3.5% in both 2025 and 2026. On the downside, strong domestic demand is projected to keep a modest imbalance between export and import growth, with the latter likely to outpace the former.

Labour market conditions are forecast to continue tightening. The labour force expansion witnessed between 2022 and 2024 – primarily due to the influx of displaced individuals from Ukraine – is expected to level off in 2025, with natural demographic decline resuming in 2026. Against a backdrop of expanding economic activity, the unemployment rate is projected to decline to 6.8% in 2025, and to 6.6% in 2026, compared to 7.1% in 2024. Continued mismatches in skills and job availability are expected to affect nominal wage growth at relatively high levels, with average increases of 7.5% in 2025 and a marginal deceleration to around 7% in 2026. This easing reflects both declining inflationary pressures and the high base of wage growth registered in prior years.

[6] **Source:** European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025. This economic update reflects information available as at the time of publication of the European Commission's Spring 2025 Economic Forecast and remains subject to change as macroeconomic conditions, policies, and external factors evolve.

Inflationary pressures are expected to re-emerge in 2025, with inflation projected to rise to 2.6% from 0.9% in 2024, primarily driven by higher energy and food prices earlier in the year, as well as new excise duties on petrol, alcohol, and cigarettes. Persistent services inflation will also continue to add to price pressures. Nevertheless, global commodity markets are set to exert a moderating influence as oil prices trend downward, partially offsetting increases in gas and electricity tariffs. In 2026, services inflation is projected to ease gradually to around 4% by year-end, as wage growth normalises. Most other components of inflation are expected to rise only gradually. The impact of continuing trade tensions is anticipated to contribute to a broad disinflationary trend, bringing inflation down to 1.2% in 2026.

On the fiscal front, Lithuania's general government deficit widened moderately to 1.3% of GDP in 2024, up from -0.7% in 2023. The increase was attributed to higher expenditure across several categories, including public sector wages, social transfers, interest costs, and intermediate consumption – some of which stemmed from project-related expenditure originally planned for 2023.

Key Economic Indicators	**2022 Actual**	**2023 Actual**	**2024 Actual**	**2025 Forecast**	**2026 Projection**
Lithuania					
Real GDP growth *(%, year-on-year)*	2.50	0.30	2.80	2.80	3.10
Inflation - HICP *(%, year-on-year)*	18.90	8.70	0.90	2.60	1.20
Unemployment (%)	6.00	6.90	7.10	6.80	6.60
Current account balance *(% of GDP)*	(6.10)	1.10	2.60	2.00	1.90
General fiscal balance *(% of GDP)*	(0.70)	(0.70)	(1.30)	(2.30)	(2.30)
Gross public debt *(% of GDP)*	38.10	37.30	38.20	41.20	43.90

Source: European Commission, *'Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty'*, 19 May 2025.

Lithuania's government is expected to make its fiscal policy more supportive of economic growth in 2025, with the deficit projected to increase to 2.3% of GDP. This deterioration reflects a rise of 210-basis points in expenditure as a share of GDP, largely driven by an increase in social benefits including indexed pensions and adjustments to the 'minimum consumption basket'. Additional upward pressures will stem from public investment, intermediate consumption, wages, and interest payments. Revenue growth, although positive, is projected to lag, rising by only 110 basis points of GDP, largely due to increased VAT and excise collections, and stronger social security contributions.

The deficit is expected to stabilise at 2.3% of GDP in 2026, with general government expenditure forecast to grow by a further 30 basis points of GDP. This will be nearly offset by a 20-basis point increase in revenue, resulting in a minimal change to the overall fiscal balance. Lithuania's public debt-to-GDP ratio stood at 38.20% in 2024 and is projected to rise to 41.2% in 2025 and 43.9% in 2026. This trajectory reflects the impact of sustained budget deficits and significant stock-flow adjustments, which are necessary to cover imbalances in the state budget, especially as surpluses in the Social Security Fund cannot be mobilised to bridge general government funding gaps.

8.5 ESTONIA[7]

Estonia's GDP contracted by 0.3% in 2024, marking the second consecutive year of economic weakness following the contraction of 3% recorded in 2023. Nevertheless, quarterly data indicate that activity gradually recovered through 2024, with growth recorded in each of the final three quarters. The fourth quarter of the year registered the strongest performance, expanding by 0.7% on the back of a rebound in both household consumption and goods exported. However, the improvement in consumption is attributed in part to frontloaded spending by households ahead of the anticipated rise in taxes scheduled for 2025.

Despite the increase in tax burdens, business and consumer confidence indicators strengthened in early 2025. Growth in real disposable income and a sharp reduction in borrowing costs – facilitated by variable-rate lending – have helped to stimulate both consumption and investment. Nonetheless, a pronounced escalation in global trade tensions, particularly following the announcement of new US tariffs, has raised uncertainty and is expected to dampen near-term private consumption growth. Investment activity, which has remained muted in recent years due to low-capacity utilisation, is likely to come under additional strain as private sector projects are delayed or cancelled. Part of this drag is expected to be mitigated by increased public sector investment, with large-scale infrastructure programmes such as Rail Baltic and national defence initiatives proceeding as planned.

Key Economic Indicators	**2022 Actual**	**2023 Actual**	**2024 Actual**	**2025 Forecast**	**2026 Projection**
Estonia					
Real GDP growth *(%, year-on-year)*	0.10	(3.00)	(0.30)	1.10	2.30
Inflation - HICP *(%, year-on-year)*	19.40	9.10	3.70	3.80	2.30
Unemployment (%)	5.60	6.40	7.60	7.60	7.30
Current account balance *(% of GDP)*	(3.90)	(1.70)	(2.00)	(2.10)	(2.00)
General fiscal balance *(% of GDP)*	(1.10)	(3.10)	(1.50)	(1.40)	(2.40)
Gross public debt *(% of GDP)*	19.10	20.20	23.60	23.80	25.40

Source: European Commission, *'Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty'*, 19 May 2025.

The external environment is also expected to weigh on Estonia's short-term outlook. While direct trade exposure to the US is limited, exports are expected to decline due to slowing economic growth among Estonia's key trading partners, particularly the Nordic countries and Germany. As a result, GDP growth is forecast at 1.1% in 2025, with the outlook improving further leading to an expansion of 2.3% in 2026, underpinned by rising household incomes and the expected easing of geopolitical and economic uncertainty.

[7] **Source:** European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025. This economic update reflects information available as at the time of publication of the European Commission's Spring 2025 Economic Forecast and remains subject to change as macroeconomic conditions, policies, and external factors evolve.

The labour market has remained resilient, supported by a historically high participation rate. The unemployment rate stood at 7.7% in early 2025 and is forecast to edge slightly lower to 7.60% in 2025 and to 7.3% in 2026. However, employment growth is likely to remain subdued due to the effects of labour hoarding observed in prior years, which have left employers with relatively high staffing levels despite weak output growth.

Inflationary pressures remain elevated due to fiscal measures. Headline inflation reached 4.4% in Q1 2025, led by service price increases linked to the introduction of a new car registration tax, followed by processed food inflation. While declining energy prices and more stable trends in other consumer goods are expected to exert downward pressure, additional tax increases scheduled for mid-2025 are likely to keep inflation elevated in the near term. Inflation is forecast to trend marginally higher to 3.8% in 2025 from 3.7% in 2024, before declining to 2.3% in 2026, reflecting the waning impact of tax hikes and easing global price pressures in food, energy, and other industrial goods.

On the fiscal front, the general government deficit narrowed to 1.5% of GDP in 2024, a significant improvement from the deficit of 3.1% of GDP recorded in 2023. Revenue growth was driven by increases in VAT and environmental tax rates, robust labour income growth, and frontloaded corporate tax payments and vehicle purchases ahead of tax reforms. On the expenditure side, lower-than-planned outlays on defence, social benefits, and local government operations contributed to the improved fiscal position.

