PHN/57

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Phoenicia Finance Company p.l.c. (C 88958) (hereinafter the "Company") of The Phoenicia Hotel, The Mall, Floriana, pursuant to the Capital Markets Rules issued by Malta Financial Services Authority:

Quote

The Company announces that the updated Financial Analysis Summary of the Company, prepared by Curmi & Partners Ltd, is available for viewing hereunder and on the Company's website, via the following link: http://www.phoeniciafinance.com/financial-analysis-summary/.

Unquote

BY ORDER OF THE BOARD

24 June 2025

Dr. Amanda Vella
Bastion Corporate Services Limited, Company Secretary

CURMI & PARTNERS

PHOENICIA FINANCE COMPANY P.L.C

FINANCIAL ANALYSIS SUMMARY

24 June 2025

CURMI & PARTNERS

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24 June 2025

The Directors
The Phoenicia Malta
The Mall, Floriana
FRN1478
Malta

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary Update 2025 ("the FAS Update 2025") set out in the following sections.

The purpose of the FAS Update 2025 is that of summarising key financial data appertaining to Phoenicia Finance Company p.l.c. ("the Issuer" or "PFC"), in addition to Phoenicia Hotel Company Limited ("PHCL") and Phoenicia Malta Limited ("PML") (collectively "the Guarantors"). The Issuer and the Guarantors are collectively referred to as the "Group". The data is derived from various sources as disclosed, or derived from our computations on the basis of the following:

1. Historical financial data for the three years ended 31 December 2022, 31 December 2023, 31 December 2024, have been extracted from the Group's audited financial statements and the Issuer's audited financial statements
2. Forecast data for the financial year ending 31 December 2025 have been extracted from the Issuer and the Group's financial projections, as prepared and provided by management
3. Our commentary on the financial results and position, of the Issuer and of the Group, is based on the explanations as set out by management of the Group
4. The ratios quoted in the following sections have been computed by us applying the definitions set out and defined in Section 8 of the analysis
5. The comparable companies listed in Section 7 have been identified by us. The relevant financial data in respect of such companies has been sourced from publicly available information, mainly audited financial statements and published financial analysis summaries

The FAS Update 2025 is meant to assist potential investors by summarising the more important financial data of the Group. The FAS Update 2025 does not contain all data that is relevant to potential investors, and is meant to complement, not replace, the information made available in the public domain by the Group. The FAS Update 2025 does not constitute an endorsement by our firm of the financial instruments issued by the Group and should not be interpreted as a

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recommendation to invest in any of the Issuer's or the Group's financial instruments. We shall not accept any liability for any loss or damage arising out of the use of the FAS Update 2025.

As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer or the Group.

Yours sincerely,

Karl Falzon
Head of Capital Markets
For and on behalf of
Curmi & Partners Ltd

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1 OVERVIEW OF THE ISSUER

1.1 History and Development of the Issuer

Phoenicia Finance Company plc ("the Issuer" or "PFC" or "the Company") is a public limited liability company that was established on the 23rd October 2018 to act as the financing arm of The Phoenicia Malta Group of companies ("the Group"). The principal object of the Issuer is to carry on the business of a finance company, including managing the cash flow requirements of the Group, mainly the business carried out by the two main operating companies: Phoenicia Hotel Company Limited ("PHCL") and Phoenicia Malta Limited ("PML") (collectively, "the Guarantors"). In this respect, the Issuer is mainly dependent on the business prospects of the Guarantors. The Issuer operates exclusively in and from Malta.

1.2 Shareholding of the Issuer

The authorised and issued share capital of the Company is €250,000 divided into 250,000 ordinary shares of a nominal value of €1 each, and are fully paid up and subscribed for. The shares are allotted and taken up by PML, except for 1 share, which is subscribed for, allotted and taken up by Mr Mark Shaw, the ultimate beneficial owner of the Group.

1.3 Directors

The Board of Directors of the Company consists of five directors who are entrusted with setting the overall direction and strategy of the Company. Mrs Robyn Pratt is the General Manager of the Hotel.

As at the date of the Financial Analysis Summary Update June 2025 ("FAS Jun-25"), the Board of Directors of the Issuer is constituted as follows:

Mark D. Shaw	Chairman and Non-Executive Director
Jean Pierre Ellul Castaldi	Executive Director
Mario P. Galea	Non-Executive Director
Benjamin Muscat	Non-Executive Director
Etienne Borg Cardona	Non-Executive Director

2 OVERVIEW OF THE GROUP

2.1 History of the Group

The Group owns, manages and operates The Phoenicia Malta ("the Hotel" or "the Phoenicia"), a renowned five-star hotel located in Floriana. The Hotel was built in the 1930s and officially opened for business in 1947 as Malta's inaugural luxury hotel.

The hotel currently contains 132 rooms, of which twelve are luxurious suites and four are interconnected rooms. In February 2022, the total room count at the Hotel was reduced from 136 to 132 as part of a project that transformed eight rooms into four new Pegasus Suites. The Phoenicia also provides conference and banqueting facilities, as well as various food and beverage outlets within its premises. It is worth noting that the Hotel's physical footprint occupies less than 10 percent of the overall site, which spans over 40,000 square meters of prime land encompassing various zones that have not been fully utilized yet.

In 2020, the Hotel faced several unprecedented challenges related to the outbreak of Coronavirus (Covid-19) pandemic. Hotels suffered a total curtailment of their business during March to June 2020 and they were forced to introduce a number of new restrictions and follow strict guidelines from March 2020.

In order to mitigate the impact on the Hotel's operational and financial sustainability, management implemented a number of measures, including cost-cutting initiatives and enhanced flexibility within the workforce. However, the Group's investment in developing the property asset and its core business continued. The Hotel embarked on a project for the completion of a Spa building together with the upgrading of a number of other areas of the hotel.

The works on the Spa continued during 2020 and on 15th October 2020 the Spa was open initially for inhouse guests before extending also to non-guests whilst still impacted by restrictions. However, the Spa's contribution has continued to increase from July 2021 onwards. This project entails an indoor swimming pool, five treatment rooms, a gym, studio, sauna, steam room, multi jet showers, salt room and a water bar, and is managed by the management of Hotel Phoenicia Malta.

Following 2021, tourism slowly recovered to more familiar levels. The newly refurbished Phoenicia was prepared to welcome the increase in demand, re-establishing itself as a leader within the luxury hotel space in Malta.

This positive momentum has been sustained throughout recent years, after business surpassed pre-pandemic levels in 2022. The benefits resulting from the operational efficiencies implemented due to Covid-19, as well as the various recent property renovations and upgrades, are now being realized.

In 2024, the Group underwent a refinancing exercise. A new €50.0 million 5.75% unsecured bond due 2028-2033 ("5.75% Bond 2028-33") was issued, which in turn funded the refinancing of the €25.0 million 4.15% unsecured bond due 2023-2028 ("4.15% Bond 2023-28") via an exchange offer, in addition to the part refinancing of outstanding banking facilities.

