



COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Hili Finance Company p.l.c. (the “Company”) pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority.

QUOTE

In line with the requirements of the Capital Markets Rules, the Financial Analysis Summary of the Company dated June 26, 2026, 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

Mr. Adrian Mercieca
Company Secretary

A handwritten signature in blue ink, appearing to read 'A. Mercieca', positioned above the date.

June 26, 2026

FINANCIAL ANALYSIS SUMMARY

26 JUNE 2026

ISSUER

HILI FINANCE COMPANY P.L.C.

(C 85692)

GUARANTOR

HILI VENTURES LIMITED

(C 57902)

Prepared by:



MZ INVESTMENTS



MZ INVESTMENTS

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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 2026

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 2023, 31 December 2024, and 31 December 2025 has been extracted from the respective audited annual financial statements.
- (b) The forecast information for the financial year ending 31 December 2026 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.

M.Z. Investment Services Limited is regulated by the Malta Financial Services Authority and licensed to conduct investment services business in terms of the Investment Services Act (Cap. 370 of the Laws of Malta). MZ Investments is a member of the Malta Stock Exchange and an enrolled Tied Insurance Intermediary for MAPFRE MSV Life p.l.c. under the Insurance Distribution Act (Cap. 487 of the Laws of Malta).

Company Registration Number: C 23936 | VAT Number: MT 1529 8424



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This Analysis is meant to assist existing and potential investors in the Issuer's securities by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. This Analysis 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, potential 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 AND THE GUARANTOR

Hili Finance Company p.l.c. was incorporated on 6 April 2018 and acts as a financing vehicle for Hili Ventures 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 on the operations, performance, and prospects of the Guarantor and its other subsidiary companies.

Hili Ventures Limited is the holding company of a diversified group with a deep-rooted entrepreneurial heritage dating back to 1923. Through its various subsidiaries, and in collaboration with some of the world's most prestigious and influential brands, the Group is principally engaged in quick-service restaurant operations, retail, real estate, technology, logistics and transportation, shipping, oil and gas, engineering, and hospitality. From its headquarters in Malta, the Guarantor operates in several markets, mostly across Europe, through the following direct subsidiaries:

- **Premier Capital p.l.c.** operates quick-service restaurants across six European markets – namely the Baltics, comprising Estonia, Latvia, and Lithuania, together with Greece, Malta, and Romania – acting as the developmental licensee for a world-leading brand. Its expansive network currently comprises 204 restaurants, almost all of which provide delivery services, whilst more than half also feature drive-through facilities and café operations. Premier Capital p.l.c. served over 94 million customers in 2025 (2024: 90 million).
- **1923 Investments Limited** is an active investment company engaged in the sale and distribution of technology-related products and services. The company operates 51 stores and 2 service centres through Apple Premium Partner iSpot Poland Sp. z o.o. (“iSpot”), and also holds a 50% stake in iCentre Hungary with 5 Apple Premium Reseller stores in the country. Moreover, Harvest Technology p.l.c., a subsidiary of 1923 Investments Limited, is involved in a broad range of sectors such as banking, aviation, health, law and enforcement, gaming, automation, payments, and retail.
- **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. The company is also engaged in ship-to-ship transfer services, liquefied natural gas terminal management, container leasing, as well as tailored engineering solutions.
- **Hili Properties p.l.c.** owns and manages strategic commercial real estate for lease across Europe, including Estonia, Latvia, Lithuania, Malta, and Romania. Its diverse portfolio, valued at €234 million as at the end of 2025 and offering an aggregate rentable area of 116,555 sqm, is virtually fully occupied and comprises quick-service restaurants, grocery-anchored retail

complexes, dedicated office buildings, warehousing facilities, an academic hospital, land, and an industrial plant.

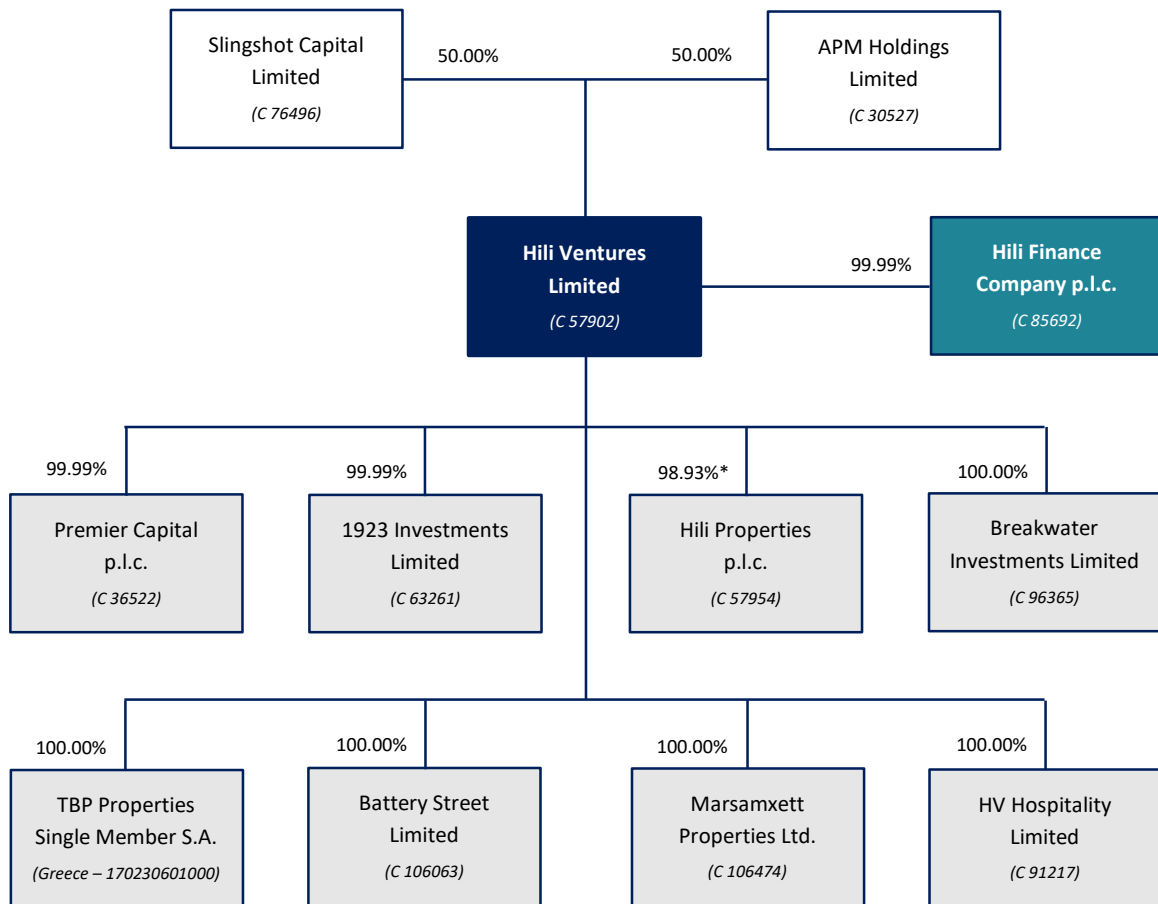
- **TBP Properties Single Member S.A.** was set up to own and manage commercial real estate in Greece. In 2023, the Group embarked on its first project: the development of a state-of-the-art, 4,000 sqm logistics and distribution centre in Athens. The facility was completed in early 2025 with a total investment of approximately €7.50 million and supports the Group's restaurant operations and expansion plans in the country.
- **Marsamxett Properties Ltd.** was incorporated in 2023 and serves as the holding vehicle for the Group's shares in Tigné Mall Limited ("**Tigné Mall**") which were acquired in full in 2024. Tigné Mall is the operator of The Point shopping mall in Sliema, Malta. The Point is Malta's leading shopping mall, spanning more than 15,000 sqm of fully leased retail space and comprising 70 retail units, together with a variety of cafeterias and restaurants, whilst attracting in excess of 2.5 million visitors annually. In late 2025, Marsamxett Properties Ltd also acquired a property situated in Hamrun, measuring circa 1,200 sqm, for a total consideration of around €1.65 million. This property is currently being converted into a quick-service restaurant, which is expected to be inaugurated in Q1 2027.
- **HV Hospitality Limited** is a dedicated hospitality investment firm focused on identifying and developing hotels and retreats that have the potential to achieve landmark status. The company's first project, the Six Senses Comino, entails the redevelopment of Comino's only hotel into an eco-luxury resort to be managed by Six Senses, a part of InterContinental Hotels Group p.l.c. and a global leader in sustainable tourism. Whilst an executable planning permit was obtained in May 2025, this is currently subject to further review by the competent authorities.
- **Battery Street Limited** holds a 20-year lease over a hotel property in Valletta which is currently undergoing redevelopment. The project entails the full reconfiguration of the building, with the 13-room boutique hotel scheduled to open for business in Q1 2027, adding a distinctive hospitality offering to Valletta's cultural and urban landscape.

In addition to the operations conducted through its direct subsidiaries, the Group manages an **investment portfolio** comprising listed securities and other financial instruments. As at 31 December 2025, the value of the portfolio reached €90.33 million, from €35.38 million a year earlier. This significant expansion reflects Hili Ventures' continued active management of its financial and capital resources, and marks the growing importance of the investment portfolio within the Group's overall asset base. Part of the investments made in the portfolio during FY2025 included the acquisition of shares in Bank of Valletta p.l.c.

2. ORGANISATIONAL STRUCTURE

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. 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% 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.

The diagram below illustrates the direct subsidiaries within the Group’s organisational structure as at 22 June 2026:



* In FY2025, Hili Ventures increased its shareholding in Hili Properties p.l.c. from 74.83% to 89.96%. By 22 June 2026, the Group’s stake had increased further to 98.93%.

3. DIRECTORS OF THE ISSUER

The Board of Directors of Hili Finance comprises the following five individuals:

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

4. 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	Non-Executive 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 Dorian Desira as Chief Financial Officer, Annabel Hili as Chief Operating Officer, and Valentin-Alexandru Truta as General Counsel.

5. SEGMENT INFORMATION

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

Hili Ventures Limited				
Segment Information				
For the financial year 31 December	2023	2024	2025	2026
	Actual	Actual	Actual	Forecast
Revenue by activity (€'000)	986,495	1,088,450	1,171,616	1,218,440
Restaurant operations	645,565	714,667	772,672	796,433
Retail sales	228,382	256,883	264,755	279,795
Commercial sales	45,364	45,885	60,030	61,952
Logistics, transport, and engineering services	46,493	48,312	44,001	50,879
Rental income	13,005	14,657	22,719	21,288
Other activities	7,686	8,046	7,439	8,093
<i>Maintenance and support</i>	3,569	3,577	3,715	4,538
<i>Payment gateway services</i>	3,932	4,405	3,708	3,555
<i>Management fees</i>	185	64	16	-
Revenue by country (%)				
Romania	36.16	37.78	38.96	37.80
Poland	28.06	27.84	27.67	27.71
Baltics	15.64	14.64	14.36	14.59
Greece	10.37	10.00	9.35	9.24
Malta	6.94	7.03	7.41	8.44
Other	2.83	2.71	2.25	2.23

The Group delivered solid performance across its core businesses in **FY2025**, reflecting the resilience of its diversified operating platform despite a demanding macroeconomic environment. Total revenue increased by 7.64% to €1.17 billion from €1.09 billion in FY2024, driven by higher contributions from restaurant operations, retail sales, commercial sales, and rental income, which more than offset lower revenue from logistics, transport, and engineering services as well as other activities.

From a revenue perspective, Romania remained the Group's largest market in FY2025, accounting for 38.96% of total revenue compared to 37.78% in FY2024, consistent with the strong performance of the restaurant operations segment in this market. Poland remained the second-largest market, although its contribution eased marginally to 27.67% from 27.84%, whilst the Baltics declined to 14.36% from 14.64%, and Greece decreased to 9.35% from 10%. Malta's share increased to 7.41% from 7.03%, reflecting the twelve-month contribution of Tigné Mall, whilst other markets accounted for 2.25% of total revenue compared to 2.71% in FY2024.

In **FY2026**, the Group is forecast to register measured progress despite a continued challenging context, with total revenue projected to increase by a further 4% to €1.22 billion. This anticipated growth of €46.82 million is expected to be broad-based, with higher revenue projected across all business segments except rental operations, reflecting ongoing portfolio optimisation initiatives including a number of planned disposals.

In FY2026, the geographic revenue mix is expected to remain broadly stable, although Romania's share is forecast to ease to 37.80%, whilst Poland is expected to remain broadly unchanged at 27.71%. The Baltics are projected to increase to 14.59%, whilst Greece is forecast to ease slightly to 9.24%. Malta is expected to record the most notable relative improvement, with its share of Group revenue set to increase to 8.44% from 7.41%. Overall, the forecast geographic mix shows continued diversification across the Group's main markets, with Romania and Poland remaining the principal contributors.

5.1 SEGMENT ANALYSIS

Restaurant operations continued to represent the Group's largest operating segment in FY2025, with revenue increasing by 8.12% to €772.67 million from €714.67 million in FY2024. Romania led the segment's strong revenue performance with an 11.04% year-on-year increase, followed by Malta at 7.83% and the Baltics at 5.78%. As a proportion of total Group revenue, the segment's contribution strengthened marginally to 65.95% from 65.66% in the prior year, underscoring its central role within the Group's overall operating model. Restaurant operations experienced strong momentum during FY2025, supported by organic growth and ongoing network expansion. In this respect, 10 new restaurants were opened in 2025, also surpassing the milestone of 200 restaurants in December, with the Mrieħel store in Malta marking the occasion. By the end of FY2025, the Group operated 202 restaurants compared to 193 as at the end of FY2024, comprising 114 restaurants in Romania (2024: 106), 44 in the Baltics (2024: 43), 34 in Greece (2024: 35), and 10 in Malta (2024: 9).