In 2025, the deficit is projected to edge lower to 1.4% of GDP, primarily due to strong revenue growth. This is expected to stem from several tax policy changes, including a two-percentage point increase in personal and corporate income tax rates to 22%, a four-percentage point increase in the tax on credit institutions' income to 18%, and a two-percentage point rise in the VAT rate to 24%. A new motor vehicle tax is also expected to contribute to revenue. Concurrently, government capital expenditure is forecast to rise sharply, particularly on defence-related projects.

The fiscal outlook for 2026 suggests a deterioration, with the deficit expected to widen to 2.4% of GDP. Although further tax increases – raising personal and corporate income tax rates to 24%, and imposing higher excise duties on alcohol, tobacco, and energy – are planned, the impact of an expanded personal income tax-free threshold is estimated to reduce revenues by 1.5% of GDP. Fiscal forecasts for 2026 are also clouded by political uncertainty, following policy announcements from the new governing coalition.

Public debt is projected to rise moderately by 2026, increasing from 23.6% of GDP in 2024 (2023: 20.2%) to 25.4% in 2026. Despite this upward trend, the debt outlook has improved relative to earlier projections due to the more contained fiscal deficits. Estonia is therefore expected to retain one of the lowest public debt burdens in the EU.

8.6 GREECE[8]

Greece's economy expanded at a stable pace in 2024, with real GDP increasing by 2.3%, supported by robust private consumption, investment, and inventory accumulation. This momentum is projected to persist over the medium term, with GDP growth expected to remain above potential at 2.3% in 2025 and 2.2% in 2026. Despite the continuation of a contracted fiscal stance, the strength of domestic demand has underpinned solid output growth, though rising imports outpaced exports, leading to a negative net trade contribution.

The investment outlook is supported by the continued roll-out of the EU-funded Recovery and Resilience Plan, which is expected to drive capital expenditure in both the public and private sectors through 2025 and 2026. Private consumption is also set to remain strong, sustained by steady increases in real incomes and employment. However, the high import content of investment activity is expected to maintain upward pressure on import demand, limiting the external sector's contribution to growth.

The labour market has strengthened significantly in recent years, with momentum continuing into early 2025. The unemployment rate declined to 10.1% in 2024 from 11.1% in 2023 and is forecast to fall further to 9.3% in 2025 and 8.7% in 2026. In February 2025, the unemployment rate reached a new low of 8.6%, reflecting firm labour demand in sectors such as tourism and high-skilled services. Although vacancy rates have begun to decline, they continue to indicate labour market tightness. Employment is projected to grow further, albeit at a more moderate pace, constrained by persistent skills mismatches and low participation rates – particularly among women. Wage growth is expected to remain firm, supported by rising productivity, minimum wage increases, and a 1 percentage point reduction in social security contributions. Real compensation per employee is forecast to rise by an average of 1.3% per annum through 2026.

Inflation remained relatively elevated in 2024 at 3% (2023: 4.2%), above the euro area average by 60 basis points. Price pressures were driven in part by rising service costs and an increase in electricity prices. Although inflation is forecast to moderate to 2.8% in 2025 and 2.3% in 2026, disinflation is expected to be gradual, especially in the services sector where wage-related pressures persist. Core inflation, excluding energy and food, is projected to remain higher – at 3.5% in 2025 and 2.6% in 2026 – reflecting the sustained wage growth and strong domestic demand.

Greece's fiscal position strengthened markedly in 2024, with the general government balance registering a surplus of 1.3% of GDP (2023: deficit of 1.4%), far outperforming the projected deficit of 0.6%. This positive outcome was driven by strong revenue collection – including direct taxes and social security contributions – alongside subdued growth in current expenditure. Structural efforts to combat tax evasion and undeclared work, including the rollout of the digital labour card and enhanced VAT enforcement, contributed significantly to the improvement in tax compliance.

[8] **Source:** European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025. This economic update reflects information available as at the time of publication of the European Commission's Spring 2025 Economic Forecast and remains subject to change as macroeconomic conditions, policies, and external factors evolve.

Key Economic Indicators	2022 Actual	2023 Actual	2024 Actual	2025 Forecast	2026 Projection
Greece					
Real GDP growth *(%, year-on-year)*	5.70	2.30	2.30	2.30	2.20
Inflation - HICP *(%, year-on-year)*	9.30	4.20	3.00	2.80	2.30
Unemployment (%)	12.50	11.10	10.10	9.30	8.70
Current account balance *(% of GDP)*	(10.80)	(8.00)	(8.30)	(8.20)	(7.90)
General fiscal balance *(% of GDP)*	(2.50)	(1.40)	1.30	0.70	1.40
Gross public debt *(% of GDP)*	177.00	163.90	153.60	146.60	140.60

Source: European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025.

In 2025, the surplus is expected to narrow to 0.7% of GDP, reflecting the net effect of new spending initiatives and additional revenue measures. On the revenue side, gains are expected from higher-than-anticipated 2024 outturns, an increase in the overnight stay tax, further anti-evasion efforts, and expanded application of the digital labour card to the food and tourism sectors. These are expected to offset the impact of the planned reduction in social security contribution rates and higher public sector wages.

In 2026, the general government surplus is projected to increase to 1.4% of GDP. Continued gains in tax revenues and social contributions are expected to outweigh rising pension and wage expenditures. While the fiscal stance remains expansionary – largely supported by EU funding – the overall fiscal trajectory reflects a consolidation of structural revenue gains and disciplined expenditure management.

Public debt remains elevated but continues to decline steadily. Following a substantial reduction in 2024, the debt-to-GDP ratio is forecast to fall from 153.6% in 2024 to 146.6% in 2025, and further to 140.6% in 2026. The decline is primarily attributable to favourable nominal GDP growth dynamics and the continuation of primary surpluses.

Despite robust growth in domestic demand, Greece's external imbalance remains significant. The current account deficit stood at 8.3% of GDP in 2024 (2023: 8%) and is projected to narrow only marginally to 8.2% in 2025 and to 7.9% in 2026. The persistently high deficit reflects structural factors including the elevated import content of investment and consumption, as well as subdued export performance, particularly in services.

8.7 MALTA[9]

In 2024, the Maltese economy expanded by 6%, exceeding expectations by circa 100 basis points. This robust performance was underpinned by strong domestic demand, including a 5.7% increase in private

[9] **Source:** European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025. This economic update reflects information available as at the time of publication of the European Commission's Spring 2025 Economic Forecast and remains subject to change as macroeconomic conditions, policies, and external factors evolve.

consumption and a notable 7.3% growth in government consumption. The positive contribution of net exports further reinforced GDP growth, driven predominantly by the sustained expansion in tourism, professional services, and other service-oriented sectors.

The tourism sector stood out as a key growth driver, with total tourist expenditure rising by just over 23% over the previous year, a period which had already exceeded pre-pandemic benchmarks. Other high-performing segments included financial, IT, and recreational services, all of which benefited from resilient global demand and Malta's competitive positioning. Moreover, Malta's limited exposure to goods trade and its ability to shield itself from external commodity price shocks allowed the economy to remain insulated from international volatility. Investment, having contracted in 2023, returned to growth in 2024, rising by 2.4%, albeit remaining subdued by historical standards.

Looking ahead, real GDP is forecast to expand by 4.1% in 2025 and 4% in 2026, demonstrating normalisation from the exceptional pace recorded in 2023 and 2024. Private consumption is set to remain the dominant engine of growth, with projected increases of 4.1% in 2025 and 3.9% in 2026. Net exports are anticipated to remain a positive contribution, while investment is expected to maintain a modest upward trajectory, growing by 2.5% in 2025 and by 2.1% in 2026. Nonetheless, these investment growth rates remain below Malta's long-term average and reflect a more cautious investment sentiment in the future.