Key historical developments include the following:

1935	PHCL (previously known as "Malta Hotels Company Limited") was incorporated in the UK for the purpose of acquiring by emphyteutical title the land over which the premises was subsequently constructed.
1947	The Phoenicia Hotel celebrated its official opening in 1947.
1961	PHCL granted the premises on sub-emphyteusis to Ms. Agnes Graham.
1965	PHCL was registered as an overseas company in Malta.
1966	Ms. Agnes Graham transferred the sub-emphyteusis over the premises to Holtours Limited.
1997	The Phoenicia Hotel was renamed to "Le Méridien Phoenicia".
2007	PML (previously Cuffe (Malta) Limited) was incorporated on 8 June 2007, for the purpose of acquiring the sub-emphyteusis over the premises from Holtours Limited. The hotel was renamed as "The Phoenicia Malta".
2013	Acquisition of the Phoenicia Group by the current owner.
2016	The Phoenicia Hotel was closed for refurbishment in November 2015 up to April 2017.
2017	Major refurbishment project completed and the Phoenicia Hotel was re-opened for business on 15 April 2017.
2018	Major refinancing by PFC via issue of the €25 million 4.15% Unsecured Bond 2023-2028.
2018	First full-year of operations following the refurbishment, which enhanced the Hotel's performance and consolidated its position as one of the top performers in the five star segment.
2020	Inauguration of the new Spa building in its unique design, inspired by ancient Roman baths which blends with the Art Deco elements of the Hotel.

2024	Refinancing by PFC via issue of the €50 million 5.75% Unsecured Bond 2028-2033.

2.2 Organisational Structure

The Phoenicia is owned and operated by two companies that are controlled by Phoenicia Hotel (LUX) SARL, the immediate parent of the Group. The Hotel is owned by PML, a private limited liability company that principally acts as the property holding company of the Group. PML leases the Phoenicia premises to the operating company of the Group, PHCL. On the basis of an operating lease agreement, PHCL pays rental income arising from the lease of investment property to the asset owning company PML.

The organisational structure of the Group is illustrated in the diagram below. As stated above, the Issuer's principal activity is that of acting as the financing arm of the Group and is thus dependent upon the operations and performance of the Phoenicia Group entities, namely PML and PHCL.

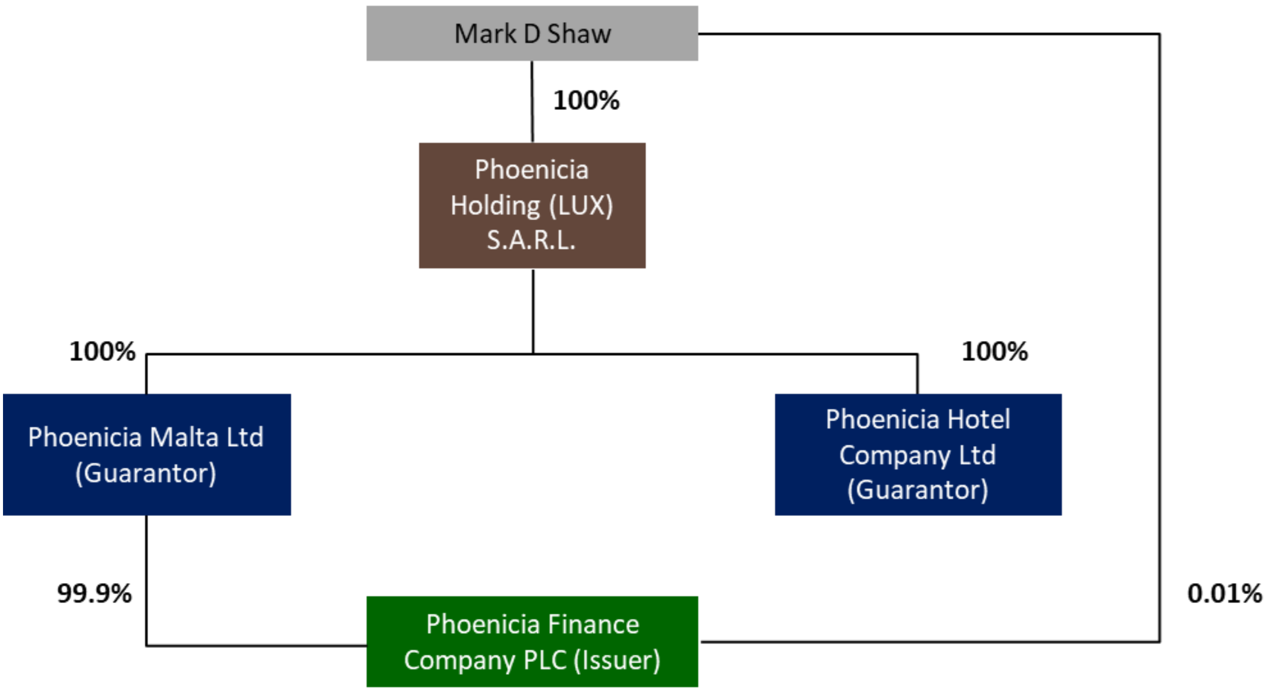

Figure 1: Organisational structure
Source: Management information

The Issuer and the two operating companies constituting the Group employed an average of 178 employees in 2024. As of June 2025, this number increased to 188 employees.

2.3 Overview of the Guarantors

2.3.1 Phoenicia Malta Limited

PML was established in 2007 to act as the property holding company of the Group. PML owns the premises on which the Phoenicia Hotel is built under the title of perpetual sub-emphyteusis.

The main operating activity of PML is to lease the Phoenicia premises to PHCL by virtue of a lease agreement, which is renewable every year. Rental agreement is currently at €3.2 million per annum, assuming a complete development of the hotel. Rent is paid on a monthly basis in advance and the agreement is renewable every three years.

2.3.2 Phoenicia Hotel Company Limited

PHCL was incorporated in the United Kingdom in 1935 and registered in Malta in 1965. PHCL is responsible for the operations of the Phoenicia Hotel. Through PHCL the Group provides hospitality services which can be further divided into three major segments; hotel accommodation ("Rooms"), restaurants and bars, conferencing and banqueting ("Catering") and other minor divisions ("Other") mainly comprising of the Spa. These operations have been performing strongly in recent periods, following the recovery from the naturally challenging Covid-19 pandemic phase.

Rooms

The Rooms segment is the most important source of income for the Group, accounting for 66% of the Group's revenue in 2024. The Hotel has a capacity of 132 rooms, 12 of which are luxury suites. Room revenue is generated through various channels, including online bookings made on the Hotel's official website, global distribution systems, the Leading Hotels of the World network ("LHW") reservation systems and other online travel agents.

The Phoenicia has been a member of the LHW network since December 2015. This membership further establishes the Hotel's position in the luxury hotel segment and provides access to global loyalty programmes, namely the American Express Travel's Fine Hotels and Resorts, and is presently the only local hotel to be given this prestigious accolade.