In FY2026, revenue from restaurant operations is forecast to increase by 3.08% to €796.43 million. The segment is expected to remain the Group's principal revenue generator, notwithstanding a slight easing in its share of total revenue to 65.36%, as a further 15 restaurants are expected to be opened.

Retail sales also delivered growth in FY2025, with revenue increasing by 3.06% to €264.76 million from €256.88 million in FY2024, although the segment's share of Group revenue declined to 22.60% from 23.60% in the prior year. The positive performance was achieved despite a challenging consumer environment, marked by high inflation, pressure on consumption and consumer sentiment, as well as aggressive price competition from big-box retailers. iSpot nevertheless continued to strengthen its position in Poland, becoming the largest Apple Premium Reseller in a single European country, whilst also reinforcing its presence through a continued focus on elevating the Apple customer experience and expanding its Apple Premium Partner footprint. During the year, the company inaugurated five new stores and upgraded one refurbished location to Apple Premium Partner status.

The retail segment reported a strong year across a number of sales channels in FY2025, although store footfall decreased slightly compared to the prior year despite heightened marketing activities and dedicated campaigns. The conversion rate, which measures actual purchases as a percentage of customers entering the store, stood at 10.70% in FY2025, representing a decrease of 50 basis points compared to FY2024. In contrast to the more challenging in-store performance, iSpot achieved a strong improvement in its e-commerce channel, with online sales surging by 49%.

In FY2026, retail sales are forecast to increase by 5.68% to €279.80 million, representing 22.96% of total Group revenue. This growth is expected to be supported by continued retail network expansion, with iSpot set to add three new Apple Premium Reseller stores as it consolidates its position in Poland.

Commercial sales registered a notable improvement in FY2025, with revenue increasing by 30.83% to €60.03 million from €45.89 million in FY2024. Consequently, the segment's contribution to total Group revenue rose to 5.12% from 4.22% in the prior year, driven by stronger contributions from the e-commerce and B2B segments of iSpot, together with activity within the education segment supported by government programmes. In FY2026, commercial sales are forecast to increase by a further 3.20% to €61.95 million, although the segment's share of total revenue is projected to ease marginally to 5.08%.

Revenue from **logistics, transport, and engineering services** decreased by 8.92% to €44 million in FY2025 from €48.31 million in FY2024, with the segment's share of total Group revenue declining to 3.76% from 4.44%. The contraction was primarily attributable to lower freight forwarding volumes in Poland, reduced ship-to-ship activity, and adverse currency movements. Performance across the division was partly supported by strong business development and revenue growth at Motherwell Bridge Industries Limited, although this was not sufficient to fully offset the decline in revenue at ALLcom Sp. z o.o. and STS Marine Solutions (UK) Limited.¹ In FY2026, the segment is forecast to recover strongly, with revenue projected to increase by 15.63% to €50.88 million. This would lift the segment's share of total Group revenue to 4.18%, thereby partially restoring its overall contribution towards the level reported in FY2024.

Rental income continued to provide stability to the Group's operating profile in FY2025, with revenue increasing materially by 55% to €22.72 million from €14.66 million in FY2024. As a result, the segment's contribution to Group revenue rose to 1.94% from 1.35%. During 2025, Tigné Mall generated revenue of €9.01 million compared to €8.59 million in FY2024, supported by an optimised tenant mix and an enhanced customer experience following the completion of a refurbishment programme to modernise key areas of the property. The refurbishment also supported additional and new retail offerings, and also elevated the overall aesthetic of the mall. In FY2026, Group rental income is forecast to decline by 6.30% to €21.29 million, with its share of total revenue easing to 1.75%, reflecting ongoing portfolio optimisation including planned disposals of real estate.

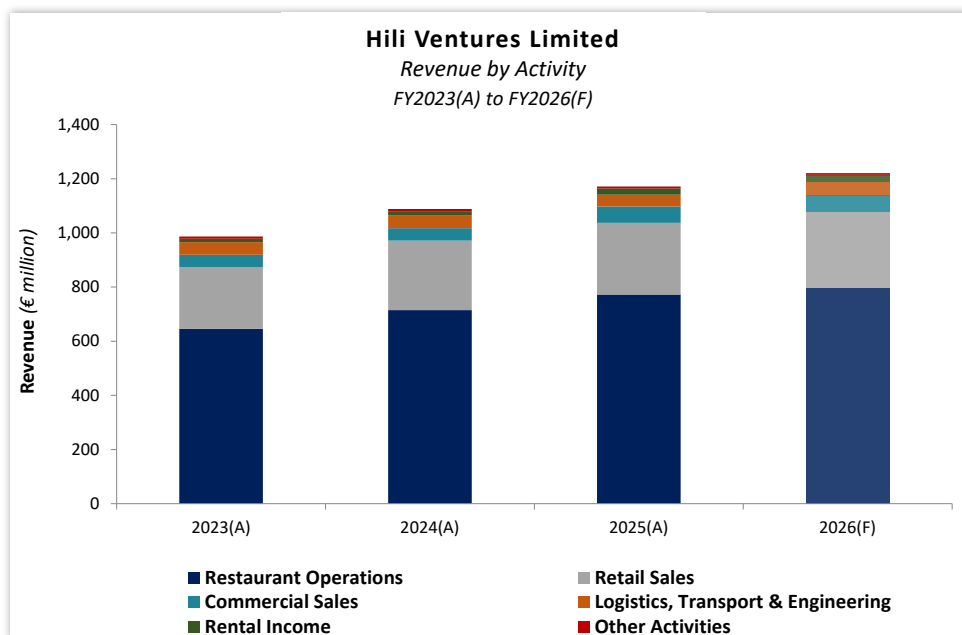
Other activities generated revenue of €7.44 million in FY2025, representing a decline of 7.54% from €8.05 million in FY2024, whilst the segment's contribution to total Group revenue narrowed to 0.63% from 0.74%.² This performance was particularly impacted by Harvest Technology p.l.c., which faced a challenging year characterised by a demanding operating environment and pricing pressure. Moreover, during the year, Harvest Technology p.l.c. continued to reposition its three subsidiaries as

¹ Motherwell Bridge Industries Limited is a Mediterranean leader in port maintenance and customised engineering services. ALLcom Sp. z o.o. specialises in freight forwarding services and warehousing, supporting customers in diverse sectors in Poland including food products, chemicals, and construction materials. STS Marine Solutions (UK) Limited is a world-leading ship-to-ship service provider in the transfer of crude oil, refined petroleum products, as well as liquefied petroleum and natural gas.

² Overall, within 'other activities', revenue from maintenance and support services increased by 3.86% to €3.72 million, whilst revenue from payment gateway services decreased by 15.82% to €3.71 million.

pure-play companies, 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.

In FY2026, revenue from other activities is forecast to rebound by 8.79% to €8.09 million, raising the segment’s contribution to 0.66% of total Group revenue. This improvement is expected to be driven by maintenance and support revenue, which is forecast to increase by 22.15% to €4.54 million. Conversely, payment gateway services are projected to decline by 4.13% to €3.56 million.



6. SECURITIES IN ISSUE

6.1 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*
<i>Hili Finance Company p.l.c.</i>				
MT0001891226	4.00% Hili Finance Company p.l.c. Unsecured and Guaranteed 2027	HF27A	€ 50,000,000	99.00%
MT0001891200	3.85% Hili Finance Company p.l.c. Unsecured and Guaranteed 2028	HF28A	€ 40,000,000	98.00%
MT0001891218	3.80% Hili Finance Company p.l.c. Unsecured and Guaranteed 2029	HF29A	€ 80,000,000	96.00%
MT0001891234	5.00% Hili Finance Company p.l.c. Unsecured and Guaranteed 2029	HF29B	€ 80,000,000	99.99%
MT0001891242	5.00% Hili Finance Company p.l.c. Unsecured and Guaranteed 2033	HF33A	€ 60,000,000	100.00%
			€ 310,000,000	

* As at 17 June 2026

6.2 INFORMATION RELATING TO RELATED PARTIES' DEBT SECURITIES

The table below provides details of the bonds issued by other subsidiaries of Hili Ventures, namely Premier Capital p.l.c., which are also listed and traded on the Regulated Main Market (Official List) of the Malta Stock Exchange:

Security ISIN	Security	Symbol Code	Amount Outstanding	Market Price*
<i>Premier Capital p.l.c.</i> MT0000511213	3.75% Premier Capital p.l.c. Unsecured 2026	PC26A	€ 32,695,600 <u>€ 32,695,600</u>	98.31%

* As at 17 June 2026

7. ECONOMIC UPDATE³

7.1 ROMANIA⁴

After real GDP growth of 0.7% in 2025, the Romanian economy is set to broadly stagnate in 2026, before rebounding in 2027. Fiscal consolidation efforts and persistently high inflation driven by rising energy prices are set to further depress real disposable income, leading to a decline in both domestic consumption and imports of goods. Economic sentiment, in particular consumer confidence, has deteriorated further since the start of 2026 and high frequency indicators point to a significant decline in retail sales, industrial output, and domestic tourism. Exports are expected to slow down, while still growing moderately and leading to a small positive contribution to growth from net exports.

After a turnaround in 2025, gross fixed capital formation is projected to accelerate further in 2026.⁵ The recovery in residential construction is expected to continue, while investment in public infrastructure is set to pick up as Recovery and Resilience Plan (“RRP”) projects are completed. Although geopolitical risks and domestic political uncertainty are increasing investor apprehension and weighing on private investment, confidence is expected to gradually recover, supporting the recent pick-up in foreign direct investment. Overall, real GDP growth is projected at 0.1% in 2026.

A rebound in real GDP growth to 2.3% is forecast in 2027, as the freeze on public wages and pensions ends and lower inflation, based on the Harmonised Index of Consumer Prices (“HICP”), stabilises disposable income, supporting a turnaround in private and public consumption. Government investment is projected to decelerate following the end of the Recovery and Resilience Facility (“RRF”),

³ This section is based on information available at the time of publication of the source consulted and is subject to continuous developments as macroeconomic conditions, policies, and external factors evolve.

⁴ **Source:** European Commission, Directorate-General for Economic and Financial Affairs, ‘European Economic Forecast, Spring 2026’, 21 May 2026, available at: https://economy-finance.ec.europa.eu/document/download/34538512-fff6-451a-8bbc-4c8d60e4d132_en?filename=ip327_en.pdf.

⁵ Gross fixed capital formation consists of resident producers’ acquisitions, less disposals of fixed assets during a given period. It also includes certain additions to the value of non-produced assets realised by producers or institutional units. Fixed assets are tangible or intangible assets produced as outputs from production processes that are used repeatedly, or continuously, for more than one year [**Source:** Eurostat, available at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Gross_fixed_capital_formation_\(GFCF\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Gross_fixed_capital_formation_(GFCF))].

but private investment is set to take over, underpinned by improved investor sentiment and better financing conditions. The current account deficit is projected to gradually decrease towards 6.4% of GDP by 2027 from 7.9% in 2025.

After several years of tight labour market conditions, employment started to decline in 2025 and is set to continue along this trend in 2026. This will lead to a moderate increase in the unemployment rate to about 6.3% in 2026 from 6.1% in 2025. With public sector wages frozen in 2025 and 2026, the growth of nominal compensation of employees has fallen to single-digit rates. As inflation remains high, real unit labour costs are expected to fall, supporting cost competitiveness. The moderate pace of wage increases is projected to continue in 2027.

Key Economic Indicators	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Forecast	Projection
Romania					
Real GDP growth (% year-on-year)	2.30	0.90	0.70	0.10	2.30
Inflation - HICP (% year-on-year)	9.70	5.80	6.80	7.00	3.70
Unemployment (%)	5.60	5.40	6.10	6.30	5.90
Current account balance (% of GDP)	(6.80)	(8.30)	(7.90)	(6.90)	(6.40)
General fiscal balance (% of GDP)	(6.60)	(9.30)	(7.90)	(6.20)	(5.80)
Gross public debt (% of GDP)	49.30	54.80	59.30	61.60	63.40

Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026.

Before the conflict in the Middle East, inflation was expected to drop in the second half of 2026 supported by strong base effects. However, the conflict and its impact on energy prices have slowed down this trend. HICP inflation is now forecast to average 7% in 2026, up from 6.8% in 2025, before decelerating to 3.7% in 2027, coming close to the National Bank of Romania's target of between 1.5% and 3.5%. Government measures, including the postponed liberalisation of gas prices for households, have somewhat mitigated the energy price increase.

Romania's government deficit declined to 7.9% of GDP in 2025, down from a peak of 9.3% in 2024. This improvement reflects the implementation of several fiscal consolidation packages between December 2024 and September 2025, including a nominal freeze in wages and pensions in 2025 and 2026, as well as tax increases. The deficit is projected to decline further to 6.2% of GDP in 2026. Public investment is projected to increase from 6% to nearly 7% of GDP. In parallel, current expenditure as a share of GDP is set to decline, reducing total government spending by about 0.3% of GDP. On the revenue side, the implementation of tax increases adopted in 2024 and 2025 is set to increase revenues by 1.4 percentage points of GDP. In 2027, the deficit is projected to decline to 5.8% of GDP, driven by cuts in public capital expenditure.