The labour market remained dynamic in 2024, with employment rising by 5.1%, buoyed by continued immigration to address persistent labour shortages. However, employment growth is expected to ease gradually to 3.1% in 2025 and 2.8% in 2026. The unemployment rate is expected to stabilise at a historically low level of 3.1% in both 2025 and 2026. Nominal wage growth per employee is projected to remain ahead of inflation, with expected increases of 4.1% in 2025 and 3.5% in 2026, highlighting continued pressure on wages amid a tight labour market.

Key Economic Indicators	**2022** **Actual**	**2023** **Actual**	**2024** **Actual**	**2025** **Forecast**	**2026** **Projection**
<u>**Malta**</u>					
Real GDP growth *(%, year-on-year)*	4.30	6.80	6.00	4.10	4.00
Inflation - HICP *(%, year-on-year)*	6.10	5.60	2.40	2.20	2.10
Unemployment (%)	3.50	3.50	3.10	3.10	3.10
Current account balance *(% of GDP)*	(1.80)	4.60	3.60	3.70	3.40
General fiscal balance *(% of GDP)*	(5.20)	(4.70)	(3.70)	(3.20)	(2.80)
Gross public debt *(% of GDP)*	49.50	47.90	47.40	47.60	47.30

Source: European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025.

Inflation fell to 2.4% in 2024, compared to 5.6% in 2023 and 6.1% in 2022, and is projected to decline further to 2.2% in 2025 and 2.1% in 2026. While food and services prices are expected to remain the main inflationary drivers, energy prices are likely to remain unchanged in nominal terms as government policy continues to maintain prices at 2020 levels.

On the fiscal front, the general government deficit narrowed to 3.7% of GDP in 2024, down from 4.7% in 2023. This improvement was primarily supported by higher revenue from income and wealth taxation, particularly driven by one-off transactions and enhanced tax collection efforts. These gains were partially offset by increased current and capital expenditures.

In 2025, the deficit is expected to decline further to 3.2% of GDP, largely reflecting the withdrawal of airline-related capital spending and a continued drop in subsidies as a share of GDP. Although social spending and energy-related support measures are set to remain unchanged in nominal terms, their GDP share will fall due to nominal GDP growth. However, the reform of personal income tax brackets is expected to weigh on revenue collection. By 2026, the deficit is forecast to fall further to 2.8% of GDP, as a result of lower subsidy levels and the stronger growth of overall revenues relative to nominal GDP. Overall, the general government debt ratio is projected to remain broadly stable up to 2026, staying below the 48% of GDP threshold, underscoring Malta's comparatively sound fiscal position within the European context.

PART 2 – FINANCIAL REVIEW

9. FINANCIAL ANALYSIS – THE ISSUER

The historical information is extracted from the audited annual financial statements of Hili Finance for the years ended 31 December 2022, 31 December 2023, and 31 December 2024.

The forecast information has been provided by Hili Finance and is based on future events and assumptions which the Company believes to be reasonable. Accordingly, actual outcomes may be adversely affected by unforeseen circumstances, and the variation between forecasts and actual results could be material.

Hili Finance Company p.l.c. Income Statement for the financial year ending 31 December	**2022 Actual €'000**	**2023 Actual €'000**	**2024 Actual €'000**	**2025 Forecast €'000**
Finance income	7,346	7,758	9,851	12,137
Finance costs	(6,360)	(6,715)	(8,674)	(10,763)
Net interest income	**986**	**1,043**	**1,177**	**1,374**
Administrative expenses	(44)	(51)	(59)	(55)
Profit before tax	**942**	**992**	**1,118**	**1,319**
Taxation	(342)	(362)	(406)	(476)
Profit for the year	**600**	**630**	**712**	**843**
Total comprehensive income for the year	**600**	**630**	**712**	**843**

INCOME STATEMENT

Net interest income advanced by 12.85% to €1.18 million in **FY2024**. This reflected a substantial increase in finance income to €9.85 million, which significantly outpaced the rise in finance costs to €8.67 million. Administrative expenses amounted to €0.06 million, broadly in line with previous years. As a result, profit before tax increased by 12.70% to €1.12 million. After deducting taxation of €0.41 million, profit for the year reached €0.71 million, marking an annual growth of 13.02%.

For **FY2025**, the Company is forecasting a further expansion in net interest income, which is projected to grow by 16.74% to €1.37 million. This is expected to be supported by a sharp increase in finance income to €12.14 million, comfortably absorbing the forecasted rise in finance costs to €10.76 million. Administrative expenses are anticipated to ease slightly, contributing positively to the profitability outlook. Profit before tax is forecast to increase by 17.98% to €1.32 million, while the projected tax charge of €0.48 million is expected to result in a net profit of €0.84 million.

Hili Finance Company p.l.c. Statement of Cash Flows for the financial year ending 31 December	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
Net cash from / (used in) operating activities	(547)	(529)	(637)	(600)
Net cash from / (used in) investing activities	(44,600)	7,650	(48,141)	12,050
Free cash flow	**(45,147)**	**7,121**	**(48,778)**	**11,450**
Net cash from / (used in) financing activities	45,430	(7,461)	49,211	(11,274)
Net movement in cash and cash equivalents	**283**	**(340)**	**433**	**176**
Cash and cash equivalents at beginning of year	126	409	69	502
Cash and cash equivalents at end of year	**409**	**69**	**502**	**678**

STATEMENT OF CASH FLOWS

In **FY2024**, operating cash flows remained negative at €0.64 million despite a further improvement in profit before tax to €1.12 million, reflecting the higher level of net finance cost outflows of €1.34 million and tax payments of €0.41 million.

Net investment outflows surged to €48.14 million, mainly due to net loans of €55.78 million advanced to Hili Ventures following the issuance of the 2024 Bonds. Interest received remained unchanged year-on-year at €7.65 million.

Net financing inflows amounted to €49.21 million, reflecting the proceeds of €55.78 million received from the issuance of the 2024 Bonds which offset interest outflows of €6.57 million.

In aggregate, the Company recorded a net increase of €0.43 million in cash and cash equivalents during FY2024 and closed the year with a balance of €0.50 million.

For **FY2025**, the Company is forecasting a net operating cash outflow of €0.60 million, primarily driven by net finance costs of €1.37 million, tax payment of €0.36 million, and an adverse working capital movement of €0.18 million.

Net investing inflows are forecast to rise significantly to €12.05 million, deriving solely from interest income. However, net financing outflows are projected at €11.27 million, reflecting interest and dividend payments of €10.67 million and €0.60 million respectively.

Overall, the Company expects to generate a modest net increase of €0.18 million in cash and cash equivalents during FY2025, bringing the closing balance to €0.68 million.

STATEMENT OF FINANCIAL POSITION

The Company's asset base increased substantially during **FY2024** to €259.44 million. This growth was driven almost entirely by a sharp increase in non-current and current loans and receivables, which rose by €81.72 million year-on-year to €258.74 million. During the year, Hili Finance issued the 2024 Bonds.

Total liabilities rose by €82.07 million to €255.55 million, mainly the result of the €80 million increase in debt securities which reached €250 million.

Total equity remained relatively stable, increasing by €0.23 million to €3.90 million by the end of FY2024, entirely due to the accumulation of retained earnings.

For **FY2025**, total assets are projected to rise marginally by €0.15 million to €259.59 million. This is underpinned by a €0.18 million increase in cash and cash equivalents to €0.68 million. Non-current and current loans and receivables are expected to remain broadly unchanged at €258.83 million, while a minor reduction in tax assets and intangible assets is projected.

On the funding side, total liabilities are forecast to ease slightly to €255.45 million, with debt securities unchanged at €250 million and a minor decline in accrued interest to €5.21 million. Total equity is expected to increase modestly to €4.14 million, driven by a further rise in retained earnings to €2.14 million.