During 2023, The Phoenicia has been selected to become a member of the US Virtuoso Network, one of the most prestigious luxury travel networks in the world. Virtuoso is the leading global network of agencies specializing in luxury and experiential travel, with more than 20,000 advisors and partnering with the world's best hotels, cruise lines, tour operators, and more. In addition, during 2023 The Phoenicia earned a Forbes Travel Guide Four-Star award and is showcased with other honorees on ForbesTravelGuide.com.

Catering

The Catering segment covers the Hotel's food and beverage facilities, which can be further subdivided into the operations of the Hotel's restaurants and bars and the Hotel's conference and banqueting services offered at the Phoenicia. The Hotel operates four food and beverage outlets (with a further outlet which is currently leased out) and 650 sqm of conference and banqueting facilities used to cater for large events, weddings, conferences and meeting rooms. During 2024 the Hotel launched the Contessa, which is a reimagining of the award-winning Phoenix, which was an iconic part of The Phoenicia Malta for decades. It is named as a tribute to Countess Strickland, who cofounded the Hotel in 1947. Contessa now includes a new all-weather Conservatory, allowing guests to enjoy the Phoenicia Terrace all year round. Catering revenue accounted for 30% of Group revenue in 2024.

Other

The Spa generated €0.6 million in revenues during 2024, compared to €0.5 million reported in 2023. Phoenicia also generates income via the provision of concierge services, the sub-leasing of four establishments, as well as guest laundry and airport transfers.

3 MAJOR ASSETS OF THE GROUP

3.1 The Phoenicia Hotel

The Phoenicia is a prestigious five-star hotel situated in Floriana that is owned by PML and operated by PHCL. The Hotel has a capacity of 132 rooms, including 12 luxury suites, 3 restaurants, 2 bars, a Spa and conference amenities.

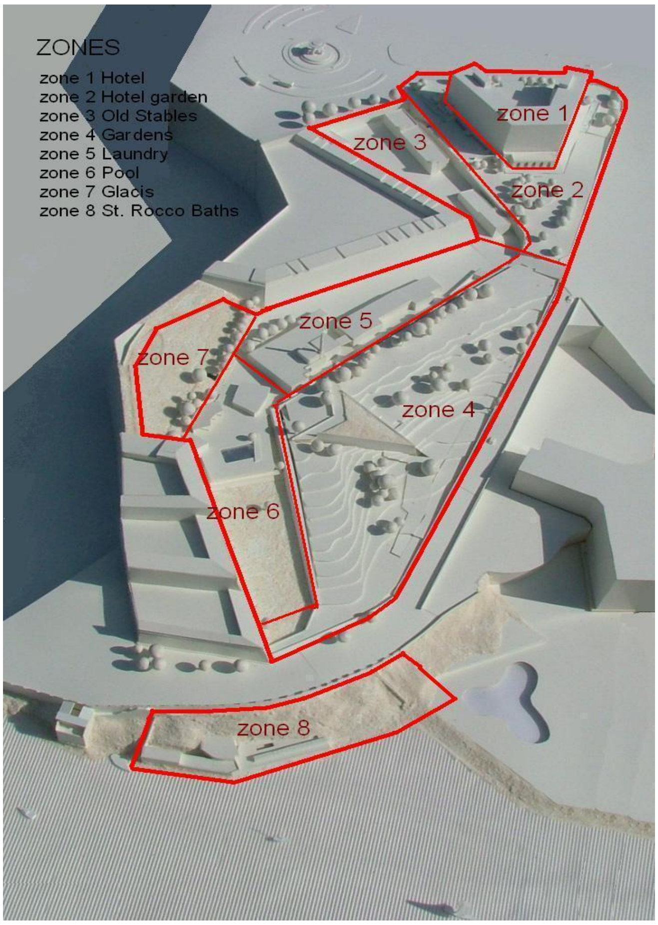

Figure 2: Phoenicia Hotel
Source: Management information

As at 31st December 2024, the value of the property stood at €130.5 million on the Group's balance sheet. During 2024, management undertook an assessment of the Hotel's fair value with the objective of aligning its value on the balance sheet with ongoing performance and updated market conditions, as described in further sections.

Previously in September 2023, the Group engaged independent architects DeMicoli & Associates Architects to carry out an updated and independent valuation of the property, as part of the process. This formed part of the process related to the issue of the 5.75% Bond 2028–33 on the Malta Stock Exchange and was included in the prospectus for the bond issue.

Hotel Metrics and Combined Financial Information	2022	2023	2024	2025
KPIs	Actual	Actual	Actual	Forecast
Revenue (€000)	14,747	19,158	23,621	25,563
Gross Operating Profit (€000)	5,223	7,938	10,528	11,304
EBITDA (€000)	4,497	5,561	6,235	9,022
Benchmark Performance				
Occupancy	49%	66%	68%	
ARR (€)	198	207	212	
RevPAR (€)	98	136	144	
Phoenicia Performance				
Room Revenue (€000)	9,601	12,739	15,519	17,517
Gross Operating Profit Margin	35%	41%	45%	44%
Occupancy	67%	75%	72%	73%
ARR (€)	295	351	444	497
RevPAR (€)	199	264	321	364

Source: Management information; Combined Financial Statements; STR benchmark consisting of local 5-star peers

The Group's operational performance during last year was particularly robust. The Hotel continues to achieve market leading rates, consolidating its position on the basis of uniqueness in terms of location, footprint, and its ability to tap into upper market niche sources. Furthermore, in line with the steady progress over recent years, the current year is expected to be another record year for the Hotel in terms of top line revenue and profitability.

During 2024, the Hotel outperformed its competitive set on various operational metrics. The ARR and RevPAR surged to €444 and €321 respectively, substantially in excess of the benchmark for this segment of the market. These KPIs represent increases of more than 20% and were also better than management expectations for 2024 of just over €400 and €300 respectively. Gross Operating Profit reached €10.5 million, representing an increase of more than 30%. On the other hand, the Hotel experienced a decline in occupancy levels to a worse-than-expected 72% (2023: 75%), even though still outperforming the comps set.

In terms of seasonal and specific trends, it is noted that the last 4 months of 2024 were the best performers in relative terms. Management indicates that in addition to September and October historically being the strongest months, the performance in October and November was also boosted by business related to the film industry.

With respect to geographical breakdown, the dominance of the UK market increased, rising from 41% in 2023 to 47% in 2024. In line with past years, the US market remained the 2nd most important market by a wide margin, with Americans accounting for 16% (basically unchanged) of guests. On the other hand, major European markets such as Germany and France experienced slight proportionate declines. Management continues to believe that non-European markets such the US, Australia and China are attractive opportunities, and the Group intends to pursue such growth also via partnerships with leading global marketing consortia like LHW, Virtuoso and American Express Travel.