The fiscal stance was contractionary in 2025 and is set to moderate in 2026, before turning neutral in 2027. Defence expenditure is projected to increase from 1.5% of GDP in 2025 to 1.8% of GDP in 2027, supported by loans under the Security Action for Europe ("SAFE") programme. Government debt is

projected to increase from less than 55% of GDP in 2024 to 63.4% of GDP by 2027, mostly driven by high government primary deficits and interest payments.

7.2 POLAND⁶

In 2025, real GDP grew by 3.6%, driven primarily by private consumption. Public consumption and investment also contributed, supported by higher public investment and stronger absorption of EU funds. The negative contribution from net exports narrowed substantially.

In 2026, economic growth is projected to ease to 3.5%, as stronger growth momentum carried over from 2025 broadly offsets the negative impact of the conflict in the Middle East. Growth in public and private consumption is set to slow compared to 2025. Private consumption is expected to be negatively affected by the deceleration in real disposable income resulting from higher energy prices and moderating wage growth. Conversely, the positive contribution from investment is forecast to increase, reflecting higher absorption of EU funds, especially in the final year of the RRF, and a rising share of the domestically produced component of new defence spending. The contribution from net exports is projected to remain negative.

Key Economic Indicators	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Forecast	Projection
Poland					
Real GDP growth (% year-on-year)	0.20	3.20	3.60	3.50	2.80
Inflation - HICP (% year-on-year)	10.80	3.70	3.30	3.60	2.90
Unemployment (%)	2.80	2.90	3.10	3.10	3.00
Current account balance (% of GDP)	1.50	0.30	(0.70)	(1.20)	(1.20)
General fiscal balance (% of GDP)	(5.20)	(6.40)	(7.30)	(6.50)	(6.30)
Gross public debt (% of GDP)	49.50	54.80	59.70	64.50	68.30

Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026.

Economic growth is set to decrease to 2.8% in 2027. Private consumption is projected to remain a key driver of growth, but less than in the previous years. Growth in investment and public consumption is set to slow down, largely reflecting a drop in the absorption of EU funds. The negative contribution from net exports is set to narrow further as exports increase.

Employment is projected to remain broadly stable over the 2026-2027 forecast period, with a tight labour market and unemployment remaining at around 3%. The demographic decline in the labour supply is partly offset by additional workers from other countries. Growth in nominal compensation per employee is projected to slow down gradually from 8.0% in 2025 to about 6% in 2027 in the context of decreasing inflation and lower minimum wage increases than in previous years.

⁶ Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026, available at: https://economy-finance.ec.europa.eu/document/download/34538512-fff6-451a-8bbc-4c8d60e4d132_en?filename=ip327_en.pdf.

HICP inflation reached 3.3% in 2025 and is expected to rise to 3.6% in 2026, driven by a sharp increase in energy inflation. This upward pressure is only partially mitigated by fixed electricity and gas tariffs for households and by fiscal measures adopted at the end of March 2026. The new measures included lowering VAT and excise duties on fuels, as well as introducing a daily price cap for fuel. Services inflation is expected to cool, as wage growth is set to slow, and non-energy goods inflation is projected to be low. HICP inflation is forecast to decrease to 2.9% in 2027, taking into account the easing of the global commodity prices and the delay in the implementation of the new EU Emissions Trading System (“ETS2”).

In 2025, the general government deficit widened to 7.3% of GDP from 6.4% in 2024. This increase was driven by higher expenditure on military equipment deliveries, public sector wages, and social benefits. In 2026, the deficit is projected to narrow to 6.5% of GDP, as the government implements moderate expenditure restraints, in particular on employee compensation and investment. New discretionary revenue-increasing measures are set to support fiscal consolidation, including a temporary increase in the corporate income tax on banks, hikes in excise duties and VAT on certain beverages, as well as the introduction of a mandatory electronic invoicing system. In 2027, the deficit is forecast to narrow slightly to 6.3% of GDP, as the effects of the adopted discretionary revenue measures are expected to further increase national budget revenue as a share of GDP.

The fiscal stance is projected to remain expansionary in 2026, as high EU-financed expenditure offsets the contractionary impact of nationally-financed expenditure. The fiscal stance is set to turn contractionary in 2027 due to the end of the RRF, despite the increase in nationally financed investments, including in defence. The public debt-to-GDP ratio is set to increase steadily, from 59.7% in 2025 to 68.3% in 2027, mainly driven by high deficits and debt-increasing stock-flow adjustments related to defence investments.

The possible extension of temporary measures aimed at lowering fuel prices, alongside political risks in the national legislative process for some of the planned revenue-increasing measures, pose downside risks to the fiscal forecast for 2026 and 2027. Conversely, the planned introduction of a windfall tax on energy producers in 2026 and potential tax increases in 2027, as announced in the 2026 Annual Progress Report, present upside risks to the fiscal forecast.

7.3 LATVIA⁷

In 2025, Latvia’s economy returned to growth with private consumption benefiting from solid wage growth. Private consumption is expected to continue growing, by 1.6% in 2026 and 1.9% in 2027, despite higher energy prices. Real wage growth is expected to remain robust, also supporting household savings. Investment rebounded in 2025, growing at a rate of 9.8% and driven by private investments, inflows of EU funds, and increased defence spending. Investment is set to continue expanding over the 2026-2027 forecast period, by 3% each year. However, public consumption is set

⁷ Source: European Commission, Directorate-General for Economic and Financial Affairs, ‘European Economic Forecast, Spring 2026’, 21 May 2026, available at: https://economy-finance.ec.europa.eu/document/download/34538512-fff6-451a-8bbc-4c8d60e4d132_en?filename=ip327_en.pdf.

to be weaker over the 2026-2027 forecast period, partly due to more limited growth in public wages and the phase-out of the EU Recovery and Resilience Facility as of 2027. While exports of goods and services rose by just 0.1% in 2025, imports surged by 5.7%, driven by strong domestic demand. Exports are expected to grow modestly, by 1.7% in 2026 and 1.9% in 2027, as geopolitical uncertainties persist. Overall, real GDP growth is projected at 1.4% in 2026 and 1.6% in 2027.

Despite the economic recovery in 2025, the unemployment rate remained unchanged at 6.90%. However, the unemployment rate is projected to ease slightly to 6.8% in 2026 and further to 6.7% in 2027. Nominal compensation per employee grew by 8.4% in 2025 and is set to remain strong at 7.0% in 2026 before decreasing to 5.8% in 2027. This growth is supported by increases in the minimum wage and public sector wages, and skill shortage in some sectors.

HICP inflation rose to 3.8% in 2025 from 1.3% in 2024 as services and both processed and unprocessed food inflation remained strong. Robust wage growth continued to drive services and food inflation, with both set to gradually ease over the 2026-2027 forecast period. Despite higher energy inflation, HICP inflation is expected to drift lower to 3.6% in 2026 before falling further to 2.2% in 2027. Inflation excluding energy and food is expected to remain below HICP inflation.

Key Economic Indicators	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Forecast	Projection
Latvia					
Real GDP growth (% year-on-year)	(0.90)	-	2.10	1.40	1.60
Inflation - HICP (% year-on-year)	9.10	1.30	3.80	3.60	2.20
Unemployment (%)	6.50	6.90	6.90	6.80	6.70
Current account balance (% of GDP)	(3.80)	(1.60)	(5.00)	(5.80)	(7.00)
General fiscal balance (% of GDP)	(2.30)	(1.80)	(2.50)	(3.30)	(4.30)
Gross public debt (% of GDP)	44.40	46.20	46.90	48.80	53.80

Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026.

In 2025, the government deficit increased to 2.5% of GDP from 1.8% in 2024, primarily due to the adverse fiscal impact of the personal income tax reform and the reduction of property income, affected by lower dividend payments from state-owned enterprises and lower interest revenue. In 2026, the government deficit is forecast to increase to 3.3% of GDP, largely due to higher expenditure. Revenue from indirect taxes and social contributions is expected to grow in line with the expanding tax base, supported by consumption, public investment, and compensation of employees. However, weaker income tax revenue and lower property income are forecast to weigh on overall revenue growth. At the same time, expenditure is projected to rise further, reflecting higher investment including in defence, increasing interest costs, and continued growth in social benefits largely due to pension and benefit indexation outpacing economic growth and a rising number of pension recipients.

In 2027, the government deficit is forecast to rise to 4.3% of GDP. While social contributions are expected to grow strongly, in line with compensation of employees, the lingering effects of the

personal income tax reform and diminishing property income are set to continue to drag revenues. On the expenditure side, the sharp increase in defence expenditure, particularly via inventories, public investment, and intermediate consumption alongside growth in social transfers and interest expenditure, will contribute to the widening deficit.

The debt-to-GDP ratio reached 46.90% in 2025 and is forecast to increase to 53.80% by 2027, driven by persistent budget deficits and debt-increasing stock-flow adjustments related to upcoming Eurobond redemptions.

7.4 LITHUANIA⁸

Real GDP is projected to grow by 3.0% in 2026, in line with the expansion registered in the previous two years, before easing to 2.1% in 2027. In 2026, private consumption is expected to be the main driver of GDP growth, expanding by 4.6% due to strong real wage growth and the pension reform. The latter, which makes the second pillar pension voluntary and allows withdrawal of accumulated funds, gives a temporary boost to private consumption. With real wage growth expected to continue in 2027, consumption growth is projected to slow but remain positive, at 2.2%. The savings rate is expected to remain high at 8.2% in 2026 and 8.9% in 2027. Investment is forecast to increase strongly, by 5.8% in 2026 and 4.5% in 2027, stimulated by low interest rates and increased public investment. Export growth is expected to be weaker than in 2025, due to lower demand from the main trading partners. At the same time, though, imports are expected to continue outpacing exports in 2026 because of strong domestic demand for imported goods. In 2027, the contribution of net exports to growth is projected to be close to zero.

Key Economic Indicators	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Forecast	Projection
Lithuania					
Real GDP growth (% year-on-year)	0.70	3.00	2.90	3.00	2.10
Inflation - HICP (% year-on-year)	8.70	0.90	3.40	4.40	2.70
Unemployment (%)	6.90	7.10	6.90	6.70	6.70
Current account balance (% of GDP)	1.00	3.20	1.60	(0.60)	(0.30)
General fiscal balance (% of GDP)	(0.70)	(1.30)	(1.80)	(2.20)	(2.70)
Gross public debt (% of GDP)	37.10	38.00	39.50	44.60	48.40

Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026.

The expansion of the labour force seen between 2022 and 2024, largely due to the inflow of Ukrainian refugees, stopped in 2025, and is expected to reverse in 2026 (-0.3%) and 2027 (-0.2%), as natural population decline resumes. In 2026 and 2027, the unemployment rate is expected to decline to 6.7% from 6.9% in 2025, supported by economic growth and a contracting labour force. The 11.1% increase

⁸ **Source:** European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026, available at: https://economy-finance.ec.europa.eu/document/download/34538512-fff6-451a-8bbc-4c8d60e4d132_en?filename=ip327_en.pdf.

in minimum wages in 2026, combined with persistent labour shortages amid skills mismatches, is expected to support wage growth, projected at 7.1% in 2026 and 5.9% in 2027.

HICP inflation is expected to increase to 4.4% in 2026, up from 3.4% in 2025, following a jump in energy prices due to the conflict in the Middle East. Food prices are expected to increase because of higher fuel, transport, and fertiliser costs. Services inflation is also set to increase, projected at 5.9% in 2026 and 4.6% in 2027, reflecting strong wage growth. Non-energy goods prices are expected to increase at a lower rate of 1.2% in 2026 and 1.3% in 2027. Energy prices are set to decline in 2027, due to lower oil and gas prices, while the postponement of the ETS2 implementation to 2028 removed a source of upward price pressure. Overall, HICP inflation in 2027 is expected to be 2.7%.

In 2025, the general government deficit increased to 1.8% of GDP, up from 1.3% in 2024, mainly due to higher social spending and increases in public wages. In 2026, the deficit is projected to increase to 2.2% of GDP, as government expenditure grows by 1.4 percentage points, while revenue increases at a slower pace, by 100 basis points. The widening deficit is primarily driven by higher expenditure related to national investments, social spending, and interest payments. The revenue increase is supported by higher excise duties on fossil fuels, the abolition of the VAT exemption for central heating and hot water supply, the introduction of a security contribution, the increase in the corporate income tax rate, and the increase of excise rates on tobacco products and electronic cigarettes. Meanwhile, Lithuania has also adopted a temporary two-month reduction in excise duties on diesel fuel in response to the energy price shock, with a limited fiscal impact of less than 0.1% of GDP.

The deficit is projected at 2.7% of GDP in 2027, with expenditure increasing by 40 basis points of GDP, driven mainly by higher spending on defence, social benefits, and interest. Over the 2026-2027 forecast period, public debt is expected to increase from 39.5% of GDP in 2025, to 44.6% in 2026 and 48.4% in 2027. Lithuania's public debt is projected to increase, driven not only by a widening deficit but also by sizeable stock-flow adjustments. These mainly relate to social security fund surpluses being accumulated as assets rather than used for debt repayment, together with the pre-financing of defence expenditure.

7.5 ESTONIA⁹

The Estonian economy grew by a modest 0.6% in 2025 after three years of decline. The first months of 2026 showed signs of a stronger recovery, before the conflict in the Middle East disrupted this momentum. Retail and card payment data suggest private consumption was expanding, while external demand was slowly improving, and inflation decelerating. However, the repercussions of the conflict are expected to slow or reverse some of these trends. At the same time, the spike in oil prices has led to a restart of shale oil production in the country, which is expected to provide a positive contribution to growth.