Hili Finance Company p.l.c. Statement of Financial Position as at 31 December	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
ASSETS				
Non-current assets				
Intangible assets	-	-	10	8
Loans and receivables	172,411	172,411	251,931	251,931
Tax assets	-	-	1	1
	172,411	**172,411**	**251,942**	**251,940**
Current assets				
Loans and receivables	4,504	4,612	6,811	6,897
Other receivables	49	49	71	71
Tax assets	-	-	114	-
Cash and cash equivalents	409	69	502	678
	4,962	**4,730**	**7,498**	**7,646**
Total assets	**177,373**	**177,141**	**259,440**	**259,586**
EQUITY				
Capital and reserves				
Share capital	2,000	2,000	2,000	2,000
Retained earnings	1,882	1,663	1,895	2,138
	3,882	**3,663**	**3,895**	**4,138**
LIABILITIES				
Non-current liabilities				
Debt securities	170,000	170,000	250,000	250,000
	170,000	**170,000**	**250,000**	**250,000**
Current liabilities				
Accrued interest	3,395	3,366	5,315	5,208
Other payables	36	39	230	240
Tax liabilities	60	73	-	-
	3,491	**3,478**	**5,545**	**5,448**
Total liabilities	**173,491**	**173,478**	**255,545**	**255,448**
Total equity and liabilities	**177,373**	**177,141**	**259,440**	**259,586**

10. FINANCIAL ANALYSIS – THE GUARANTOR

The historical information is extracted from the audited annual financial statements of Hili Ventures for the years ended 31 December 2022, 31 December 2023, and 31 December 2024.

The forecast information has been provided by the Guarantor and is based on future events and assumptions which the Group believes to be reasonable. Accordingly, actual outcomes may be adversely affected by unforeseen circumstances, and the variation between forecasts and actual results could be material.

Hili Ventures Limited Income Statement For the financial year 31 December	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
Revenue	782,648	986,495	1,088,450	1,206,738
Net operating expenses	(682,386)	(858,988)	(952,496)	(1,059,989)
EBITDA	**100,262**	**127,507**	**135,954**	**146,749**
Depreciation and amortisation	(32,462)	(43,769)	(43,313)	(51,861)
Operating profit	**67,800**	**83,738**	**92,641**	**94,888**
Net investment gains / (losses)	3,513	(141)	15,643	(125)
Net finance costs	(21,537)	(26,208)	(27,853)	(30,547)
Profit before tax	**49,776**	**57,389**	**80,431**	**64,216**
Taxation	(6,503)	(14,032)	(14,991)	(19,389)
Discontinued operations	-	(3,070)	(478)	-
Profit after tax	**43,273**	**40,287**	**64,962**	**44,827**
Other comprehensive income				
Revaluation on property, plant, and equipment	12,965	3,281	2,845	326
Exchange differences	598	3,652	4,095	(216)
Other effects	(467)	1,357	(50)	558
Total comprehensive income	**56,369**	**48,577**	**71,852**	**45,495**

Hili Ventures Limited Key Financial Ratios	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast
EBITDA margin (%) *(EBITDA / revenue)*	12.81	12.93	12.49	12.16
Operating profit margin (%) *(Operating profit / revenue)*	8.66	8.49	8.51	7.86
Net profit margin (%) *(Profit after tax / revenue)*	5.53	4.08	5.97	3.71
Return on equity (%) *(Profit after tax / average equity)*	23.72	17.78	24.81	15.53
Return on assets (%) *(Profit after tax / average assets)*	5.35	4.19	5.93	3.88
Return on invested capital (%) *(Operating profit / average equity and net debt)*	10.93	11.20	11.10	10.84
Interest cover (times) *(EBITDA / net finance costs)*	4.66	4.87	4.88	4.80

INCOME STATEMENT

In **FY2024**, the Group recorded total revenue of €1.09 billion, an increase of €101.96 million (or +10.34%) from the prior year, mainly driven by restaurant and retail network expansion as well as organic growth across all areas of business.

EBITDA reached €135.95 million, increasing by €8.45 million (or +6.62%) from the prior year. However, the EBITDA margin narrowed slightly to 12.49% in view of the increase in net operating costs which rose by €93.51 million (or +10.89%) to €952.50 million.

Depreciation and amortisation charges eased by 1.04% to €43.31 million. Consequently, operating profit grew by 10.63%, reaching €92.64 million and translating into a margin of 8.51% and a return on invested capital ("**ROIC**") of 11.10%.

A strong uplift in net investment gains to €15.64 million significantly supported the Group's profitability. This included a €14.71 million net uplift in the fair value of investment properties and property held for sale, a €1.83 million gain related to foreign exchange and movements in financial assets and instruments, as well as €1.16 million in dividends. These were partly offset by a loss of €1.69 million related to the sale of subsidiaries and acquisition related costs of €0.29 million.

Net finance costs trended higher by 6.28% to €27.85 million, albeit the interest cover remained virtually unchanged at 4.88 times.

Overall, the Group posted a pre-tax profit of €80.43 million, up by a notable €23.05 million (or +40.15%) from the prior year. After accounting for a tax charge of €14.99 million and a €0.48 million loss from discontinued operations, the Group reported a net profit of €64.96 million. The net profit margin edged higher to 5.97%, while the return on equity ("**ROE**") and return on assets ("**ROA**") advanced to 24.81% and 5.93% respectively. Total comprehensive income rose to €71.85 million, bolstered by exchange differences of €4.10 million and revaluation on property, plant, and equipment ("**PPE**") of €2.85 million.

For **FY2025**, revenue is projected to rise to €1.21 billion, representing a growth of €118.29 million (or +10.87%), underpinned by higher business across all operating segments, particularly restaurant operations (+€60.74 million) and retail sales (+€30.41 million).

Net operating expenses are forecast to reach €1.06 billion (+11.29%) as a result of increased operations, thus leading to an EBITDA of €146.75 million and representing a year-on-year increase of €10.80 million (+7.94%). The EBITDA margin is projected to contract slightly to 12.16%.

Depreciation and amortisation are expected to increase by €8.55 million to €51.86 million, reflecting the full-year depreciation impact of Tigné Mall following its acquisition, along with additional capital expenditure during the year. As a result, operating profit is forecast to increase by 2.43% to €94.89 million, translating into a narrower margin of 7.86% and a ROIC of 10.84%.

A net investment loss of €0.13 million is projected, reflecting unfavourable movements in foreign exchange and financial assets and instruments, partly offset by positive changes in the fair value of investment property and property held for sale. Furthermore, net finance costs are expected to climb to €30.55 million, albeit with limited impact on the interest cover which is expected to remain relatively stable at 4.80 times.

Profit before tax is forecast at €64.22 million, representing a year-on-year decline of €16.22 million principally reflecting the non-recurrence of the exceptional net investment gains registered in FY2024. After accounting for a tax charge of €19.39 million, net profit is projected at €44.83 million, translating into a lower net margin of 3.71% and a weaker ROE and ROA of 15.53% and 3.88% respectively. Total comprehensive income is forecast at €45.50 million after including the impact of revaluation on PPE, exchange differences, and other effects.