With performance so far this year particularly positive, management believes that the Hotel will retain its ability to attract guests at even higher rates. The ARR is being forecasted to rise to just below €500, whilst the RevPAR is expected to increase to €364. Whilst occupancy is projected to marginally improve following last year's drop, management emphasises that its strategy will continue to prioritise high-yield business over volume.

3.2 St. John's Gardens Development Project

The St. John's Gardens development project ("SJG Project") is a potential project that is being planned by the Group. The SJG Project is a comprehensive endeavour aimed at revitalizing the St John's ditch and related areas within the Phoenicia hotel's premises. Whilst still subject to planning approval, the Group has submitted a full development application in respect of this potential investment. Management indicates that the primary objective would be to expand the Hotel's current offerings based on a holistic masterplan that embellishes the historical significance of the site.

This project, in respect of which the Group has submitted a permit application to the Planning Authority which is currently in the Screening Process, entails the proposed extension of the existing Phoenicia Hotel Malta facilities within St John's ditch, including the demolition of disused ex-laundry buildings, the proposed rehabilitation of, and extension to, the existing Stables and Coach House buildings and the construction of new accommodation for a total of 51 additional guestrooms (including ancillary front and back-of-house facilities).

The SJG Project includes a newly landscaped garden alongside St John's ditch to connect the guest areas in the Upper and Lower areas of St Johns Gardens, a proposed extension to the Bastion Pool facility and embellishment works to various external areas of the Hotel. The proposal also includes the restoration of the Stables and Coach House buildings, the Counterscarp running through the length of the ditch and the restoration and/or reconstruction of the boundary wall along Great Siege Road.

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Figure 3: St. John's Gardens Development Project
Source: Management information

The Group is currently forecasting that the SJG Project, subject to required approvals, will reach completion in 2028. Management notes that on the basis of current budgetary estimates, the SJG Project is estimated to cost in the region of circa €35 million, and could potentially result in an expected incremental average annual EBITDA of €7.5 million.

4 INDUSTRY OVERVIEW

4.1 Economic update

Malta's economy performed strongly in 2024, registering a notable 6.0% expansion in GDP[2]. Growth was driven by sustained private and public consumption, and an evident contribution from net exports, especially services exports in tourism, financial and professional services. The slowdown in inflation levels, in line with global trends, facilitated growth in households' incomes and private consumption (+5.7%), while government consumption rose by 7.3%.

[2] Economic Forecast for Malta; European Commission; 19 May 2025

During 2024, total tourist expenditures in Malta grew by more than 20%. The other service-oriented sectors such as recreational, professional, IT, and financial services also expanded. Overall employment levels grew by more than 5.0% in 2024, again supported by notable immigration levels to compensate for labour shortage gaps. Unemployment remained at historically low levels around 3%. Labour market indicators, such as labour force participation, vacancy rates and the share of part-time and underemployed workers, also highlight the still-tight labour market conditions[3].

On the fiscal front, the government deficit declined to 3.7% of GDP in 2024, from 4.7% in 2023. Strong income tax revenues in particular, in addition to gains related to an improved tax collection, was partly compensated for by increased current expenditures and expenditures related to the national airline.

Expectations are that Malta's real GDP growth is set to ease to 4.0% in the current year[4]. These projections reflect relatively minor downward revisions compared to previous forecasts that are related to potential effects of US tariffs. Growth over the projection horizon is expected to be driven by domestic demand, in turn reflecting growth in private consumption, while investment is also expected to continue recovering. Furthermore, in line with recent periods, net exports driven by trade in services are also projected to contribute positively. Inflation based on the Harmonised Index of Consumer Prices (HICP) is projected to moderate further, decreasing to 2.3% (2024: 2.4%). Meanwhile, the Central Bank of Malta also notes that a moderation in tightness of the labour market and in inflation over time, should soften upward wage pressure, with wage growth expected to decline to 4.4% in 2025.

Over the medium term Malta's economic performance is expected to continue exceeding that of peers. However, the IMF also notes that non-tourism exports will likely be supported by a modest recovery in Europe. Global tensions may disrupt trade and supply chains, possibly leading to higher commodity and food prices and higher import prices. Furthermore, there are certain concerns related to pressures on the country's infrastructure, to the sustainability of long term growth, and more recently to a degree of disparity in growth between higher value-added sectors and lower-productive sectors[5].

Globally, while 2024's growth surge had been fuelled by China's fiscal stimulus and unshakable US consumer demand, Q1 2025 revealed softening conditions approaching mid 2025 with divergent signals of both opportunities and headwinds. The services sector as a key growth engine in the late 2024, is showing signs of slowing, while that of the manufacturing sector continues to struggle. Adding to the uncertainty, recent US trade policy shifts, including new tariffs, have heightened global trade tensions, potentially dampening investment and economic activity worldwide.

For the euro zone, these global headwinds may weigh in on exports and investment, particularly as the region's export market share faces pressure. However, domestic strengths offer a

[3] Malta: 2024 Article IV Consultation-Press Release; and Staff Report; International Monetary Fund

[4] Central Bank's Forecast - 2025-2027; Central Bank of Malta

[5] PWC Malta's Economic Outlook March 2025; PwC Malta

counterbalance. A robust labour market with unemployment expected to average 6.3% in 2025 before easing to 6.2% by 2027, should sustain consumer confidence and spending which is a critical driver of GDP growth. Additionally, easing financing conditions will support domestic demand, helping offset external risks.

4.2 Inbound tourism

Malta's tourism sector soared in 2024, welcoming a 19.5% increase into 3,563,618 visitors and generating €3.3 billion in revenue[6], driven by higher spending travelers from the Uk, Italy and Germany. Total nights spent by tourists increased by 13% surpassing 22.9 million with a per capita spending increment from €897 in 2023 to €924.

The generally positive trends continued into 2025. The first quarter of the year shows a slightly higher expenditure per tourist compared to Q1 of 2024, but such expenditure is lower than Q1 2023 and 2019. Total tourist expenditure almost reached €804.7million exceeding that of Q1 2024 by 24.2%, with a 17.1% increase of the total nights spent. Generally, these numbers indicate that the post pandemic recovery is complete but it is believed that focus ought to be shifting from volume to value added.

On a broader scale, the Euro area's rather slower growth rate of 2% has focused strategic attention on how to counter over tourism by embracing value-driven marketing to capitalize opportunities for high spending. Despite such pressures Malta's hospitality sector has demonstrated resilience, with strategic investments in refurbishments and sustainability initiatives to position for long term market competitiveness.

On the other hand, there are signs that declining ambience in key tourist areas could be driving demand towards budget friendly accommodation such as lower-tier hotels and Airbnb, forcing premium hotels to adjust pricing strategies. This competitive pricing ripple effect has extended to mid-tier hotels, compressing margins across the sector.