⁹ Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026, available at: https://economy-finance.ec.europa.eu/document/download/34538512-fff6-451a-8bbc-4c8d60e4d132_en?filename=ip327_en.pdf.

Real GDP is set to grow stronger in 2026, by 1.6%, mainly due to domestic demand. Private consumption is receiving a boost from the introduction of a flat tax-free allowance of €700 per month as of 2026, even though given increasingly weak consumer sentiment, households are projected to save a high share of this additional income. Public consumption and investment are projected to remain strong, particularly in defence and infrastructure. Private investment is set to grow more slowly amid low capacity utilisation. While the issuance of construction permits has increased, uncertainty and rising costs limit the scale of expansion in construction investment. Net exports are expected to detract from growth in 2026. Exports are set to grow modestly due to subdued growth among Estonia’s main Nordic partners, despite efforts of Estonian companies to reorient and expand exports to other markets. Imports are set to outpace exports, given that most defence equipment is imported.

Real GDP in 2027 is projected to grow by 1.7%. Private consumption is expected to strengthen as income growth remains solid. However, public spending and investment are projected to contribute less to growth in 2027 as most public projects are projected to be completed, and export growth is set to remain relatively weak.

Key Economic Indicators	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2027 Projection
<u>Estonia</u>					
Real GDP growth (% year-on-year)	(2.70)	(0.10)	0.60	1.60	1.70
Inflation - HICP (% year-on-year)	9.10	3.70	4.80	4.40	2.90
Unemployment (%)	6.40	7.60	7.50	7.10	6.80
Current account balance (% of GDP)	(1.30)	(1.30)	(0.70)	(2.80)	(3.00)
General fiscal balance (% of GDP)	(2.70)	(1.10)	(2.00)	(4.50)	(4.80)
Gross public debt (% of GDP)	20.20	23.50	24.10	26.90	30.50

Source: European Commission, Directorate-General for Economic and Financial Affairs, ‘European Economic Forecast, Spring 2026’, 21 May 2026.

The unemployment rate was volatile in 2025, rising to 7.4% in the third quarter before falling to 6.5% in the fourth quarter amid lower labour market participation. Though still high, nominal wage growth has been cooling and is projected to remain just below 5% in 2026 and 2027. Employment growth is set to remain subdued, with labour shortages at levels below historic averages. The unemployment rate is projected to decrease from 7.5% in 2025 to 7.1% in 2026 and 6.8% in 2027, as economic conditions are expected to improve but also due to a shrinking labour force.

HICP inflation fell to 3.5% in the first quarter of 2026, mainly as a result of lower services inflation, as the effects of past tax hikes and administrative cost increases faded. However, food inflation remained high, with unprocessed food prices increasing by more than 10% year-on-year. The impact of the conflict in the Middle East adds to price pressures, with food and energy inflation set to remain above headline inflation over the 2026-2027 forecast period. HICP inflation is projected at 4.4% in 2026 (2025: 4.8%), before falling to 2.9% in 2027, as energy inflation eases. The postponement of the ETS2 implementation removed an upward price driver in 2027.

In 2025, the public deficit stood at 2% of GDP. Revenues increased by 60 basis points, driven by higher personal and corporate income tax rates, a VAT rate increase, and a new motor-vehicle tax. Revenues were also supported by improved tax collection amid the economic recovery. Total expenditure increased by 1.5 percentage points due to higher investment in public projects. In 2026, the deficit is set to reach 4.5% of GDP. The transition to a universal tax-exemption system and a rise in the tax-free income threshold are expected to reduce personal income tax revenues. This drop in revenues will be only partially compensated by a stronger VAT intake due to past rate rises and high consumer inflation. Due to these factors, as well as lower ETS2 and dividend returns, revenues are set to decrease by 1.1 percentage points of GDP. Expenditure is set to increase by 1.5 percentage points, mainly due to defence spending reaching 5% of GDP, and other investment projects such as Rail Baltica. Employee compensation, particularly in health and education, and interest payments are also set to increase.

In 2027, the deficit is set to widen to 4.8% of GDP. Revenues are set to decrease by 100 basis points due to fading effects from prior tax increases, the end of the RRF, and the postponement of ETS2 to 2028. Expenditures are expected to drop by 80 basis points, in line with investment developments, though defence spending will continue to rise. High and increasing deficits over the 2026-2027 forecast period are set to drive government debt from 24.1% in 2025 to 30.5% of GDP in 2027.

7.6 GREECE¹⁰

In 2025, the Greek economy maintained its growth momentum as GDP expanded by 2.1% for the third consecutive year, driven by investment, private consumption, and net exports. Investment activity is expected to remain robust in 2026, supported by a record high inflow of EU funds to Greece under the RRF. However, the energy price shock is set to reduce households' real disposable income. The expansionary fiscal package announced in 2025, including personal income tax cuts and public wage increases, together with the recent energy measures are expected to alleviate this impact somewhat. Still, private consumption is forecast to decelerate. Import demand is expected to stay robust, due to the high import dependency of investments. Output growth is forecast to decline further in 2027 as investment decelerates given the conclusion of the RRF. Overall, GDP growth is projected to moderate to 1.8% in 2026 and to 1.6% in 2027, while, still remaining above the EU average.

The labour market continued to expand in 2025, with the unemployment rate declining to 8.4% in the last quarter, the lowest rate recorded since 2008, though still above the EU average of 6%. The long-term unemployment rate remained broadly unchanged, at close to 5% – the highest in the EU – reflecting long-standing structural challenges such as skill gaps, and insufficient child- and elderly care solutions. Vacancy rates have continued to decline, though they still indicate a tight labour market, especially in tourism and construction. Employment growth is set to persist but at a more modest pace, constrained by structural barriers and weaker economic activity.

¹⁰ Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026, available at: https://economy-finance.ec.europa.eu/document/download/34538512-fff6-451a-8bbc-4c8d60e4d132_en?filename=ip327_en.pdf.

Inflation remained elevated in 2025, averaging at 2.9%, reflecting strong demand, a tight labour market, and the impact of measures to combat tax evasion. The recent surge in energy prices is set to increase retail energy prices and thereby inflation in 2026, gradually passing through to non-energy goods and services prices. In 2027, a correction in energy prices should support disinflation, but the lagged increase in the prices of energy intensive goods and services is set to keep inflation elevated. Furthermore, strong demand and wage pressures fuelled by labour shortages will continue to impact price developments. As a result, inflation is forecast to increase to 3.7% in 2026 before easing to 2.4% in 2027.

Key Economic Indicators	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Forecast	Projection
Greece					
Real GDP growth (% year-on-year)	2.10	2.10	2.10	1.80	1.60
Inflation - HICP (% year-on-year)	4.20	3.00	2.90	3.70	2.40
Unemployment (%)	11.10	10.10	8.90	8.30	7.90
Current account balance (% of GDP)	(7.70)	(7.40)	(6.00)	(7.10)	(6.10)
General fiscal balance (% of GDP)	(1.40)	1.30	1.70	0.80	0.60
Gross public debt (% of GDP)	164.30	154.20	146.10	140.70	134.40

Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026.

In 2025, the general government balance recorded a surplus of 1.7% of GDP, exceeding the previous projection of 1.1% of GDP. The stronger outcome reflects lower-than-expected expenditure, particularly in current spending, as well as higher-than-anticipated revenue, notably from VAT, supported by continued improvements in tax compliance. In 2026, the surplus is set to remain robust but moderate to 0.8% of GDP. This forecast incorporates expansionary measures estimated at 0.6% of GDP in 2026 and 0.8% of GDP permanently from 2027 onwards, including reductions in personal income tax, property tax and VAT, as well as increases in pensions and public sector wages. It also includes temporary energy support measures, estimated at 0.2% of GDP, adopted in response to the recent increase in fuel prices. These measures are broadly targeted and include fuel subsidies for households, support for transport and agriculture, a one-off benefit to families with children and compensation for ferry operators. In addition, recently announced changes to existing measures, such as an increase in the pensioners' benefit and a revision of the income criteria for the rent subsidy are estimated to have a budgetary cost of around 0.1% of GDP. Furthermore, defence expenditure is projected to increase from 2.4% of GDP in 2025 to 2.6% of GDP in 2026. Revenue developments, supported by nominal growth, are expected to partly offset the budgetary impact of these measures.

In 2027, the general government balance is projected to remain in surplus at 0.6% of GDP. This reflects continued moderate expenditure growth. At the same time, several surplus-reducing measures are expected to weigh on the balance, including the full-year impact of the 2026 fiscal package (0.8% of GDP), a further reduction in social security contributions (0.1% of GDP), and additional increases in public sector wages. The public debt-to-GDP ratio declined to 146.1% in 2025, almost 43 percentage

points below its pre-COVID-19 peak recorded in 2018. The ratio is forecast to continue declining, falling to 134.4% by 2027, supported by strong nominal GDP growth and persistent primary budget surpluses.

7.7 MALTA¹¹

Following a 4% expansion in 2025, real GDP is expected to grow by 3.7% in 2026, despite heightened economic uncertainty. This growth is driven by robust private and public consumption, and is further underpinned by a solid performance in key export sectors.

Malta's robust economic performance is rooted in its strong services sectors, such as recreational, professional, IT, and financial services. The contribution of net exports to growth is positive, resulting from large net positive services trade outweighing the negative balance of trade in goods. The growth of the tourism sector outperformed expectations in 2025 and is expected to maintain momentum in 2026, despite the increased geopolitical uncertainty.

Key Economic Indicators	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Forecast	Projection
Malta					
Real GDP growth (% year-on-year)	10.60	6.20	4.00	3.70	3.60
Inflation - HICP (% year-on-year)	5.60	2.40	2.40	2.70	2.30
Unemployment (%)	3.50	3.20	3.10	3.00	3.10
Current account balance (% of GDP)	5.80	6.50	8.30	6.30	6.10
General fiscal balance (% of GDP)	(4.40)	(3.40)	(2.20)	(2.20)	(2.10)
Gross public debt (% of GDP)	46.90	45.90	46.40	46.20	46.20

Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026.

As real wages are forecast to continue increasing, private consumption is set to grow by 3.3% in 2026 and 3.5% in 2027. After a strong increase by 5.9% in 2025, government consumption growth is expected to slow down to 4.6% in 2026 and 3.9% in 2027, still providing a notable contribution to GDP growth. After a small contraction in 2025, investment is expected to return to growth by 2% in 2026 and 4% in 2027 on account of stronger public investment. Real GDP growth is forecast to slow somewhat to 3.6% in 2027, reflecting expectations of more pronounced effects of labour shortages and an expected slowdown in external demand.

Employment grew by 3.9% in 2025, underpinned by inflows of foreign workers. This, however, did not lead to decreasing labour shortages, as vacancy rates continued to increase. Employment growth is expected to slow to 3.2% in 2026 and 3.1% in 2027 in line with the moderation in economic activity. The unemployment rate is expected to remain very low at 3%. After the majority of collective wage

¹¹ Source: European Commission, Directorate-General for Economic and Financial Affairs, 'European Economic Forecast, Spring 2026', 21 May 2026, available at: https://economy-finance.ec.europa.eu/document/download/34538512-fff6-451a-8bbc-4c8d60e4d132_en?filename=ip327_en.pdf.

agreements in the public sector were finalised, the nominal wage growth per employee averaged 4.2% in 2025 and is forecast to moderate to 3.5% in 2026 and 2.1% in 2027.

Inflation is expected to pick up to 2.7% in 2026 after reaching 2.4% in 2025, as the international energy prices shock indirectly drives up transport, food, and services inflation. The direct effect on local energy inflation of global energy prices increases is neutralised by the measures of the Maltese authorities to keep retail energy prices unchanged. HICP inflation is expected to drift lower to 2.3% in 2027.

In 2025, the general government deficit fell to 2.2% of GDP from 3.4% in 2024. This was due to strong government revenue growth, driven by nominal GDP growth and significant tax windfalls. Government expenditure continued to increase significantly, with substantial increases in the government's wage bill and intermediate consumption, as well as a one-off expenditure arising from a court decision.

In 2026, the government deficit is forecast to remain stable at 2.2% of GDP. Weaker growth in income tax intakes is foreseen due to the reduction in personal income tax rates. Government expenditure is expected to continue increasing significantly in 2026, including as a result of the higher cost of energy subsidies. The deficit is set to fall to 2.1% of GDP in 2027, as public sector wage growth is expected to moderate while subsidies and intermediate consumption as a share of GDP are also expected to decrease.

The public debt-to-GDP ratio is expected to stabilise at 46.2% over the 2026-2027 forecast period compared to 45.9% in 2024 and 46.4% in 2025.

PART 2 – FINANCIAL REVIEW

8. FINANCIAL ANALYSIS OF THE ISSUER

The historical information is extracted from the audited annual financial statements of Hili Finance for the years ended 31 December 2023, 31 December 2024, and 31 December 2025.

The forecasts have been provided by Hili Finance and are 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 projections compared with actual results could be material.

Hili Finance Company p.l.c.				
Statement of Comprehensive Income				
For the financial year 31 December				
	2023	2024	2025	2026
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Finance income	7,758	9,851	12,137	15,199
Finance costs	(6,715)	(8,674)	(10,758)	(13,631)
Net interest income	1,043	1,177	1,379	1,568
Administrative expenses	(51)	(59)	(59)	(59)
Profit before tax	992	1,118	1,320	1,509
Taxation	(362)	(406)	(477)	(543)
Profit for the year	630	712	843	966
Total comprehensive income for the year	630	712	843	966

STATEMENT OF COMPREHENSIVE INCOME

Net interest income advanced by 17.16% to €1.38 million in **FY2025**, as the 23.21% increase in finance income to €12.14 million more than offset, in absolute terms, the increase in finance costs to €10.76 million.