Hili Ventures Limited Statement of Cash Flows For the financial year 31 December	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
Net cash from operating activities	78,578	97,432	110,760	138,694
Net cash used in investing activities	(92,005)	(107,966)	(89,873)	(57,887)
Net cash from / (used in) financing activities	1,706	8,422	(13,419)	(88,391)
Net movement in cash and cash equivalents	**(11,721)**	**(2,112)**	**7,468**	**(7,584)**
Cash and cash equivalents at beginning of year	75,943	64,148	62,135	63,987
Cash and cash equivalents included in assets held for sale	-	-	(5,598)	209
Effect of movements in exchange	(74)	99	(18)	-
Cash and cash equivalents at end of year	**64,148**	**62,135**	**63,987**	**56,612**
Capital expenditure	28,589	49,431	46,708	74,647
Other investing activities*	35,683	58,491	42,164	(7,827)
Free cash flow	**14,306**	**(10,490)**	**21,888**	**71,874**

** Net cash used in / (from) acquisitions and disposals of subsidiaries, associates, and non-controlling interest, net of related costs.*

STATEMENT OF CASH FLOWS

FY2024 saw continued improvement in operating cash generation, with net cash inflows rising to €110.76 million, reflecting both strong earnings and positive changes in working capital of €17.67 million. On the other hand, interest and tax payments amounted to €23.20 million and €19.13 million respectively, while discontinued operations contributed to a further outflow of €0.90 million.

Net cash used in investing activities contracted by €18.09 million year-on-year to €89.87 million. Capital expenditure remained elevated, at €46.71 million, of which, almost €40 million were dedicated to the Group's restaurant operations. Furthermore, the Group invested a further €42.16 million in subsidiaries and associates, primarily to acquire Tigné Mall. Meanwhile, interest and dividend income increased by €0.82 million to an aggregate of €3.25 million, although this was outweighed by aggregate outflows of €3.95 million related to term deposits and discontinued operations.

Financing activities recorded a net outflow of €13.42 million. The Group raised a net amount of €43.06 million through debt securities and received €1.99 million from related parties. On the other hand, it directed €20.48 million towards the repayment of bank borrowings and used a further €21.37 million and €16.64 million for lease and dividend payments respectively.

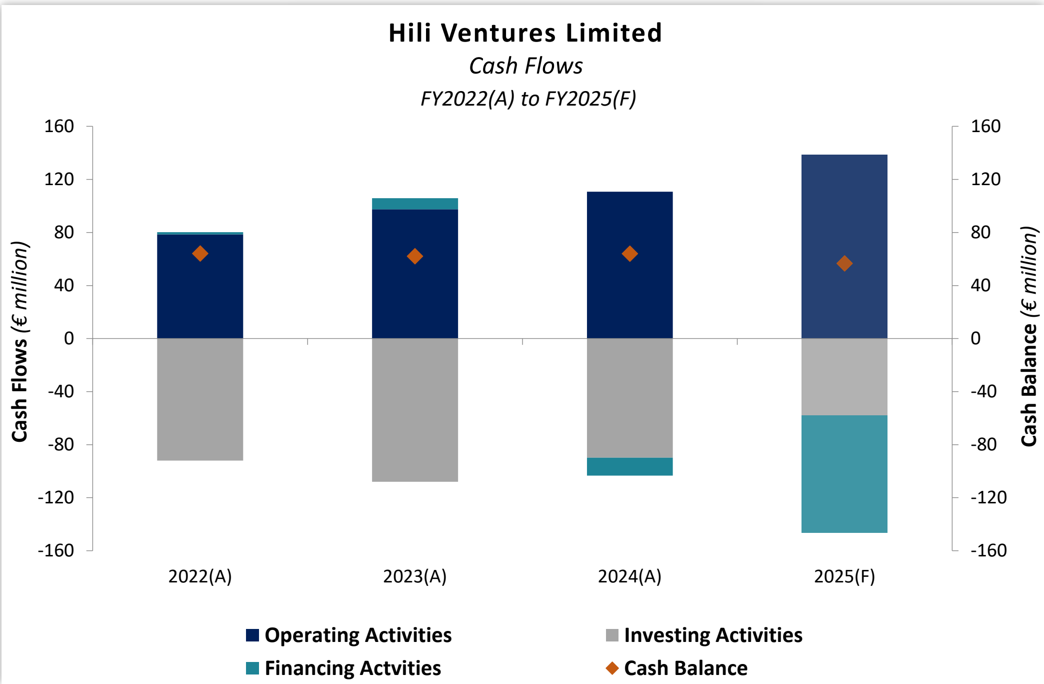
Overall, net cash and cash equivalents increased by €7.47 million during the year, resulting in a year-end balance of €63.99 million after accounting for €5.60 million in cash classified under assets held for sale.

For **FY2025**, the Group is forecasting a substantial increase in net cash from operating activities to €138.69 million, underpinned by robust operational dynamics partly offset by interest and tax payments of €23.42 million and €26.97 million respectively.

Although capital expenditure is forecast to increase to €74.65 million, the Group anticipates a net inflow of €16.76 million from investments in subsidiaries and associates, and a combination of proceeds from disposals, new investments, the release of term deposits, and inflows from financial investments.

Financing activities are expected to result in a net cash outflow of €88.39 million, primarily driven by repayments of debt securities and lease obligations, dividend payments, and bank borrowing repayments.

With a total negative cash movement of €7.58 million, Hili Ventures is expected to end the year with a cash balance of €56.61 million, after adjusting for a marginal amount held under assets held for sale.



Hili Ventures Limited Statement of Financial Position As at 31 December	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
ASSETS				
Non-current assets				
Intangible assets	106,195	154,082	156,972	160,216
Property, plant and equipment	260,339	284,587	406,066	427,658
Investment property	189,753	183,533	146,728	148,145
Property held for sale	3,700	3,700	-	-
Right-of-use assets	116,942	139,695	159,820	165,026
Investments in associates and joint ventures	2,212	16,811	1,208	1,286
Other investments	150	150	150	150
Financial assets	29,559	33,132	35,863	34,503
Loans and receivables	31,757	31,565	17,869	19,574
Deposit on acquisition of investments	-	-	-	-
Trade and other receivables	4,368	4,671	3,695	3,979
Deferred tax assets	5,299	4,472	5,467	6,144
Restricted cash	1,972	1,217	1,251	1,318
	752,246	**857,615**	**935,089**	**967,999**
Current assets				
Inventories	30,103	34,721	34,248	33,008
Assets held for sale	-	7,000	45,475	20,139
Loans and receivables	3,057	3,197	7,005	6,217
Trade and other receivables	31,363	47,463	51,083	54,652
Short term deposits	-	-	2,629	700
Cash and cash equivalents	69,753	72,855	71,771	62,699
Current tax asset	3,233	6,594	9,598	5,842
Contract assets	703	1,404	1,548	1,580
Other assets	-	-	800	-
	138,212	**173,234**	**224,157**	**184,837**
Total assets	**890,458**	**1,030,849**	**1,159,246**	**1,152,836**
EQUITY				
Share capital	69,400	69,400	69,400	69,400
Reserves	12,056	21,472	27,109	24,122
Retained earnings	89,864	113,402	157,125	182,245
Non-controlling interest	38,957	38,626	27,119	20,657
	210,277	**242,900**	**280,753**	**296,424**
LIABILITIES				
Non-current liabilities				
Debt securities	305,593	270,227	312,607	248,541
Bank borrowings	100,816	137,386	106,500	131,171
Lease liabilities	111,858	132,510	152,641	170,212
Other financial liabilities	-	9	-	-
Trade and other payables	2,944	4,075	2,180	1,938
Provisions	200	1,081	1,309	1,289
Deferred tax liabilities	9,109	10,988	27,872	27,247
	530,520	**556,276**	**603,109**	**580,398**
Current liabilities				
Debt securities	-	35,920	37,125	64,914
Bank borrowings	27,189	40,258	41,022	20,915
Lease Liabilities	11,932	13,670	15,643	12,090
Other financial liabilities	14	-	2,000	123
Liabilities associated with assets held for sale	-	-	13,872	8,291
Trade and other payables	103,445	135,671	158,526	151,375
Contract liabilities	4,088	1,846	2,313	1,565
Tax liabilities	2,993	4,308	4,883	16,741
	149,661	**231,673**	**275,384**	**276,014**
Total liabilities	**680,181**	**787,949**	**878,493**	**856,412**
Total equity and liabilities	**890,458**	**1,030,849**	**1,159,246**	**1,152,836**
Total debt	*557,388*	*629,971*	*665,538*	*647,843*
Net debt	*485,663*	*555,899*	*589,887*	*583,126*
Invested capital (total equity plus net debt)	*695,940*	*798,799*	*870,640*	*879,550*