[6] National Statistics Office

Figure 4: Total Inbound Tourists by Month
Source: National Statistics Office

4.3 Malta's five-star hotel market

The strong momentum in Malta's tourism market during 2024 was generally reflected in the performance of the island's five-star hotel segment. According to MHRA surveys, the relative improvement was more evident in terms of rates, whereby the 5- star ADR for 2024 increased to €208, up 4% on the previous year[7]. On the other hand, the movement in terms of occupancy was more moderate. Occupancy levels edged up slightly to an average of 69.5% during 2024 (2023: 68%).

In line with recent trends the five-star market environment for 2025 seems to be balancing premium demand recovery on one side, with an intensification of competition on the other side. Investments and other efforts in terms of sustainability protocols, wellness and green energy initiatives, are benefiting the sector. Higher net worth individuals are being increasingly targeted via services such as holistic wellness programs, cultural experiences, and medical tourism. These trends are expected to provide for certain market adjustments that could be experienced.

While 2024 saw some shifts in 5-star occupancy due to increased room supply, early 2025 data, particularly for Q1, indicates a continued strong surge in tourist numbers and expenditure. With air seat capacity being expanded strategically by 12.8% in April 2025, the 5-star hotel outlook for occupancy remains highly optimistic with Q4 already exhibiting an increase of 1.7%.

[7] MHRA Hotel Survey by Deloitte; Key Highlights: Q2 Year to Date

With respect specifically to the food and beverage sector, a recent survey8 indicated that a third of consumers of catering establishments were tourists, with this market still dominated by local patrons. Over the last six months of 2024, it is relevant to note that whilst overall revenues and profitability declined slightly (due to trends in take aways and casual dining), fine dining is experiencing growth.

5 PERFORMANCE AND FINANCIAL POSITION OF THE ISSUER

The Issuer was incorporated in 2018 to act as a financing vehicle of the Group and is therefore dependent on the financial and operational performance of the Group. The financial information presented for the Issuer represents the audited financial statements of 2022, 2023 and 2024 with the financial year running from 1st January to 31st December. The forecasted financial statements for the year ending 31st December 2025 are based on projections and underpinned by certain assumptions. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

5.1 Statement of Comprehensive Income

Phoenicia Finance Company plc *Statement of comprehensive income (€000)*	**2022** **Actual**	**2023** **Actual**	**2024** **Actual**	**2025** **Forecast**
Finance Income	1,287	1,287	2,893	3,132
Finance Costs	(1,164)	(1,164)	(2,804)	(2,953)
Net Interest Earned	123	123	89	**179**
Administrative expenses	(95)	(94)	(139)	(114)
(Loss)/Profit before tax	28	29	(50)	65
Income Tax credit/ (expense)	(10)	(10)	41	(23)
(Loss)/Profit for the period	**18**	**19**	**(9)**	**42**

Source: Phoenicia Finance Company plc annual reports; Management information

[8] Association of Catering Establishments

PFC was set up as a special purpose vehicle, acting as the finance company for the Group and thus, income is to be generated from interest receivable on advances to Group companies.

As expected, finance income more than doubled in 2024 to €2.9 milion, reflecting the interest earned on the increased loan balance, in turn funded via the issue of the new bond amounting to €50 million. Additionally, the funding now bears a fixed interest rate of 6.40% (previously 5.25%) per annum payable annually in arrear.

Finance costs amounted to €2.8 million during 2024, which compares to €1.2 million for the previous year. Borrowing costs increased substantially following the rise in outstanding bond debt from the issue of the 5.75% Bond 2028-33. Furthermore, post the refinancing transaction the Group continued to service the outstanding portion of the 4.15% Bond 2023-28, which was redeemed in December 2024.

In 2025 finance income is expected to amount to €3.1 million, whilst finance costs climb to €3 million.

5.2 Statement of Cash Flows

Phoenicia Finance Company plc *Statement of cash flows (€000)*	**2022 Actual**	**2023 Actual**	**2024 Actual**	**2025 Forecast**
Net cash generated from / (used in) operating activities	178	(228)	156	46
Net cash (used in) / generated from investing activities	-	-	(24,305)	-
Net cash generated from / (used in) financing activities	-	-	24,157	-
Net movement in cash and cash equivalents	**178**	**(228)**	**7**	**46**
Cash and cash equivalents at beginning of year	71	249	21	28
Cash and cash equivalents at end of year	**249**	**21**	**28**	**75**

Source: Phoenicia Finance Company plc annual reports; Management information

During 2024, net cash flows from operating activities of the finance company amounted to €0.2 million. Cash flow movements with respect to investing and financing activities primarily consist of the inflows in terms of cash proceeds from the new bond issue of €30.7 million, which financed the outflows for additional funding to PML (€24.4 million) and the redemption of €5.7 million outstanding bond amount.

No major cash movements are expected during 2025.

5.3 Statement of Financial Position

Phoenicia Finance Company plc *Statement of financial position (€000)*	**2022 Actual**	**2023 Actual**	**2024 Actual**	**2025 Forecast**
ASSETS				
Non-current assets				
Financial assets	24,501	24,501	48,925	48,925
Deferred tax asset	5	5	64	41
Total non-current assets	**24,505**	**24,629**	**48,989**	**48,966**
Current assets				
Financial assets	56	56	17	17
Other receivables	578	824	637	625
Current tax receivable	9	16	10	-
Cash and cash equivalents	249	21	28	75
Total current assets	**892**	**917**	**692**	**718**
Total assets	**25,398**	**25,546**	**49,681**	**49,683**
EQUITY AND LIABILITIES				
Issued Capital	250	250	250	250
Retained earnings	45	64	56	97
Total Equity	**295**	**314**	**306**	**347**
Non-current liabilities				
Interest-bearing borrowings	24,874	25,000	49,093	49,172
Total non-current liabilities	**24,874**	**25,000**	**49,093**	**49,172**
Current liabilities				
Interest-bearing borrowings	45	45	16	16
Trade and other payables	183	187	266	149
Total current liabilities	**229**	**232**	**282**	**164**
Total liabilities	**25,102**	**25,232**	**49,375**	**49,336**
Total equity and liabilities	**25,398**	**25,546**	**49,681**	**49,683**

Source: Phoenicia Finance Company plc annual reports; Management information

The Issuer's balance sheet reflects its role as the financing arm of the Group with total assets primarily consisting of balances advanced to the parent company. The increase from €24.6

million to €49 million reflects the larger loan funded from the refinancing transaction that took place in early 2024.

PFC issued a bond amounting to €50 million due in 2033 and callable after 5 years at a coupon of 5.75%. The transaction offered holders of the €25 million 4.15% Bond 2023-28 issued in 2018 the opportunity to invest in the 5.75% 2028-33 by exchanging at par their existing holding in the 5.75% Bond 2028-33. Following the transaction, a balance of circa €5.7million remained outstanding in the 4.15% Bond 2023-28, with previous management forecasts showing this outstanding balance as at 31 December 2024. However, this bond obligation was redeemed by the end of last year, as also reflected in the drawdown of cash balances for an equivalent amount.