Administrative expenses remained unchanged at €0.06 million, resulting in a profit before tax of €1.32 million, representing a year-on-year uplift of 18.07%. After accounting for taxation of €0.48 million, profit for the year amounted to €0.84 million.

For **FY2026**, the Company is forecasting a further expansion in net interest income, which is projected to grow by 13.71% to €1.57 million. This is expected to be supported by a sharp increase in finance income to €15.20 million, which would more than offset the projected rise in finance costs to €13.63 million. Administrative expenses are expected to remain unchanged at €0.06 million, resulting in a profit before tax of €1.51 million. After accounting for a tax charge of €0.54 million, profit for the year is projected at €0.97 million.

Hili Finance Company p.l.c.				
Statement of Cash Flows				
For the financial year 31 December				
	2023	2024	2025	2026
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Net cash used in operating activities	(529)	(637)	(578)	(564)
Net cash from / (used in) investing activities	7,650	(48,141)	11,870	(15,325)
Free cash flow	7,121	(48,778)	11,292	(15,889)
Net cash from / (used in) financing activities	(7,461)	49,211	(11,278)	15,723
Net movement in cash and cash equivalents	(340)	433	14	(166)
Cash and cash equivalents at beginning of year	409	69	502	516
Cash and cash equivalents at end of year	69	502	516	350

STATEMENT OF CASH FLOWS

In **FY2025**, operating cash flows remained negative at €0.58 million despite a further improvement in profit before tax to €1.32 million, reflecting the higher level of net finance outflows of €1.57 million whilst tax payments amounted to €0.36 million.

Investing activities resulted in a net cash inflow of €11.87 million, reflecting interest received of €12.05 million, partly offset by a marginal outflow of €0.18 million to the Guarantor. On the other hand, net financing outflows amounted to €11.28 million, comprising interest and dividend payments of €10.68 million and €0.60 million respectively.

In aggregate, the Company recorded a net increase of €0.01 million in cash and cash equivalents during FY2025, closing the year with a balance of €0.52 million.

In **FY2026**, operating activities are forecast to result in a net cash outflow of €0.56 million, broadly unchanged from the prior year.

Investing activities are expected to lead to a net cash outflow of €15.33 million, reflecting a €27.38 million advance to Hili Ventures, partly offset by interest income of €12.05 million. Meanwhile, financing activities are anticipated to lead to a net cash inflow of €15.72 million, driven by the net cash proceeds of €26.90 million arising from the issuance of €60 million 5% unsecured bonds 2033 (the “**2026 Bonds**”) partly absorbed by interest and dividend payments of €10.57 million and €0.60 million, respectively.

Overall, the Issuer is projecting a negative net movement in cash and cash equivalents of €0.17 million in FY2026, resulting in a year-end balance of €0.35 million.

Hili Finance Company p.l.c.				
Statement of Financial Position				
As at 31 December	2023	2024	2025	2026
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Intangible assets	-	10	8	5
Loans and receivables	172,411	251,931	251,931	261,931
Tax assets	-	1	1	2
	172,411	251,942	251,940	261,938
Current assets				
Loans and receivables	4,612	6,811	6,896	60,043
Other receivables	49	71	71	74
Tax assets	-	114	476	189
Cash and cash equivalents	69	502	516	350
	4,730	7,498	7,959	60,656
Total assets	177,141	259,440	259,899	322,594
EQUITY				
Capital and reserves				
Share capital	2,000	2,000	2,000	2,000
Retained earnings	1,663	1,895	2,138	2,504
	3,663	3,895	4,138	4,504
LIABILITIES				
Non-current liabilities				
Debt securities	170,000	250,000	250,000	260,000
	170,000	250,000	250,000	260,000
Current liabilities				
Debt securities	-	-	-	50,000
Accrued interest	3,366	5,315	5,224	8,022
Other payables	39	230	537	68
Tax liabilities	73	-	-	-
	3,478	5,545	5,761	58,090
Total liabilities	173,478	255,545	255,761	318,090
Total equity and liabilities	177,141	259,440	259,899	322,594

STATEMENT OF FINANCIAL POSITION

The Company's asset base expanded by €0.46 million during FY2025 to €259.90 million, mainly reflecting higher tax assets and loans and receivables. On the funding side, total equity strengthened by €0.24 million to €4.14 million, on the back of higher retained earnings, whilst total liabilities rose by €0.22 million to €255.76 million as the uplift in other payables outweighed the drop in accrued interest.

Total assets are projected to reach €322.59 million by the end of **FY2026**. Current and non-current loans and receivables are forecast to reach €321.97 million, reflecting additional amounts advanced to the Guarantor. Likewise, total liabilities are projected to rise to €318.09 million, with total debt securities increasing to €310 million following the issuance of the 2026 Bonds. Of this amount of debt securities, €260 million will be classified as non-current, whilst the remaining €50 million will be classified as current, reflecting the March 2027 maturity of the 4% unsecured bonds issued in Q1 2022.

Total equity is forecast to expand further in FY2026 to €4.50 million, reflecting the additional increase in retained earnings to €2.50 million.

9. FINANCIAL ANALYSIS OF THE GUARANTOR

The historical information is extracted from the audited consolidated annual financial statements of Hili Ventures for the years ended 31 December 2023, 31 December 2024, and 31 December 2025.

The forecasts have been provided by the Guarantor and are 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 projections compared with actual results could be material.

Hili Ventures Limited				
Statement of Comprehensive Income				
For the financial year 31 December				
	2023	2024	2025	2026
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Revenue	986,495	1,088,450	1,171,616	1,218,440
Net operating expenses	(858,988)	(952,496)	(1,030,467)	(1,084,738)
EBITDA	127,507	135,954	141,149	133,702
Depreciation and amortisation	(43,769)	(43,313)	(47,746)	(51,970)
Operating profit	83,738	92,641	93,403	81,732
Impairment of VAT receivables related to litigation case	-	-	(6,041)	(2,352)
Net investment gains / (losses)	(141)	15,644	13,948	8,580
Net finance costs	(26,208)	(27,853)	(31,752)	(31,935)
Profit before tax	57,389	80,432	69,558	56,025
Taxation	(14,032)	(14,991)	(19,295)	(18,643)
Discontinued operations	(3,070)	(478)	-	-
Profit after tax	40,287	64,963	50,263	37,382
Other comprehensive income				
Revaluation on property, plant, and equipment	3,281	2,845	11,882	-
Exchange differences	3,652	4,094	(6,153)	(2,023)
Other effects	1,357	(50)	(328)	9,753
	8,290	6,889	5,401	7,730
Total comprehensive income	48,577	71,852	55,664	45,112

Hili Ventures Limited	FY2023	FY2024	FY2025	FY2026
Key Financial Ratios	Actual	Actual	Actual	Forecast
EBITDA margin (%) (EBITDA / revenue)	12.93	12.49	12.05	10.97
Operating profit margin (%) (Operating profit / revenue)	8.49	8.51	7.97	6.71
Net profit margin (%) (Profit after tax / revenue)	4.08	5.97	4.29	3.07
Return on equity (%) (Profit after tax / average equity)	17.78	24.81	17.39	12.21
Return on assets (%) (Profit after tax / average assets)	4.19	5.93	4.22	3.04
Return on invested capital (%) (Operating profit / average equity and net debt)	11.20	11.10	10.23	8.35
Interest cover (times) (EBITDA / net finance costs)	4.87	4.88	4.45	4.19

STATEMENT OF COMPREHENSIVE INCOME

Despite a challenging macroeconomic and geopolitical environment, **FY2025** was a year of continued growth for Hili Ventures, as total revenue increased by 7.64% to €1.17 billion, thereby building on the €1 billion milestone achieved in FY2024. The year-on-year increase in income was mainly driven by restaurant operations, whilst positive contributions to growth were also generated by retail and commercial sales, as well as rental income. Conversely, logistics, transport, and engineering services, together with other activities, registered year-on-year declines in revenue, thus partially offsetting the expansion achieved across the Group’s principal revenue-generating segments.

Net operating expenses increased at a slightly faster pace than revenues, rising by 8.19% to €1.03 billion (FY2024: €0.95 billion), amid sustained cost inflation and higher administrative overheads. As a result, EBITDA increased by a more modest 3.82% to €141.15 million (FY2024: €135.95 million), whilst the EBITDA margin contracted by 44 basis points to 12.05% from 12.49% in FY2024.

Depreciation and amortisation increased by 10.23% to €47.75 million (FY2024: €43.31 million), reflecting the Group’s expanded operating asset base, including the full-year depreciation impact of Tigné Mall following its acquisition in 2024, together with additional capital expenditure mostly related to restaurant operations. Consequently, although operating profit edged higher by 0.82% to €93.40 million (FY2024: €92.64 million), the operating profit margin contracted by 54 basis points to 7.97% from 8.51% in FY2024, whilst the return on invested capital (“**ROIC**”) eased by 87 basis points to 10.23% from 11.10% in FY2024.

The Group's financial performance in FY2025 was dented by a €6.04 million impairment of VAT receivables in relation to a long-running tax litigation case involving SAD Sp. z o.o. ("SAD") – a Polish subsidiary of iSpot – concerning VAT settlements for 2015. Following a final adverse ruling by the Polish Supreme Administrative Court in July 2025, the amounts previously deposited with the tax authorities for the March to July 2015 period were deemed non-recoverable and were therefore fully impaired.

In addition, the Guarantor recorded lower net investment gains and higher net finance costs in FY2025 compared to the prior year. Net investment gains amounted to €13.95 million compared to €15.64 million in FY2024, and mainly comprised a gain of €5.62 million resulting from the in-kind transfer of shares in Bank of Valletta p.l.c., acquired during the year, into a strategic fund investment, as well as favourable movements in the fair value of investment property and dividend income of €4.30 million and €3.07 million, respectively. Meanwhile, net finance costs increased by 14% to €31.75 million from €27.85 million in FY2024, reflecting lower interest income and higher interest expense amid a higher level of borrowings supporting the Group's expansion. In view of this, the interest cover ratio edged lower to 4.45 times from 4.88 times in FY2024.

Overall, Hili Ventures registered a profit before tax of €69.56 million in FY2025, representing a drop of 13.52% from the corresponding figure of €80.43 million recorded in the prior year. After accounting for a tax charge of €19.30 million, profit for the year stood at €50.26 million, representing a year-on-year decline of 22.63%. The net profit margin consequently contracted by 1.68 percentage points to 4.29% from 5.97% in FY2024. Moreover, return on equity ("ROE") declined to 17.39% from 24.81% in FY2024, whilst return on assets ("ROA") decreased to 4.22% from 5.93%.

Other comprehensive income amounted to €5.40 million compared to €6.89 million in FY2024. The positive revaluation movement on property, plant, and equipment ("PPE") increased materially to €11.88 million from €2.85 million in the prior year. However, this was partly offset by adverse exchange differences of €6.15 million compared to a positive movement of €4.09 million in FY2024, together with other negative effects of €0.33 million. Consequently, total comprehensive income decreased by 22.53% to €55.66 million.

In **FY2026**, revenue is now forecast to increase by 4% to €1.22 billion. The projected growth is expected to be driven by restaurant operations and retail sales, and, to a much lesser extent, commercial sales. A rebound in business is also anticipated in logistics, transport, and engineering services, as well as in other activities. Conversely, income from rental operations is forecast to decline marginally, reflecting the impact of real estate disposals.

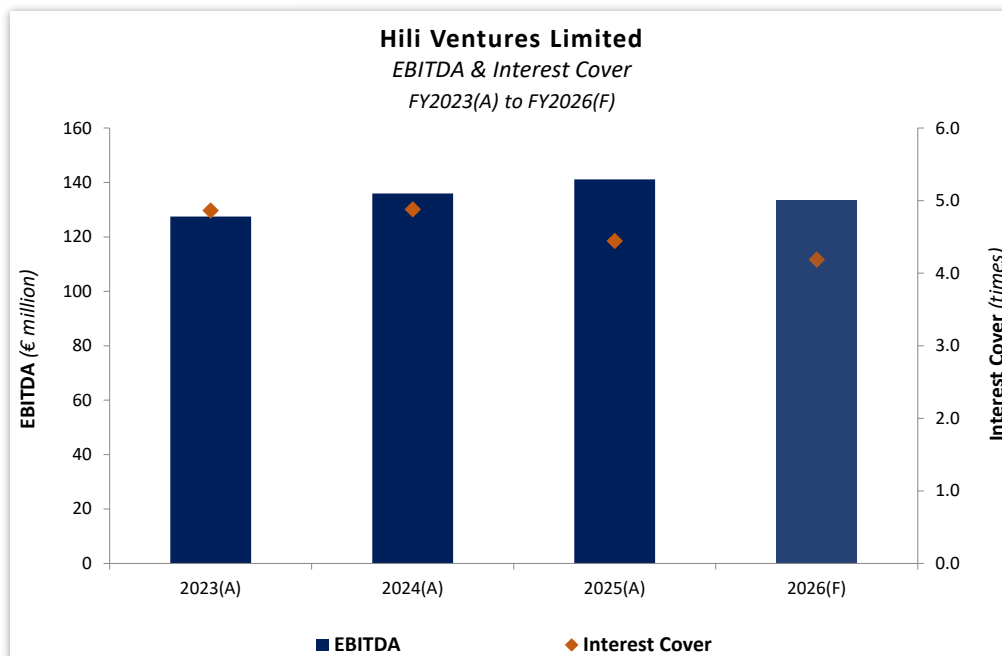
Net operating expenses are forecast to increase at a sharper rate than revenues, rising by 5.27% to €1.08 billion amid an operating environment that continues to be characterised by inflationary pressures, supply chain disruptions, market volatility, and heightened geopolitical uncertainty, all of which affect both consumer demand and operating costs. As a result, EBITDA is expected to decrease by 5.28% to €133.70 million, whilst the EBITDA margin is forecast to contract further to 10.97%. The revised EBITDA target of €133.70 million is also 19.21% lower than the previous projection of €165.50 million, reflecting both the downward revision in forecast revenue and the impact of tighter margins.