Hili Ventures Limited Key Financial Ratios	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	4.84	4.36	4.34	3.97
Net debt-to-equity (times) *(Net debt / total equity)*	2.31	2.29	2.10	1.97
Net gearing (%) *(Net debt / net debt and total equity)*	69.79	69.59	67.75	66.30
Debt-to-assets (times) *(Total debt / total assets)*	0.63	0.61	0.57	0.56
Leverage (times) *(Total assets / total equity)*	4.23	4.24	4.13	3.89
Current ratio (times) *(Current assets / current liabilities)*	0.92	0.75	0.81	0.67

STATEMENT OF FINANCIAL POSITION

During **FY2024**, total assets increased by €128.40 million to €1.16 billion. The most meaningful movement took place in PPE, which increased by €121.48 million to €406.07 million, while a portion of investment property was classified as held for sale. Right-of-use assets extended their upward trend to €159.82 million (+€20.13 million) while investments in associates and joint ventures and loans and receivables dropped by €15.60 million and €9.89 million to €1.21 million and €24.87 million respectively.

Equity improved by €37.85 million to €280.75 million, driven by retained earnings of €157.13 million (+€43.72 million) and reserves of €27.11 million (+€5.64 million). On the other hand, non-controlling interest retracted by €11.51 million to €27.12 million.

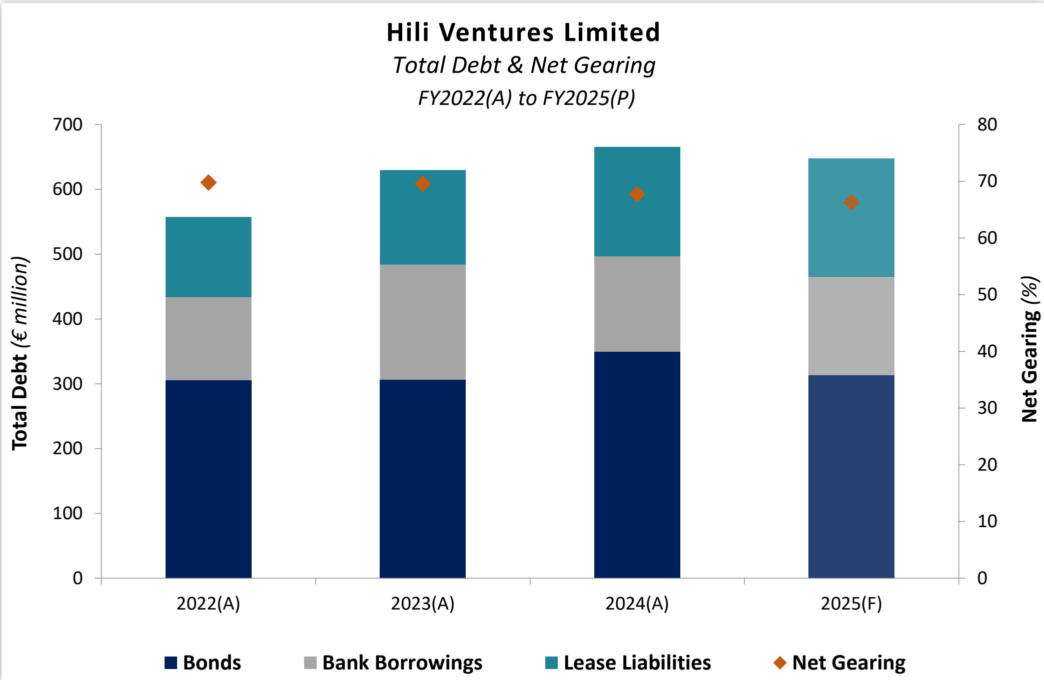
Total liabilities rose by €90.54 million to €878.49 million, driven by higher levels of debt (+€35.57 million to €665.54 million), tax liabilities (+€17.46 million to €32.76 million), and trade and other payables (+€20.96 million to €160.71 million). Despite the higher debt load, the net debt-to-EBITDA multiple remained stable at 4.34 times, while all other debt metrics strengthened. The net debt-to-equity ratio improved to 2.10 times from 2.29 times as at the end of FY2023. Net gearing fell to 67.75% (31 December 2023: 69.59%), while the leverage ratio and debt-to-assets ratio eased to 4.13 times and 0.57 times respectively.

For **FY2025**, total assets are forecast to contract by €6.41 million to €1.15 billion, largely driven by assets held for sale reaching €20.14 million in anticipating disposals.

Equity is expected to strengthen further by €15.67 million to €296.42 million, mainly due to the continued increase in retained earnings.

Total liabilities are forecast at €856.41 million, reflecting a reduction of €22.08 million from the prior year. This is mainly attributable to lower debt, projected to decline by €17.70 million to €647.84 million despite lease liabilities and bank borrowings rising further to €182.30 million (+€14.02 million) and €152.09 million (+€4.56 million) respectively.

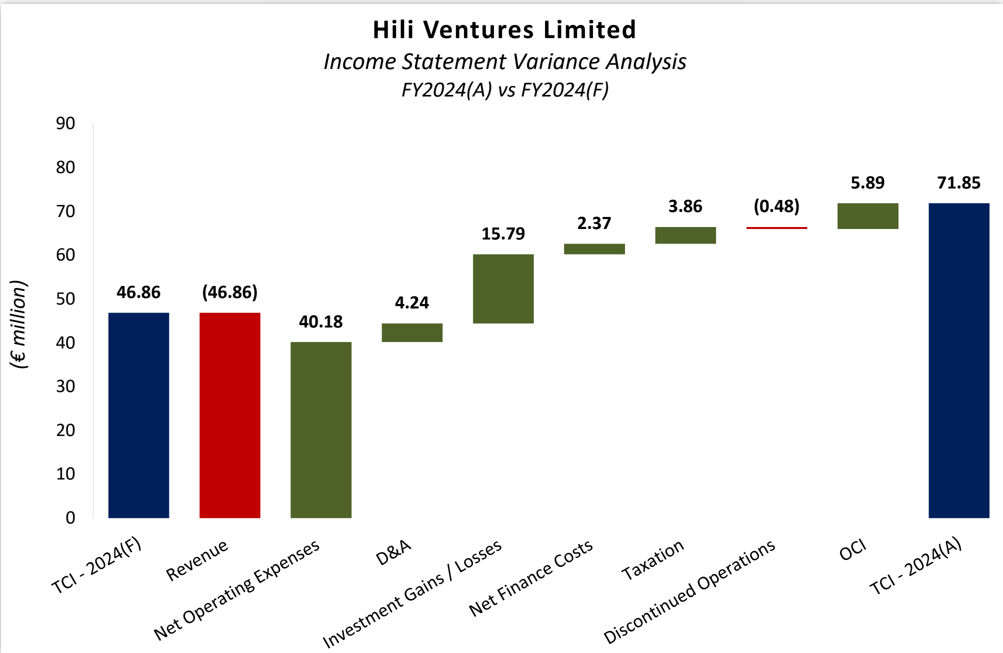
Net debt is expected to decrease at a slower pace than the decline in total debt due to cash utilisation. Nonetheless, the net debt-to-EBITDA multiple is forecast to improve to 3.97 times, while the net debt-to-equity ratio is projected to ease to 1.97 times. Net gearing is expected to fall further to 66.30%, and the leverage ratio is forecast at 3.89 times.