Other receivables totalling €0.6 million (2023: €0.8 million) relate to amounts due from the parent company for expenses paid by PFC as part of general cashflow management purposes.

No major movements in the finance company's balance sheet are projected for the current year.

6 PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

The Issuer is dependent on the business prospects of the Guarantors and, consequently, the operating results of the Guarantors have a direct effect on the Issuer's financial position and performance.

The Group does not have a statutory requirement to prepare consolidated financial statements. However, management prepares combined financial statements based on an aggregation of the audited financial statements of PML, PHCL and PFC[9], and after taking into consideration intercompany and consolidation adjustments ("the Combined Financial Statements"). The Combined Financial Statements for FY2022, FY2023 and FY2024 have been audited by Ernst & Young Malta Limited, independent auditors, as stated in their report. Combined Financial Statements are also provided on the basis of management forecasts, taking into account applicable consolidation adjustments.

The forecasted financial information for the year ending 31st December 2025 ("FY2025") have been provided by the management of the Group. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

[9] The audited financial statements of the Guarantors have been prepared in accordance with IFRS as adopted by the European Union and comply with the Companies Act Cap 386 of the Laws of Malta

6.1 Statement of Comprehensive Income

Combined Financial Statements *Statement of comprehensive income (€000) - 31 December*	**2022** Actual	**2023** Actual	**2024** Forecast	**2024** Actual	Variance	**2025** Forecast
Revenue	**14,747**	**19,158**	**21,486**	**23,621**	10%	**25,563**
Cost of sales	(8,387)	(9,626)	(10,369)	(10,943)	6%	(11,546)
Gross Profit	**6,360**	**9,533**	**11,117**	**12,678**	14%	**14,017**
Administrative expenses	(4,119)	(5,502)	(5,390)	(7,767)	44%	(6,153)
Selling and marketing expenses	(657)	(762)	(1,038)	(933)	-10%	(1,168)
Other income	507	-	-	-		-
Operating Profit/(Loss)	**2,091**	**3,269**	**4,689**	**3,979**	-15%	**6,696**
Finance income	119	1,127	1,380	1,356	-2%	930
Finance costs	(2,046)	(3,505)	(4,332)	(4,205)	-3%	(3,739)
(Loss) / Profit before tax	**164**	**891**	**1,737**	**1,130**	-35%	**3,886**
Income tax credit/ (Tax expense)	106	(584)	(591)	(1,521)	157%	(989)
(Loss) / Profit for the year	**269**	**307**	**1,145**	**(391)**	-134%	**2,897**
Revaluation of PPE net of tax	10,509	-	-	30,564		-
Other comprehensive loss	-	(43)	-	-		-
Re-estimation of deferred tax liability	-	-	-	-		-
Total comprehensive income for the year	**10,778**	**264**	**1,145**	**30,173**	2534.2%	**2,897**
EBITDA	4,497	5,561	7,008	6,235	-11.0%	9,022
Adjusted EBITDA*	3,989	5,561	7,008	6,235		9,022

Source: Combined Financial Statements, Management information

**Adjusted EBITDA excludes Government Grants*

The Group continues to perform strongly, with 2024 and the current year so far, registering further growth in the business and increased profitability. It is notable in particular that the consistent expansion in room rates more than compensated for a sizeable increase in administrative expenses incurred during last year. On this basis, management is expecting a further enhanced performance across all revenue streams for 2025.

Both room and catering revenues increased by more than 20%, also exceeding management expectations for total revenues to reach €23.6 million in 2024. As noted in previous sections, the core accommodation business grew on the back of higher room rates achieved. Management notes that catering revenues benefited from the successful launch of the new Contessa restaurant and increased activity in the banqueting and events segment, primarily driven by weddings. Further topline increases are expected throughout this year albeit at more moderate growth rates, with total revenues expected to increase by 8% to €25.6 million.

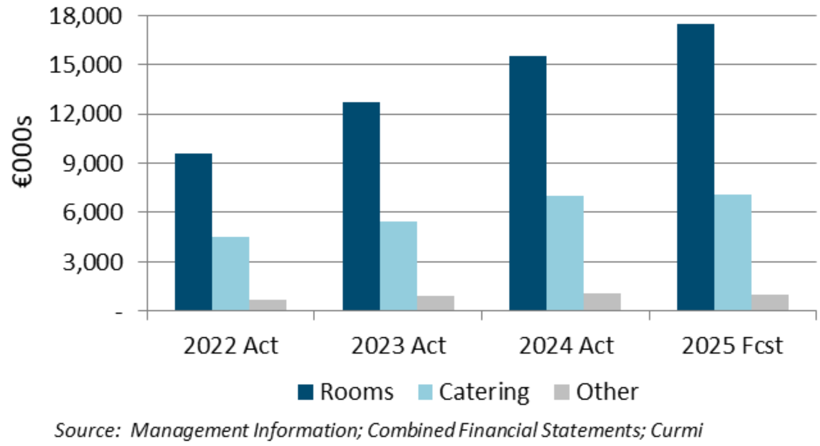

Figure 5: Revenue Breakdown
Source: Management information, Combined financial statements

As expected, increased business activity resulted in higher cost of sales amounting to €10.9 million (+14%). However, efficiencies and economies of scale across the different areas allowed for gross margins to edge higher also during 2024, with direct costs rising at a proportionately slower pace than revenues.

On the other hand, the Group incurred a substantial increase in administrative expenses during 2024, which increased by €2.3 million to €7.8 million. The surge in these costs was driven by elevated professional and legal fees. These expenses are associated with ongoing disagreements with the main contractor of the recent development of the Phoenicia Hotel regarding differences between applications for payment and amounts certified as due based on the assessment of a professional cost consultancy firm engaged by PHCL. Furthermore, PHCL has several claims against the contractor relating to delays and defects. The matter continues to be monitored with the guidance of the Group's external legal counsel.

The growth in the Group's core business more than compensated for the above mentioned cost increases in 2024, as reflected in the operating profit rising to €4.0 million and EBITDA reaching €6.2 million. Whilst these amounts are below previous management forecasts, similarly to the trend over recent years they still represent all time highs for the Group.

Management is considering last year's rise in legal fees to be exceptional in nature, and on this basis is expecting administrative expenses for 2025 to decline by €1.6 million to €6.2 million. In terms of other fees, the Group expects the management fee to increase by €0.8 million to €1.5 million.

Management notes that the agreement with Hazledene Group Limited, an entity in which the shareholders have an interest, for the management of the Hotel, held both a base fee as well as

an incentive fee provision. The incentive fee had so far not been exercised as a result of a decision taken by the Group and the managing entity, to allow for the recovery of the business following events such as the Hotel's closure between 2015-2017, the post-covid recovery between 2020- 2022, and the further capital investments such as the completion of the Phoenicia Spa & Wellness in 2022-2023. Following the robust performances in recent periods, it is now agreed that effective 1 January 2025, the option of the incentive fee shall be exercised in accordance with the terms and conditions of the relevant management agreement.
Overall, management forecasts expect a further improved performance in 2025, with operating profit and EBITDA expected to reach €6.7 million and €9 million respectively.