The depreciation and amortisation charge is forecast to increase by 8.85% year-on-year to €51.97 million, reflecting the impact of additional capital expenditure mostly related to restaurant operations. In view of the lower expected EBITDA and higher depreciation charge, operating profit is forecast to decline by 12.50% to €81.73 million which would translate into an operating profit margin of 6.71% and a ROIC of 8.35%.

An additional impairment of VAT receivables, amounting to €2.35 million, in relation to the litigation case involving SAD, is expected to be incurred in FY2026. However, this charge is expected to be more than offset by net investment gains of €8.58 million, mostly comprising fair value adjustments on investment property, as well as dividend and investment income. Meanwhile, although net finance costs are expected to remain broadly in line with FY2025 at €31.94 million, due to the lower EBITDA base, the interest cover ratio is forecast to weaken further to 4.19 times.

Overall, profit before tax is forecast to decline by 19.46% to €56.03 million. After taking into account a tax charge of €18.64 million, profit for the year is forecast at €37.38 million, translating into a net profit margin of 3.07%, whilst ROE and ROA are expected to stand at 12.21% and 3.04%, respectively.

Other comprehensive income is forecast to increase to €7.73 million in FY2026, as the adverse movement in exchange differences of €2.02 million is expected to be outweighed by positive other effects of €9.75 million. Accordingly, total comprehensive income is projected to decrease by €10.55 million to €45.11 million in FY2026.



Hili Ventures Limited				
Statement of Cash Flows				
For the financial year 31 December				
	2023	2024	2025	2026
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Net cash from operating activities	97,432	110,760	100,267	103,069
Net cash used in investing activities	(107,966)	(89,873)	(98,746)	(79,079)
Net cash from / (used in) financing activities	8,422	(13,419)	(29,387)	(52,525)
Net movement in cash and cash equivalents	(2,112)	7,468	(27,866)	(28,535)
Cash and cash equivalents at beginning of year	64,147	62,134	63,986	39,305
Cash and cash equivalents included in assets held for sale	-	(5,598)	4,283	-
Effect of movements in exchange	99	(18)	(1,098)	-
Cash and cash equivalents at end of year	62,134	63,986	39,305	10,770
Bank facilities available but not utilised	14,832	21,655	53,742	66,254
Total liquidity headroom¹	76,966	85,641	93,047	77,024
Net cash from operating activities	97,432	110,760	100,267	103,069
Net capital expenditure ²	(49,431)	(46,708)	(43,050)	(76,461)
Other investing activities ³	(58,491)	(42,164)	(13,885)	31,575
Free cash flow	(10,490)	21,888	43,332	58,183

¹ Represents the aggregate of cash and cash equivalents at year-end and available undrawn bank facilities.

² Calculated as gross capital expenditure minus the proceeds from the disposal of fixed and, or intangible assets.

³ Net cash from / (used in) acquisitions and disposals of subsidiaries, associates, and non-controlling interest, net of related costs.

STATEMENT OF CASH FLOWS

In **FY2025**, the Group continued to generate strong positive operating cash flows, although net cash from operating activities decreased by 9.47% to €100.27 million compared to €110.76 million in FY2024. This decline occurred despite an improvement in underlying profitability, and was primarily driven by a materially weaker working capital movement. In this respect, working capital absorbed €6.16 million in FY2025 compared to a release of €17.67 million in FY2024. Meanwhile, operating cash generation was also adversely affected by higher interest payments, which increased to €25.58 million from €23.20 million in the prior year, although this was partly mitigated by a lower taxation outflow of €12.22 million compared to €19.13 million in FY2024.

Net cash used in investing activities amounted to €98.75 million in FY2025, representing an increase of 9.87% from €89.87 million in FY2024. This higher outflow was principally attributable to a significant increase in financial asset investments, which amounted to €49.11 million compared to just €0.30 million in the prior year, largely driven by the Group's acquisition of a near 5% equity stake in Bank of Valletta p.l.c. for almost €56 million as part of its broader investment strategy. The impact of this increase in outflow was partly offset by lower investments in subsidiaries, associates, and non-controlling interests, as well as a lower net capital expenditure of €43.05 million compared to €46.71 million in FY2024 of which around €33 million related to the Group's restaurant operations. The Group

also recorded a positive movement from term deposits of €2.29 million, dividend income of €3.07 million, and interest received of €1.95 million, which helped moderate the overall investing cash outflow.

Free cash flow improved substantially in FY2025, increasing by €21.44 million to €43.33 million. As such, the Group's free cash flow performance remained strong in FY2025, highlighting its ability to continue generating surplus cash after funding its capital investment requirements.

Net cash used in financing activities increased to €29.39 million in FY2025 compared to €13.42 million in FY2024. This movement primarily comprised an outflow of €37.10 million related to debt securities, reflecting the redemption of the 4.50% Hili Properties p.l.c. unsecured bonds on 16 October 2025, together with lease and dividend payments of €23.76 million and €15.51 million, respectively. These financing outflows were partly offset by a net inflow of €48.69 million from bank borrowings.

Overall, Hili Ventures recorded a net decrease in cash and cash equivalents of €27.87 million in FY2025 compared to a net increase of €7.47 million in FY2024. After taking into account opening cash and cash equivalents of €63.99 million, cash and cash equivalents included in assets held for sale of €4.28 million, and an adverse exchange movement of €1.10 million, the Group closed FY2025 with cash and cash equivalents of €39.31 million.

In **FY2026**, net cash from operating activities is forecast to increase marginally to €103.07 million, as lower outflows in interest payments and a favourable working capital movement of €2.36 million are expected to offset the impact of lower underlying profitability and a higher tax outflow.

Net cash used in investing activities is forecast to decrease to €79.08 million in FY2026, supported by net proceeds from asset disposals which are expected to partly offset the Group's continued investment requirements. Indeed, net capital expenditure is projected to increase significantly to €76.46 million, reflecting the Guarantor's firm commitment to investment across its operating companies, particularly in the expansion of its restaurant network and the refurbishment of existing outlets, with considerable capital allocated to energy-efficient equipment and renewable energy. Meanwhile, the Group also plans to continue actively managing its financial investments in a meaningful manner, with projected net investments expected to reach €40.42 million.

Free cash flow is forecast to increase further to €58.18 million in FY2026, despite broadly stable operating cash flows and materially higher net capital expenditure.

Net cash used in financing activities is forecast to increase to €52.53 million, mainly comprising lease and dividend payments of €24.13 million and €18.09 million, respectively, as well as net outflows of around €10 million in relation to borrowings.

Overall, Hili Ventures is forecast to record a further net decrease in cash and cash equivalents of €28.54 million in FY2026, thus ending the year with a cash balance of €10.77 million. After taking into account bank facilities available but not utilised, the Group is expected to maintain total liquidity headroom of €77.02 million at year-end, compared to €93.05 million as at FY2025.

Hili Ventures Limited				
Statement of Financial Position				
As at 31 December	2023	2024	2025	2026
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Intangible assets	154,082	156,972	155,065	156,592
Property, plant and equipment	284,587	406,066	334,835	359,285
Investment property	183,533	146,728	246,233	247,552
Property held for sale	3,700	-	-	-
Right-of-use assets	139,695	159,820	172,068	175,533
Investments in associates and joint ventures	16,811	1,208	1,185	1,269
Other investments	150	150	150	150
Financial assets	33,132	35,863	90,657	141,692
Loans and receivables	31,565	17,869	6,981	6,990
Trade and other receivables	4,671	3,695	3,084	3,788
Deferred tax assets	4,472	5,467	5,040	6,167
Restricted cash	1,217	1,251	961	662
	857,615	935,089	1,016,259	1,099,680
Current assets				
Inventories	34,721	34,248	38,663	39,503
Assets held for sale	7,000	45,475	38,797	-
Loans and receivables	3,197	7,005	238	694
Trade and other receivables	47,463	51,083	59,182	49,349
Short term deposits	-	2,629	342	-
Cash and cash equivalents	72,855	71,771	59,742	32,088
Current tax asset	6,594	9,598	6,285	11,432
Contract assets	1,404	1,548	1,733	1,740
Other assets	-	800	501	-
	173,234	224,157	205,483	134,806
Total assets	1,030,849	1,159,246	1,221,742	1,234,486
EQUITY				
Share capital	69,400	69,400	69,400	69,400
Reserves	21,472	27,109	36,218	46,355
Retained earnings	113,402	157,125	174,730	194,926
Non-controlling interest	38,626	27,119	16,991	4,531
	242,900	280,753	297,339	315,212
LIABILITIES				
Non-current liabilities				
Debt securities	270,227	312,607	248,361	258,028
Bank borrowings	137,386	106,500	148,239	169,109
Lease liabilities	132,510	152,641	167,247	189,668
Other financial liabilities	9	-	-	-
Trade and other payables	4,075	2,180	4,425	1,700
Provisions	1,081	1,309	1,365	1,339
Deferred tax liabilities	10,988	27,872	30,090	30,646
	556,276	603,109	599,727	650,490
Current liabilities				
Debt securities	35,920	37,125	64,998	50,000
Bank borrowings	40,258	41,022	73,928	50,211
Lease liabilities	13,670	15,643	16,496	2,627
Other financial liabilities	-	2,000	-	821
Liabilities associated with assets held for sale	-	13,872	1,545	-
Trade and other payables	135,671	158,526	159,464	145,723
Contract liabilities	1,846	2,313	1,975	882
Tax liabilities	4,308	4,883	6,270	18,520
	231,673	275,384	324,676	268,784
Total liabilities	787,949	878,493	924,403	919,274
Total equity and liabilities	1,030,849	1,159,246	1,221,742	1,234,486
<i>Total debt</i>	<i>629,971</i>	<i>665,538</i>	<i>719,269</i>	<i>719,643</i>
<i>Net debt</i>	<i>555,899</i>	<i>589,887</i>	<i>658,224</i>	<i>686,893</i>
<i>Invested capital (total equity plus net debt)</i>	<i>798,799</i>	<i>870,640</i>	<i>955,563</i>	<i>1,002,105</i>

Hili Ventures Limited	FY2023	FY2024	FY2025	FY2026
Key Financial Ratios	Actual	Actual	Actual	Forecast
Net debt-to-EBITDA (times) <i>(Net debt / EBITDA)</i>	4.36	4.34	4.66	5.14
Net debt-to-equity (times) <i>(Net debt / total equity)</i>	2.29	2.10	2.21	2.18
Net gearing (%) <i>(Net debt / net debt and total equity)</i>	69.59	67.75	68.88	68.55
Debt-to-assets (times) <i>(Total debt / total assets)</i>	0.61	0.57	0.59	0.58
Leverage (times) <i>(Total assets / total equity)</i>	4.24	4.13	4.11	3.92
Current ratio (times) <i>(Current assets / current liabilities)</i>	0.75	0.81	0.63	0.50

STATEMENT OF FINANCIAL POSITION

Total assets increased by 5.39% during **FY2025** to €1.22 billion from €1.16 billion as at the end of FY2024. The composition of the Group's asset base remained broad and diversified, with around 52% attributed to operating and current assets, 40%, or *circa* €500 million, held in real estate assets, and the remaining 8% represented by portfolio investments.

Investment property increased markedly by €99.51 million to €246.23 million from €146.73 million in FY2024, reflecting the reclassification of The Point shopping mall from PPE. As a result, PPE decreased by €71.23 million to €334.84 million in FY2025. Financial assets also increased materially by €54.79 million to €90.66 million from €35.86 million in the prior year, reflecting the acquisition of a near 5% equity stake in Bank of Valletta p.l.c. Right-of-use assets rose by €12.25 million to €172.07 million, whilst trade and other receivables increased by €7.49 million to €62.27 million. Similarly, inventories advanced by €4.42 million to €38.66 million, and contract assets increased marginally to €1.73 million.

Loans and receivables declined by €17.66 million in FY2025 to €7.22 million. Cash and cash equivalents, restricted cash, and short term deposits contracted by €14.61 million to €61.05 million, whilst assets held for sale decreased by €6.68 million to €38.80 million. Meanwhile, other negative year-on-year movements totalled €5.97 million.

Total equity increased by 5.91% to €297.34 million from €280.75 million as at the end of FY2024. This improvement was mainly attributable to the continued strengthening of retained earnings, which increased by €17.61 million to €174.73 million, and the higher reserves position, which rose by €9.11 million to €36.22 million. These positive movements were partly offset by a €10.13 million reduction in non-controlling interest to €16.99 million, following the Group's increased shareholding in Hili Properties p.l.c.