11. VARIANCE ANALYSIS – THE GUARANTOR

The following is an analysis of the major variances between the forecast financial information for the year ended 31 December 2024, as included in the Analysis dated 3 June 2024, and the audited annual financial statements for the same period, published on 28 May 2025.

Hili Ventures Limited Income Statement For the financial year 31 December	**2024 Actual €'000**	**2024 Forecast €'000**
Revenue	1,088,450	1,135,309
Net operating expenses	(952,496)	(992,677)
EBITDA	**135,954**	**142,632**
Depreciation and amortisation	(43,313)	(47,557)
Operating profit	**92,641**	**95,075**
Net investment gains / (losses)	15,643	(146)
Net finance costs	(27,853)	(30,224)
Profit before tax	**80,431**	**64,705**
Taxation	(14,991)	(18,849)
Discontinued operations	(478)	-
Profit after tax	**64,962**	**45,856**
Other comprehensive income		
Revaluation on property, plant, and equipment	2,845	1,001
Exchange differences	4,095	-
Other effects	(50)	-
Total comprehensive income / (expense)	**71,852**	**46,857**



INCOME STATEMENT

In FY2024, the Group generated total revenue of €1.09 billion, which was below the forecasted figure of €1.14 billion by €46.86 million, or -4.13%, reflecting lower-than-expected retail and commercial sales. This shortfall in revenue was partly mitigated by lower net operating expenses, which amounted to €952.50 million compared to the forecast of €992.68 million, resulting in a positive variance of €40.18 million. As a result, EBITDA amounted to €135.95 million, falling short of the projected €142.63 million by only €6.68 million, or -4.68%.

Depreciation and amortisation charges totalled €43.31 million which were €4.24 million below the forecasted figure of €47.56 million. Consequently, the Group reported an operating profit of €92.64 million, compared to the forecast of €95.08 million, resulting in a variance of €2.43 million.

Notably, the Group registered net investment gains of €15.64 million during the year, mainly the result of the purchase of Tigné Mall following the increase in ownership to 100% in FY2024. This contrasts with the forecasted net investment loss of €0.15 million, resulting in a favourable variance of €15.79 million.

Meanwhile, net finance costs were lower than expected, amounting to €27.85 million versus a forecast of €30.22 million. As a result, profit before tax reached €80.43 million, exceeding the forecast of €64.71 million by €15.73 million, or +24.30%.

The tax charge for the year totalled €14.99 million which was €3.86 million lower than the forecast of €18.85 million. On the other hand, a loss from discontinued operations amounting to €0.48 million was recognised in FY2024, thus leading to a profit after tax of €64.96 million – €19.11 million more than the projected figure of €45.86 million.

In terms of other comprehensive income, the Group recorded revaluation gains on PPE amounting to €2.85 million (versus the forecast of €1 million), alongside exchange differences of €4.10 million and a negative adjustment of €0.05 million classified under other effects.

In total, comprehensive income for FY2024 reached €71.85 million, outperforming the forecast of €46.86 million by nearly €25 million.

Hili Ventures Limited **Statement of Cash Flows** **For the financial year 31 December**	**2024** **Actual** **€'000**	**2024** **Forecast** **€'000**
Net cash from operating activities	110,760	146,298
Net cash used in investing activities	(89,873)	(126,426)
Net cash used in financing activities	(13,419)	(40,452)
Net movement in cash and cash equivalents	**7,468**	**(20,580)**
Cash and cash equivalents at beginning of year	62,135	62,135
Cash and cash equivalents included in assets held for sale	(5,598)	-
Effect of movements in exchange	(18)	-
Cash and cash equivalents at end of year	**63,987**	**41,555**
Capital expenditure	46,708	80,521
Other investing activities*	42,164	(8,604)
Free cash flow	**21,888**	**74,381**

** Net cash used in / (from) acquisitions and disposals of subsidiaries, associates, and non-controlling interest, net of related costs.*

STATEMENT OF CASH FLOWS

In FY2024, the Group generated net cash from operating activities of €110.76 million, falling short of the forecasted €146.30 million by €35.54 million. This variance primarily reflects lower adjusted profit before tax and favourable movements in working capital. While interest outflows were in line with expectations, the actual tax paid was lower than forecasted.

Net cash used in investing activities totalled €89.87 million, which was below the forecast by €36.55 million. The main contributors to this favourable variance were lower-than-expected: (i) capital expenditure; and (ii) investments in short term deposits and financial assets.

Free cash flow for the year amounted to €21.89 million, significantly below the forecast of €74.38 million. This was mainly due to lower net cash generation from operations, the investment in Tigné Mall, and the absence of proceeds from the sale of subsidiaries.

Net cash used in financing activities stood at €13.42 million, below the forecasted outflow of €40.45 million, resulting in a positive variance of €27.03 million. The main drivers of this favourable variance were: (i) the lower level of net bank loan repayments and interest; and (ii) lower-than-expected lease payments. Dividend payments totalled €16.64 million, in line with expectations.

Overall, the Group generated a positive net movement in cash and cash equivalents of €7.47 million in FY2024, compared to the forecasted net outflow of €20.58 million, resulting in a favourable variance of €28.05 million. After accounting for €5.60 million in cash included in assets held for sale and minor exchange differences, Hili Ventures closed the year with €63.99 million in cash and cash equivalents, substantially above the forecasted level of €41.56 million.

Hili Ventures Limited Statement of Financial Position As at 31 December	2024 Actual €'000	2024 Forecast €'000
ASSETS		
Non-current assets		
Intangible assets	156,972	153,348
Property, plant and equipment	406,066	319,817
Investment property	146,728	115,113
Right-of-use assets	159,820	144,969
Investments in associates, joint ventures, and other investments	1,358	20,063
Financial assets	35,863	37,780
Loans and receivables	17,869	31,054
Trade and other receivables	3,695	4,454
Deferred tax assets	5,467	6,992
Restricted cash	1,251	1,377
	935,089	**834,967**
Current assets		
Inventories	34,248	34,141
Trade and other receivables	51,083	63,043
Short term deposits	2,629	-
Cash and cash equivalents	71,771	48,600
Other assets	64,426	70,740
	224,157	**216,524**
Total assets	**1,159,246**	**1,051,491**
EQUITY		
Equity and reserves	280,753	258,609
	280,753	**258,609**
LIABILITIES		
Non-current liabilities		
Debt securities	312,607	313,773
Bank borrowings	106,500	80,210
Lease liabilities	152,641	139,704
Other financial liabilities	-	3,170
Trade and other payables	2,180	1,405
Provisions	1,309	-
Deferred tax liabilities	27,872	8,972
	603,109	**547,234**
Current liabilities		
Debt securities	37,125	36,939
Bank borrowings	41,022	47,552
Lease Liabilities	15,643	15,391
Other financial liabilities	2,000	912
Liabilities associated with assets held for sale	13,872	-
Trade and other payables	158,526	131,509
Contract liabilities	2,313	806
Tax liabilities	4,883	12,539
	275,384	**245,648**
Total liabilities	**878,493**	**792,882**
Total equity and liabilities	**1,159,246**	**1,051,491**
Total debt	*665,538*	*633,569*
Net debt	*589,887*	*583,592*
Invested capital (total equity plus net debt)	*870,640*	*842,201*

STATEMENT OF FINANCIAL POSITION

The Group's total assets amounted to €1.16 billion as at the end of FY2024, exceeding the forecast of €1.05 billion by €107.76 million. PPE stood at €406.07 million, well ahead of the projected figure of €319.82 million, resulting in a positive variance of €86.25 million. Likewise, investment property ended the year at €146.73 million, surpassing the forecast of €115.11 million by €31.62 million. Additional material positive variances were recorded in right-of-use assets, which closed €14.85 million higher than projected at €159.82 million, and intangible assets, which exceeded forecast by €3.62 million to reach €156.97 million. Similarly, cash and cash equivalents stood at €71.77 million, well above the forecasted €48.60 million. Inventories and short-term deposits also closed above expectations, with favourable variances of €0.11 million and €2.63 million respectively.