As expected, in 2024 net finance costs increased to €2.8 million as a result of the higher debt servicing costs on the new 5.75% Bond 2028-33 issued during the first quarter of 2024, whilst additionally a portion of the 4.15% Bond 2023-28 remained outstanding until December 2024.

Total comprehensive income in 2024 consists of a revaluation gain on the land and building assets of the Group amounting to €30.6 million, net of tax. Management determined that the property was due for a revaluation as at 31 December 2024, in order to reflect updated market conditions and the continued improved performance and outlook of the Hotel. The fair value of the sites in operation was assessed using a multi-period projection and Discounted Cash Flow ("DCF") model, covering the updated projections period 2025–2031. Higher rates achieved and stronger margins resulted in enhanced cash flow projections for the sites in operation, whilst inputs for the other sites were deemed to not require any updates.

6.2 Statement of Cash Flows

Combined Financial Statements	**2022**	**2023**	**2024**	**2024**		**2025**
Statement of cash flows (€000) - 31 December	Actual	Actual	Forecast	Actual	Variance	Forecast
Net cash generated from / (used in) operating activities	5,218	5,467	7,594	6,351	-16%	8,688
Net cash (used in) / generated from investing activities	(21,755)	(1,585)	(1,122)	(625)	-44%	(1,097)
Net cash generated from / (used in) financing activities	15,658	(4,378)	409	(5,565)	-1461%	(4,661)
Net movement in cash and cash equivalents	**(879)**	**(496)**	**6,881**	**161**	-98%	**2,930**
Cash and cash equivalents at beginning of year	2,039	1,160	664	664	0%	825
Cash and cash equivalents at end of year	**1,160**	**664**	**7,545**	**825**	-89%	**3,755**

Source: Combined Financial Statements, Management information

The Group has continued to perform strongly in terms of cash flow generation from operating activities. The further improvement in core operations resulted in an increase in net cash flows from operating activities during 2024 to €6.4 million, notwithstanding the exceptional costs incurred. Increased profitability in 2025 is expected to contribute to the generation of €8.7 million in operating cash flows.

During 2024, investment outlays moderated compared to recent years, with a decline to €0.6 million registered last year. For the current year, management expects that planned capital expenditure will result in an increase in net cash flows used in investing activities rising to €1.1 million. The Group will be implementing certain works in the guest corridors and new rooms décor.

As expected financing cash flows over recent years primarily reflect the impact of debt refinancing transactions. Bank loan facilities held as at 31st December 2021 (€26.8 million) were repaid in full in November 2022 via other bank loan facilities obtained by Phoenicia Malta Limited, which amounted to over €44 million, which in turn had also funded the extension of the €20 million advance to the related party.

During 2024, the issue of the new 5.75% Bond 2028-33 at an amount of €50 million allowed for the refinancing of circa €19 million in the 4.15% Bond 2023-28 via exchange offer, and the part repayment of outstanding banking facilities (€25.4 million). Furthermore, towards the end of the year the Group opted to redeem the outstanding balance on the 4.15% Bond 2023-28 that was not rolled over by investors via the refinancing transaction. Following these transactions, net financing cash flows used during last year amounted to €5.6 million. For 2025, a net financing outflow of €4.7 million (driven by interest payments and repayments on bank facilities) is projected, for an overall cash balance expected to reach €3.8 million as at 31 December 2025.

6.3 Statement of Financial Position

Combined Financial Statements *Statement of financial position (€000) - 31 December*	**2022** Actual	**2023** Actual	**2024** Forecast	**2024** Actual	Variance	**2025** Forecast
ASSETS						
Non-current assets						
Property, plant and equipment	99,522	98,815	97,618	130,528	-9.2%	129,299
Loan Receivable	20,000	21,245	22,486	20,000	-100.0%	20,000
Deferred tax asset	6,330	6,027	5,437	4,845	12.5%	3,891
Other receivables	50	174	50	50	0.0%	50
Total non-current assets	**125,902**	**126,262**	**125,591**	**155,423**	-24.5%	**153,239**
Current assets						
Inventories	238	375	362	366	-48.7%	400
Trade and other receivables	753	823	856	1,208	-5.5%	1,070
Loan Receivable	119	-	-	2,483		3,412
Current tax receivable	9	16	-	10		-
Cash and cash equivalents	1,160	664	7,545	825	-73.0%	3,755
Total current assets	**2,280**	**1,877**	**8,763**	**4,891**	-65.4%	**8,637**
Total assets	**128,182**	**128,139**	**134,354**	**160,314**	-27.2%	**161,876**
EQUITY AND LIABILITIES						
Capital and reserves						
Issued capital	13	419	419	419	-96.8%	419
Other reserve	-	433	433	433	-100.0%	433
Deferred shares	839	-	-	-		-
Revaluation reserve	43,468	43,363	43,363	71,209	-9.7%	71,209
Retained earnings	2,463	2,832	3,969	5,159	-201.1%	8,056
Total equity	**46,783**	**47,047**	**48,184**	**77,220**	-25.3%	**80,117**
Non-current liabilities						
Interest-bearing loans and borrowings	68,214	67,341	71,803	66,010	-32.3%	65,089
Deferred tax liability	6,429	6,738	6,738	9,711	-20.6%	9,711
Total non-current liabilities	**74,643**	**74,078**	**78,540**	**75,721**	-31.3%	**74,799**
Current liabilities						
Trade and other payables	5,706	5,963	6,554	6,352	-24.4%	5,910
Interest-bearing loans and borrowings	1,045	1,045	1,061	1,016	177.0%	1,016
Current tax payable	4	5	14	5	20.0%	34
Total current liabilities	**6,756**	**7,013**	**7,629**	**7,373**	3.7%	**6,960**
Total liabilities	**81,399**	**81,092**	**86,170**	**83,094**	-28.2%	**81,759**
Total equity and liabilities	**128,182**	**128,139**	**134,354**	**160,314**	-27.2%	**161,876**

Source: Combined Financial Statements, Management information

The Group's balance sheet grew during 2024, as total assets increased to over €160 million primarily reflecting the upward revaluation of the property.

The other major asset consists of the loan receivable from a related party. This asset is a 20-year term loan to the parent company of €20 million, unsecured and bearing an interest of 2.4% plus 3 months EURIBOR per annum. Management notes that in turn this loan funded the buy-out by the shareholder of share options in the Group held by a third party, reflecting the shareholder's long term ownership plans. The total balance of this receivable increased to €22.5 million (2023: €21.2 million), with an amount of €2.5million accounting for the current portion as at 31 December 2024.

Cash and cash equivalents amounted to €0.8 million, compared to the previously forecasted amount of €7.5 million. This variance mainly reflects the impact of the utilization of the substantial liquidity available for the early redemption of the 4.15% Bond 2023-28.