Total liabilities increased by 5.23% to €924.40 million from €878.49 million as at the end of FY2024. The increase was principally driven by higher bank borrowings, which rose by €74.65 million to €222.17 million, together with higher lease liabilities, which reached €183.74 million. Moreover, tax liabilities increased by €3.61 million to €36.36 million, whilst trade and other payables as well as provisions edged higher to €163.89 million and €1.37 million, respectively. These increases were partly offset by a €36.37 million reduction in debt securities to €313.36 million following the redemption of the 4.50% Hili Properties p.l.c. unsecured bonds on 16 October 2025, and the €12.33 million drop in liabilities associated with assets held for sale to €1.55 million.

Total debt increased by 8.07% to €719.27 million from €665.54 million as at 31 December FY2024. Net debt increased by 11.58% to €658.22 million from €589.89 million, reflecting the higher total debt position together with the lower level of cash and short-term deposits. Consequently, invested capital increased by 9.75% to €955.56 million, reflecting both the expansion in the equity base and the higher net debt position.

The Group's leverage metrics remained broadly stable in FY2025. The net debt-to-EBITDA multiple increased to 4.66 times from 4.34 times in FY2024, reflecting the higher net debt position relative to EBITDA. The net debt-to-equity multiple also increased to 2.21 times from 2.10 times. Likewise, net gearing increased to 68.88% from 67.75%, whilst the debt-to-assets ratio increased to 0.59 times from 0.57 times. Meanwhile, leverage, measured as total assets divided by total equity, eased marginally to 4.11 times from 4.13 times, as the increase in the equity base broadly matched the growth in total assets. The current ratio weakened to 0.63 times from 0.81 times, principally due to the reclassification of a substantial amount of borrowings as current liabilities.

In **FY2026**, total assets are forecast to increase by €12.74 million to €1.23 billion. Financial assets are projected to increase by a further €51.04 million to €141.69 million, whilst PPE is forecast to expand by €24.45 million to €359.29 million. Other positive year-on-year movements are expected to total €13.98 million.

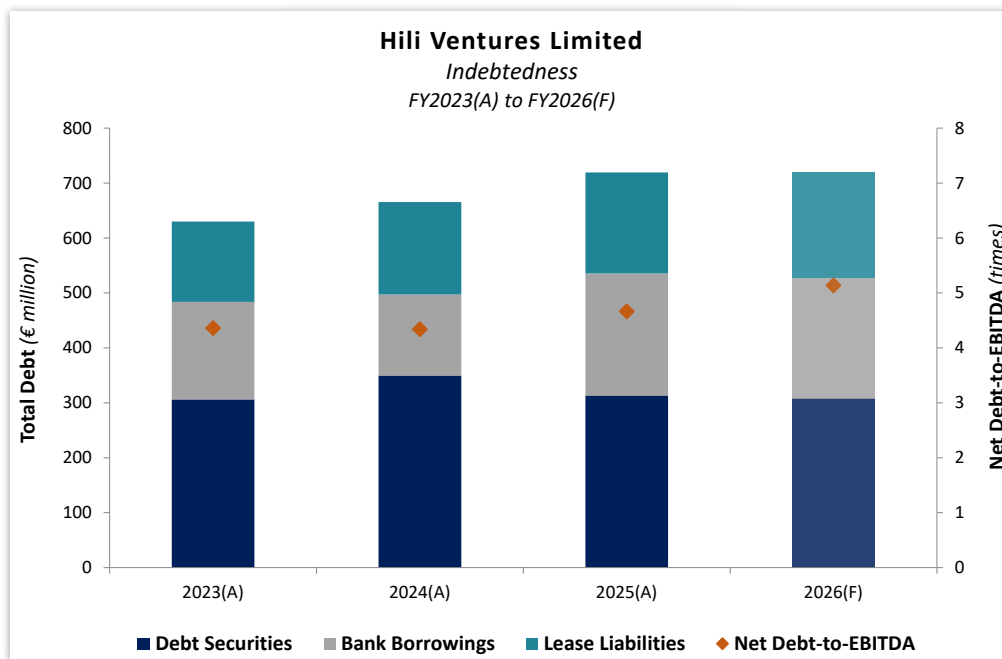
On the other hand, assets held for sale are expected to decrease in full by €38.80 million. Moreover, cash and cash equivalents, restricted cash, and short-term deposits are set to drop by an aggregate of €28.30 million, whilst other negative year-on-year movements are projected to total €9.63 million.

Total equity is forecast to expand by €17.87 million to €315.21 million, reflecting a €20.20 million increase in retained earnings to €194.93 million and a €10.14 million rise in reserves to €46.36 million. These movements are expected to be partly offset by a further €12.46 million reduction in non-controlling interest to €4.53 million, on account of the additional equity stake in Hili Properties p.l.c.

Total liabilities are projected to decrease by €5.13 million to €919.27 million, with the expected reduction mainly attributable to a €16.47 million decrease in trade and other payables to €147.42 million. Other year-on-year reductions of €2.66 million are however expected to be outweighed by an aggregate €13.63 million increase in tax liabilities to €49.17 million and other financial liabilities to €0.82 million.

Total debt is forecast to remain virtually unchanged at €719.64 million as the projected reduction in debt securities and bank borrowings to €308.03 million and €219.32 million, respectively, is set to be marginally offset by higher lease liabilities of €192.30 million. Net debt is forecast to increase by 4.36% to €686.89 million, principally reflecting the anticipated reduction in cash and cash equivalents. Invested capital is projected to increase by 4.87% to just over €1 billion, supported by the higher equity base and the further increase in net debt.

The Group’s forecast credit metrics point to a broadly stable financial profile. The net debt-to-EBITDA multiple is expected to increase to 5.14 times, reflecting the forecast increase in net debt relative to EBITDA. The net debt-to-equity multiple is projected to improve to 2.18 times, whilst net gearing is expected to ease marginally to 68.55%. The debt-to-assets ratio is forecast to edge slightly lower to 0.58 times, whilst leverage is projected to strengthen to 3.92 times. In contrast, the current ratio is expected to weaken further to 0.50 times, mostly due to the disposal of assets held for sale and the reduction in cash balances. Nonetheless, total liquidity headroom is expected to remain ample, amounting to €77.02 million, as the Group can draw on readily available bank facilities to increase its cash buffers.



10. VARIANCE ANALYSIS

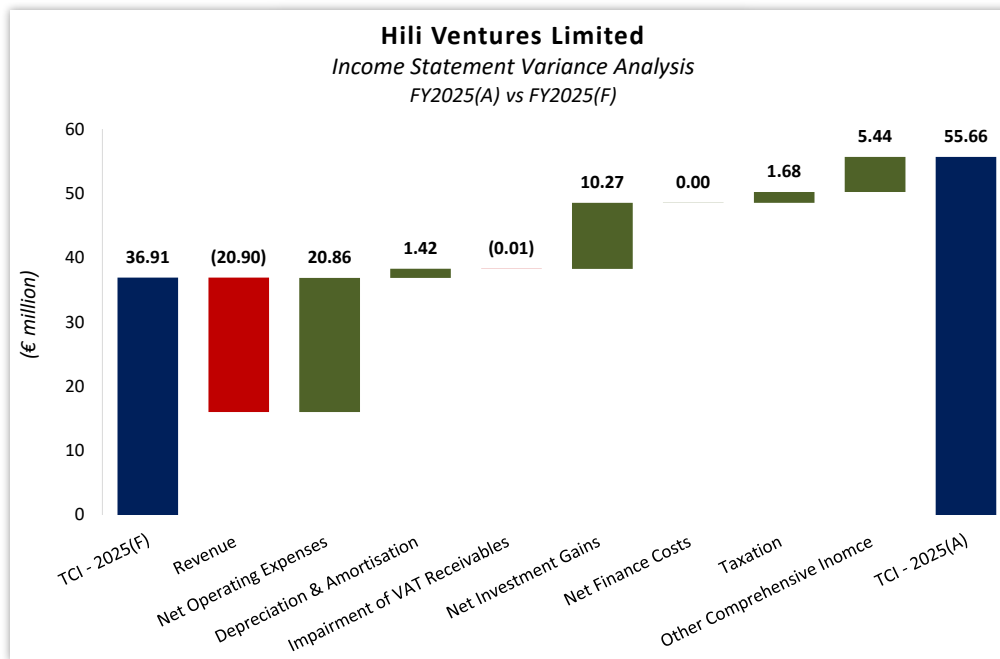
The following is an analysis of the major variances between the forecast financial information of the Guarantor for the year ended 31 December 2025, as included in the Analysis dated 12 December 2025, and the audited consolidated annual financial statements for the same period, which were published on 29 May 2026.

Hili Ventures Limited			
Statement of Comprehensive Income			
For the financial year 31 December		2025	2025
		Actual	Forecast
		€'000	€'000
Revenue		1,171,616	1,192,511
Net operating expenses		(1,030,467)	(1,051,326)
EBITDA		141,149	141,185
Depreciation and amortisation		(47,746)	(49,161)
Operating profit		93,403	92,024
Impairment of VAT receivables related to litigation case		(6,041)	(6,030)
Net investment gains		13,948	3,680
Net finance costs		(31,752)	(31,753)
Profit before tax		69,558	57,921
Taxation		(19,295)	(20,976)
Profit after tax		50,263	36,945
Other comprehensive income / (expense)			
Revaluation on property, plant, and equipment		11,882	668
Exchange differences		(6,153)	(1,660)
Other effects		(328)	952
		5,401	(40)
Total comprehensive income		55,664	36,905

STATEMENT OF COMPREHENSIVE INCOME

Hili Ventures reported total revenue of €1.17 billion in FY2025, which was 1.75% below the forecast of €1.19 billion. The shortfall was principally attributable to lower-than-anticipated retail sales, which amounted to €264.76 million compared to the forecast of €292.05 million, resulting in an adverse variance of €27.30 million. Revenue from logistics, transport, and engineering services was also below forecast by €6.13 million, whilst restaurant operations and other activities were, in aggregate, €1.91 million lower than estimated. These adverse variances were, however, partly mitigated by a marginally higher contribution from rental activities and, more significantly, by stronger-than-forecast income from commercial sales, which reached €60.03 million compared to the forecast of €46.17 million.

Net operating expenses were also below forecast, amounting to €1.03 billion compared to €1.05 billion. Accordingly, as the favourable variance of €20.86 million almost entirely offset the revenue shortfall, EBITDA was broadly in line with forecast at €141.15 million compared to €141.19 million.



Depreciation and amortisation amounted to €47.75 million, which was 2.88% lower than the forecast of €49.16 million, resulting in operating profit of €93.40 million, representing a positive variance of 1.50% against forecast.

The impairment of VAT receivables related to a litigation case involving SAD and net finance costs were both in line with forecast. Conversely, net investment gains amounted to €13.95 million compared to the forecast of €3.68 million. The positive variance of €10.27 million was principally attributable to gains and losses on financial assets and instruments, which had been forecast to result in a loss of €3.37 million, whereas the Group recorded a gain of €7.10 million. The actual performance was boosted by a gain of €5.62 million arising from the transfer of shares in Bank of Valletta p.l.c. to a strategic fund investment.

Overall, profit before tax amounted to €69.56 million compared to the forecast of €57.92 million, representing a favourable variance of 20.09%. After accounting for a tax charge of €19.30 million, which was 8.01% lower than estimated, profit after tax stood at €50.26 million, exceeding the forecast of €36.95 million by €13.32 million, or 36.05%.

Other comprehensive income also performed ahead of forecast, supporting a higher positive variance in total comprehensive income which amounted to €55.66 million compared to the forecast of €36.91 million. The outperformance within other comprehensive income was driven by an €11.88 million revaluation gain on PPE, compared to the forecast of €0.67 million. This was, however, partly offset by a sharper adverse movement in exchange differences, as well as other effects which, in aggregate, resulted in an expense of €6.48 million compared to the forecast negative movement of €0.71 million.

Hili Ventures Limited Statement of Cash Flows For the financial year 31 December		
	2025 Actual €'000	2025 Forecast €'000
Net cash from operating activities	100,267	118,921
Net cash used in investing activities	(98,746)	(126,334)
Net cash used in financing activities	(29,387)	(47,665)
Net movement in cash and cash equivalents	(27,866)	(55,078)
Cash and cash equivalents at beginning of year	63,986	63,986
Cash and cash equivalents included in assets held for sale	4,283	(710)
Effect of movements in exchange	(1,098)	-
Cash and cash equivalents at end of year	39,305	8,198
Net cash from operating activities	100,267	118,921
Net capital expenditure ¹	(43,050)	(68,156)
Other investing activities ²	(13,885)	(11,363)
Free cash flow	43,332	39,402

¹ Calculated as gross capital expenditure minus the proceeds from the disposal of fixed and, or intangible assets.

² Net cash from / (used in) acquisitions and disposals of subsidiaries, associates, and non-controlling interest, net of related costs.

STATEMENT OF CASH FLOWS

The Group registered a net cash outflow of €27.87 million in FY2025 compared to the forecast outflow of €55.08 million, representing a favourable variance of €27.21 million. The outperformance was driven by materially lower-than-forecast cash outflows in relation to investing and financing activities which offset the weaker-than-anticipated cash generation from operating activities. After taking into account cash and cash equivalents included in assets held for sale of €4.28 million compared to a forecast negative movement of €0.71 million, as well as an actual adverse exchange movement of €1.10 million, Hili Ventures ended FY2025 with cash and cash equivalents of €39.31 million compared to the forecast balance of €8.20 million.

Net cash from operating activities amounted to €100.27 million, which was €18.65 million below the forecast of €118.92 million. The principal driver of this adverse variance was the €6.16 million negative movement in working capital, compared to the forecast release of €32.78 million, which outweighed the lower-than-forecast outflows relating to taxation and other operating payments, partly reflecting timing differences.