On the other hand, negative variances were recorded in current and non-current trade and other receivables, which closed €12.72 million below forecast, and investments in associates, joint ventures, and other investments which were lower by €18.71 million at €1.36 million. Loans and receivables were €13.19 million lower than forecasted. Deferred tax assets, financial assets, and restricted cash were slightly below forecast.

Total liabilities amounted to €878.49 million, exceeding the forecasted figure of €792.88 million by €85.61 million. This was primarily due to higher-than-expected: (i) indebtedness, which reached €665.54 million compared to the forecast of €633.57 million; (ii) current and non-current trade and other payables exceeded forecast by €27.79 million; (iii) current and non-current tax liabilities, which ended the year €11.24 million higher.

Total equity ended the year at €280.75 million, €22.14 million higher than the forecast of €258.61 million, reflecting the increased net profit and comprehensive income for the year.

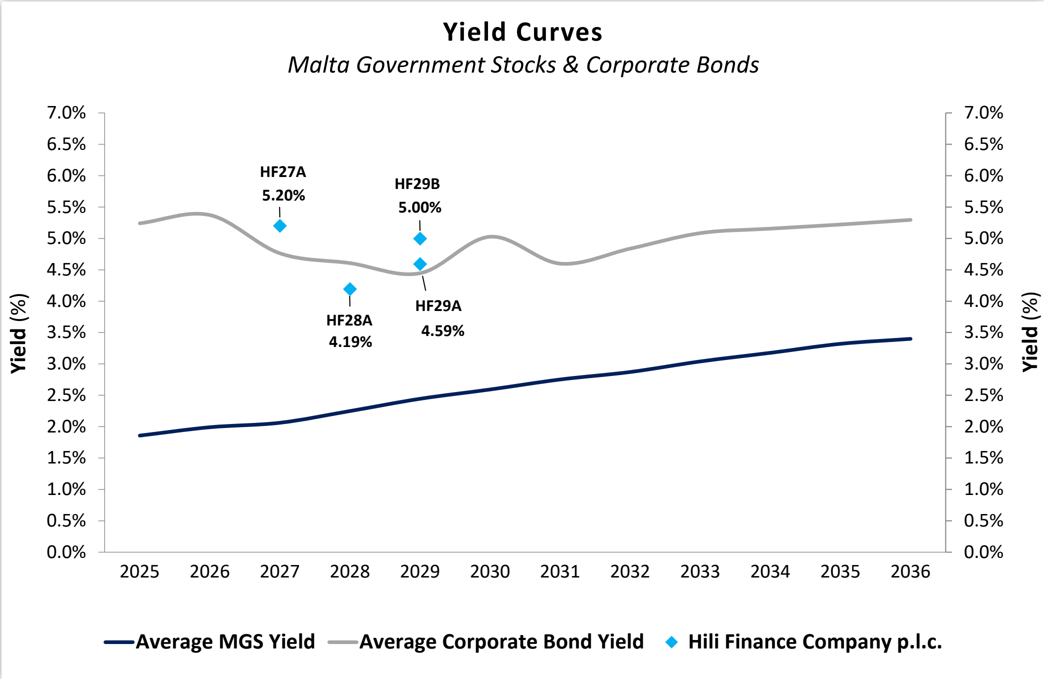
PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Group and its bonds with other debt issuers and their respective debt securities listed on the Regulated Main Market (Official List) of the Malta Stock Exchange. Although there are significant variances between the activities of the Group and those of other debt issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business/es and those of other debt issuers, the comparative analysis illustrated in the table below serves as an indication of the relative financial strength and creditworthiness of the Group.

Comparative Analysis*	Amount Issued	Yield-to-Maturity / Worst	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.32	4.93	4.63	73.87	0.55
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	5.44	1.35	11.96	43.62	0.40
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.46	11.17	43.36	0.40
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	6.57	1.96	9.84	84.18	0.55
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	3.88	12.23	2.16	69.41	0.59
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	4.95	1.46	11.17	43.36	0.40
3.25% AX Group p.l.c. Unsecured 2026	15,000	4.43	3.09	7.54	42.13	0.37
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	5.20	4.88	4.34	67.75	0.57
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.35	5.86	2.93	30.32	0.34
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.02	4.55	6.93	28.64	0.26
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.81	2.45	20.10	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	4.01	4.46	5.18	21.99	0.20
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	14,438	4.74	110.36	8.31	74.19	0.73
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.74	n/a	1.04	26.65	0.33
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.19	4.88	4.34	67.75	0.57
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.14	5.81	2.45	20.10	0.19
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	5.10	2.48	14.28	51.39	0.46
5.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2027-2029	15,000	5.16	110.36	8.31	74.19	0.73
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	5.00	4.88	4.34	67.75	0.57
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	4.18	4.46	5.18	21.99	0.20
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.59	4.88	4.34	67.75	0.57
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	3.09	7.54	42.13	0.37
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	5.51	1.81	6.89	96.76	0.83
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	5.09	1.46	11.17	43.36	0.40
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	4.47	2.87	8.01	51.84	0.47
5.35% Best Deal Properties Holding p.l.c. Unsecured 2032	7,000	5.00	110.36	8.31	74.19	0.73
5.80% GPH Malta Finance plc Unsecured & Guaranteed 2032	15,000	5.39	1.81	6.89	96.76	0.83
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.67	4.00	5.48	45.91	0.45
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.10	3.09	7.54	42.13	0.37
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.32	1.46	11.17	43.36	0.40
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.50	2.35	12.72	77.11	0.69
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	5.14	2.69	7.13	47.59	0.42
5.30% International Hotel Investments p.l.c. Unsecured 2035	35,000	5.13	1.46	11.17	43.36	0.40
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.17	15.06	23.23	58.68	0.48
5.80% Agora Estates p.l.c. Secured 2036 S1 T1	12,000	5.34	0.99	21.21	35.45	0.33
5.50% Agora Estates p.l.c. Secured 2036 S1 T2	9,000	5.26	0.99	21.21	35.45	0.33

**As at 30 May 2025*

Sources: *Malta Stock Exchange, M.Z. Investment Services Limited, and most recent audited annual financial statements of respective Issuers and, or Guarantors.*



The closing market price as at 30 May 2025 for the **4.00% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2027** (HF27A) was 98.00%. This translated into a yield-to-maturity ("**YTM**") of 5.20% which was 44 basis points above the average YTM of 4.76% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity (2.06%) stood at 314 basis points.

The closing market price as at 30 May 2025 for the **3.85% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2028** (HF28A) was 99.00%. This translated into a YTM of 4.19% which was 42 basis points below the average YTM of 4.61% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity (2.25%) stood at 194 basis points.

The closing market price as at 30 May 2025 for the **3.80% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2029** (HF29A) was 97.00%. This translated into a YTM of 4.59% which was 14 basis points above the average YTM of 4.45% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity (2.44%) stood at 215 basis points.

The closing market price as at 30 May 2025 for the **5.00% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2029** (HF29B) was 100.00%. This translated into a YTM of 5.00% which was 55 basis points above the average YTM of 4.45% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity (2.44%) stood at 256 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
Adjusted operating profit / (loss)	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
Operating profit / (loss)	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
Share of results of associates and joint ventures	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
Profit / (loss) after tax	Net profit (or loss) registered from all business activities.

Profitability Ratios	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
Return on assets	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
Return on invested capital	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

Statement of Cash Flows	
Net cash from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Net cash from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Net cash from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.

Statement of Financial Position

Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

Financial Strength / Credit Ratios

Interest cover	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing net debt by the level of invested capital.
Debt-to-assets	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
Leverage	Shows how many times a company is using its equity to finance its assets.
Current ratio	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.