Net cash used in investing activities amounted to €98.75 million compared to the forecast outflow of €126.33 million, resulting in a favourable variance of €27.59 million. Net capital expenditure was lower by €25.11 million, whilst the Group also registered an aggregate net cash inflow of €7.30 million in relation to term deposits, dividends, and interest received, compared to a marginal aggregate net outflow of €0.28 million. On the other hand, net outflows appertaining to financial asset investments

were higher than forecast. Overall, despite the weaker cash generation from operating activities, free cash flow amounted to €43.33 million, exceeding the forecast of €39.40 million by €3.93 million.

Net cash used in financing activities amounted to €29.39 million compared to the forecast outflow of €47.67 million. The favourable variance of €18.28 million was mainly attributable to higher-than-anticipated net inflows from bank loans, which totalled €48.69 million compared to the forecast of €27.05 million, representing a favourable variance of €21.65 million. Conversely, lease payments were higher than estimated by €3.58 million. Meanwhile, other movements within investing activities were broadly in line with forecast.

STATEMENT OF FINANCIAL POSITION

The Group had total assets of €1.22 billion as at 31 December 2025, compared to the forecast of €1.18 billion. The favourable variance of €43.84 million was principally driven by stronger-than-anticipated cash balances, coupled with higher right-of-use assets, inventories, trade and other receivables, as well as PPE.

Total equity amounted to €297.34 million, exceeding the forecast of €285.47 million by €11.87 million. The favourable variance was mainly attributable to reserves, which stood at €36.22 million compared to the forecast of €23.93 million, representing a positive variance of €12.29 million. Non-controlling interests were also above forecast by €2.94 million. These favourable movements were partly offset by retained earnings, which amounted to €174.73 million compared to the forecast of €178.10 million, reflecting an adverse variance of €3.37 million.

Total liabilities stood at €924.40 million compared to the forecast of €892.43 million, representing an adverse variance of €31.97 million. The increase relative to forecast was principally due to total debt, which was €32.42 million above the projected level of €686.85 million, mainly on account of higher bank borrowings and lease liabilities. Similarly, trade and other payables stood above forecast, amounting in aggregate to €163.89 million compared to €153.23 million, resulting in an adverse variance of €10.66 million. On the other hand, tax liabilities were, in aggregate, €11.66 million lower than forecast, and stood at €36.36 million as at the end of FY2025.

Notwithstanding the higher total debt position, net debt amounted to €658.22 million compared to the forecast of €660 million, representing a favourable variance of €1.77 million, as the stronger-than-forecast liquidity position more than offset the additional debt carried by the Group. Moreover, invested capital stood at €955.56 million compared to the forecast of €945.46 million, representing a positive variance of €10.10 million, as the higher-than-forecast equity base more than offset the lower net debt position.

Hili Ventures Limited		
Statement of Financial Position		
As at 31 December	2025 Actual €'000	2025 Forecast €'000
ASSETS		
Non-current assets		
Intangible assets	155,065	156,816
Property, plant and equipment	334,835	331,933
Investment property	246,233	245,743
Right-of-use assets	172,068	160,950
Investments in associates and joint ventures	1,185	1,284
Other investments	150	150
Financial assets	90,657	92,565
Loans and receivables	6,981	18,848
Trade and other receivables	3,084	3,828
Deferred tax assets	5,040	5,096
Restricted cash	961	746
	1,016,259	1,017,959
Current assets		
Inventories	38,663	31,555
Assets held for sale	38,797	38,737
Loans and receivables	238	682
Trade and other receivables	59,182	54,435
Short term deposits	342	568
Cash and cash equivalents	59,742	25,545
Current tax asset	6,285	6,694
Contract assets	1,733	1,724
Other assets	501	-
	205,483	159,940
Total assets	1,221,742	1,177,899
EQUITY		
Share capital	69,400	69,400
Reserves	36,218	23,926
Retained earnings	174,730	178,096
Non-controlling interest	16,991	14,048
	297,339	285,470
LIABILITIES		
Non-current liabilities		
Debt securities	248,361	248,415
Bank borrowings	148,239	166,792
Lease liabilities	167,247	161,669
Trade and other payables	4,425	1,878
Provisions	1,365	1,321
Deferred tax liabilities	30,090	28,313
	599,727	608,388
Current liabilities		
Debt securities	64,998	64,914
Bank borrowings	73,928	31,839
Lease Liabilities	16,496	13,222
Other financial liabilities	-	116
Liabilities associated with assets held for sale	1,545	1,492
Trade and other payables	159,464	151,347
Contract liabilities	1,975	1,405
Tax liabilities	6,270	19,706
	324,676	284,041
Total liabilities	924,403	892,429
Total equity and liabilities	1,221,742	1,177,899
<i>Total debt</i>	<i>719,269</i>	<i>686,851</i>
<i>Net debt</i>	<i>658,224</i>	<i>659,992</i>
<i>Invested capital (total equity plus net debt)</i>	<i>955,563</i>	<i>945,462</i>

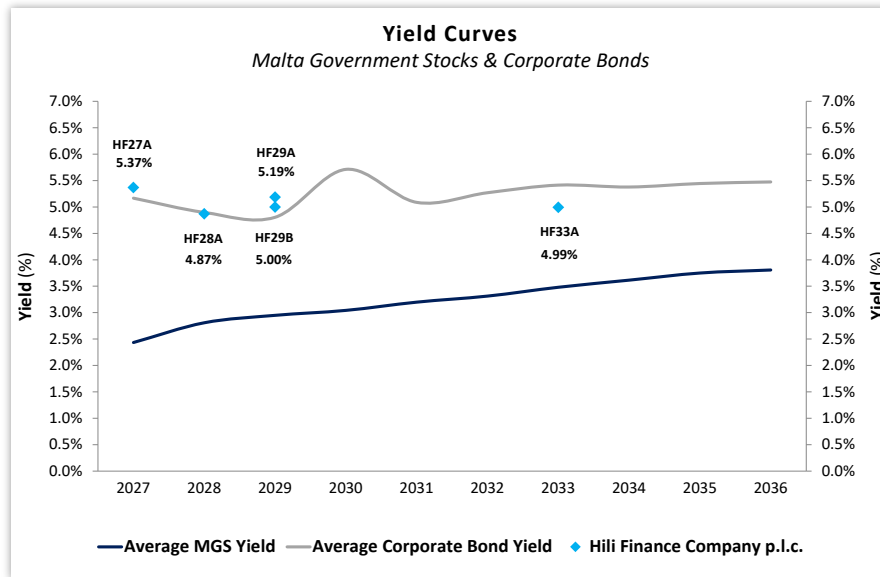
PART 3 – COMPARATIVE ANALYSIS

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 (€'000)	Yield-to-Maturity / Worst (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	5.35	1.47	11.26	43.14	0.40
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	14.58	0.90	15.02	89.77	0.54
3.75% Premier Capital p.l.c. Unsecured 2026	32,696	7.67	9.72	2.54	71.95	0.61
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	7.75	1.47	11.26	43.14	0.40
3.25% AX Group p.l.c. Unsecured 2026	15,000	8.15	3.81	4.88	39.07	0.35
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	5.37	4.45	4.66	68.88	0.59
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	4.36	5.41	2.98	30.68	0.33
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.10	4.03	5.76	26.30	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	9.25	1.60	14.80	0.16
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	5.58	4.91	5.15	21.67	0.20
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	5,736	4.73	n/a	9.43	76.67	0.72
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	12,216	4.73	n/a	0.30	4.28	0.17
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.87	4.45	4.66	68.88	0.59
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.84	9.25	1.60	14.80	0.16
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	4.89	5.65	7.37	55.40	0.54
5.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2027-2029	15,000	4.96	n/a	9.43	76.67	0.72
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	5.00	4.45	4.66	68.88	0.59
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	4.54	4.91	5.15	21.67	0.20
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	5.19	4.45	4.66	68.88	0.59
3.75% AX Group p.l.c. Unsecured 2029	10,000	5.02	3.81	4.88	39.07	0.35
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	6.21	3.04	5.76	92.40	0.82
5.25% ACMUS p.l.c. Secured 2028-2030	19,000	5.27	3.88	475.77	80.85	0.76
5.10% PLAN Group p.l.c. Secured & Guaranteed 2030	28,200	5.88	5.65	7.37	55.40	0.54
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T1	33,000	5.19	5.41	2.98	30.68	0.33
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T1	20,000	5.19	5.41	2.98	30.68	0.33
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T1	7,000	5.07	5.41	2.98	30.68	0.33
5.35% MM Star Malta Finance p.l.c. Secured & Guaranteed 2029-2031	35,000	6.06	1.20	10.63	75.36	0.69
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.70	1.47	11.26	43.14	0.40
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	4.73	3.19	7.66	51.19	0.46
5.35% Best Deal Properties Holding p.l.c. Unsecured 2032	7,000	5.16	n/a	9.43	76.67	0.72
5.50% MM Triton Malta Finance p.l.c. Secured & Guaranteed 2032	45,000	5.29	1.40	9.39	71.50	0.67
5.80% GPH Malta Finance plc Unsecured & Guaranteed 2032	15,000	5.64	3.04	5.76	92.40	0.82
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.99	4.52	5.45	46.94	0.46
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2033	60,000	4.99	4.45	4.66	68.88	0.59
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.34	3.81	4.88	39.07	0.35
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.99	1.47	11.26	43.14	0.40
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	5.11	3.62	7.48	73.09	0.68
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	5.12	2.40	9.18	48.21	0.43
5.30% International Hotel Investments p.l.c. Unsecured 2035	35,000	5.26	1.47	11.26	43.14	0.40
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.53	2.55	5.93	51.80	0.46
5.35% CPHCL Finance p.l.c. Unsecured & Guaranteed 2035	45,000	5.34	1.36	12.35	42.84	0.40
5.50% Finestday Malta p.l.c. Secured & Guaranteed 2036	25,000	5.50	1.92	7.68	60.83	0.55

*As at 17 June 2026

Sources: (i) Malta Stock Exchange; (ii) M.Z. Investment Services Limited; and (iii) the most recent audited annual financial statements of the respective Issuers and, or Guarantors, except for MM Triton Malta Finance p.l.c. (FY2026[F]) and Finestday Malta p.l.c. (FY2027[P]).



The closing market price of the **4.00% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2027** (HF27A) as at 17 June 2026 was 99.00%. This translated into a yield-to-maturity (“YTM”) of 5.37%, representing a premium of 20 basis points over the average YTM of 5.17% of other local corporate bonds maturing in the same year. The spread over the corresponding average Malta Government Stock (“MGS”) yield of 2.43% stood at 294 basis points.

The closing market price of the **3.85% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2028** (HF28A) as at 17 June 2026 was 98.00%. This translated into a YTM of 4.87%, representing a discount of 3 basis points to the average YTM of 4.90% of other local corporate bonds maturing in the same year. The spread over the corresponding average MGS yield of 2.81% stood at 207 basis points.

The closing market price of the **3.80% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2029** (HF29A) as at 17 June 2026 was 96.00%. This translated into a YTM of 5.19%, representing a premium of 38 basis points over the average YTM of 4.81% of other local corporate bonds maturing in the same year. The spread over the corresponding average MGS yield of 2.95% stood at 224 basis points.

The closing market price of the **5.00% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2029** (HF29B) as at 17 June 2026 was 99.99%. This translated into a YTM of 5.00%, representing a premium of 19 basis points over the average YTM of 4.81% of other local corporate bonds maturing in the same year. The spread over the corresponding average MGS yield of 2.95% stood at 205 basis points.

The closing market price of the **5.00% Hili Finance Company p.l.c. unsecured and guaranteed bonds 2033** (HF33A) as at 17 June 2026 was 100.00%. This translated into a YTM of 4.99%, representing a discount of 43 basis points to the average YTM of 5.42% of other local corporate bonds maturing in the same year. The spread over the corresponding average MGS yield of 3.48% stood at 151 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Statement of Comprehensive Income

<i>Revenue</i>	Total income generated from business activities.
<i>EBITDA</i>	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.
<i>Adjusted operating profit / (loss)</i>	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.
<i>Operating profit / (loss)</i>	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.
<i>Share of results of associates and joint ventures</i>	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
<i>Profit / (loss) after tax</i>	Net profit (or loss) registered from all business activities.

Profitability Ratios

<i>EBITDA margin</i>	EBITDA as a percentage of revenue.
<i>Operating profit margin</i>	Operating profit (or loss) as a percentage of total revenue.
<i>Net profit margin</i>	Profit (or loss) after tax as a percentage of total revenue.
<i>Return on equity</i>	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
<i>Return on assets</i>	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
<i>Return on invested capital</i>	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

<i>Net cash from / (used in) operating activities</i>	The amount of cash generated (or consumed) from the normal conduct of business.
<i>Net cash from / (used in) investing activities</i>	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
<i>Net cash from / (used in) financing activities</i>	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.
<i>Free cash flow</i>	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of net capital expenditure.

Statement of Financial Position

<i>Non-current assets</i>	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.
<i>Current assets</i>	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.
<i>Non-current liabilities</i>	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
<i>Current liabilities</i>	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.
<i>Total equity</i>	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

<i>Interest cover</i>	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
<i>Net debt-to-EBITDA</i>	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.
<i>Net debt-to-equity</i>	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
<i>Net gearing</i>	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.
<i>Debt-to-assets</i>	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.
<i>Leverage</i>	Shows how many times a company is using its equity to finance its assets.
<i>Current ratio</i>	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.