The Group's total assets are expected to amount to €161.9 million as at 31st December 2025, with management not expecting any major movements except for an increase in cash balances to €3.8 million, driven by increased EBITDA.

Total liabilities increased to just over €83 million in 2024 (2023: €81.1 million). Interest bearing debt totaled €67 million (as further illustrated below), 10% lower than previously expected due to the repayment of the outstanding 4.15% Bond 2023-28. The main movement in liabilities consisted of an increase in the deferred tax liability of €3 million. In turn, this relates to the impact from the revaluation of the property.

Total liabilities are expected to end 2025 at €81.8 million, consisting mainly of interest borrowing debt, deferred tax liability (€9.7 million), and trade and other payables (€5.9 million). Such trade and other payables include management projections for an unchanged amount of €1.2 million as the payables for capital expenditures.

There was a substantial increase in the total equity balance, which rose by over €30 million to €77.2 million. This movement was primarily driven by the uplift in the property valuation as reflected in the revaluation reserve. Retained earnings also increased to €5.2 million. Management expects that the projected enhanced profitability in 2025 will increase total equity to €80.1 million as at 31 December 2025.

6.4 Borrowings

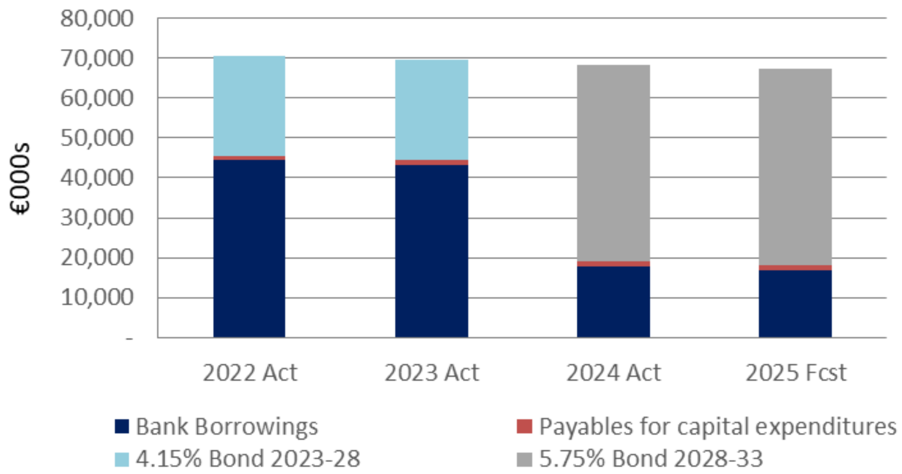

Figure 6: Debt Breakdown
Source: Management information, Combined financial statements

The Group has been mainly financed through debt over the years. Total borrowings as at 31st December 2024 amounted to €67.0 million (2023: €68.4 million), comprising a combination of bond and bank debt with this figure not taking into account capital creditors. Historically, most of the Group's debt structure was composed of bank borrowings via local financial institutions, which were used for major projects and renovation works carried out in the Hotel and also to finance the purchase of the shareholder's share options in the holding company.

Last year entailed a considerable shift in the composition of the underlying debt following the issuance of the bond that is set to mature in 2033 and most of the Group's debt currently relates to the recently issued 5.75% Bond 2028-33. In fact, it is noted that the refinancing transaction enabled the Group to substantially extend its debt maturity profile. The portion of the 4.15% Bond 2023-28 not rolled over by investors but redeemed during 2024, constitutes the variance compared to management forecasts.

Total financial debt is expected to stand at €67.2 million as at 31st December 2025 (including the payables for capital expenditures) The Group will still retain a portion of its debt structure in the form of bank loans, but this form of debt will represent a less significant portion of the Group's overall debt structure, at least until any new capital project is undertaken which be financed from bank facilities.

6.5 Evaluation of Performance and Financial Position

In line with the robust progress over recent years, the Group's underlying strategy of seeking enhanced profitability via premium pricing, continued throughout last year and during the initial months of the current year. Average ARRs and RevPARs scaled new highs, even though occupancy levels were below expectations.

Revenues are expected to continue improving in 2025 across all activities, with management noting that targeted investments and efforts in terms of improved efficiencies are also contributing to enhanced profitability. For example, the new restaurant completed during 2024 led to increased capture ratios and average spend per cover, while food and beverage costs were lower than the previous year due to enhanced cost controls. The upgrades to the décor of certain rooms and guest corridors during this year are intended to consolidate the market leading offering of the hotel.

However, in terms of administrative overheads, the Group was negatively impacted by the exceptional professional and legal fees associated with ongoing disagreements with the main contractor of the recent development.

Such trends are reflected in the Group's margins. Whilst gross margins continue to improve, the operating and EBITDA margins declined slightly in 2024, due to the impact of the elevated administrative expenses. As noted in previous sections, management does not expect this hike in expenses to persist, resulting in enhanced performance across all metrics going forward.

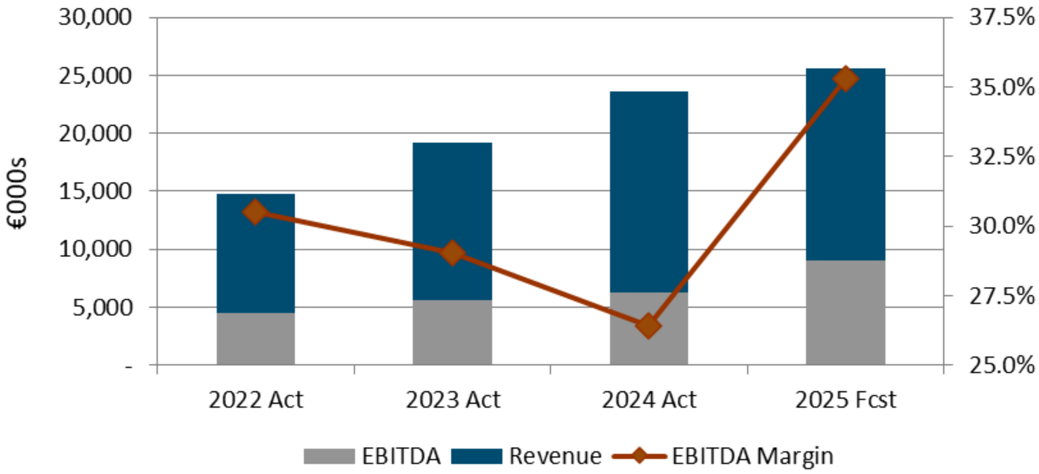

Figure 7: EBITDA Generation
Source: Management information, Combined financial statements

Combined Financial Statements *Profitability Ratios - 31 December*	**2022** Actual	**2023** Actual	**2024** Actual	**2025** Forecast
Gross Profit Margin (Gross Profit / Revenue)	43.1%	49.8%	53.7%	54.8%
Operating Profit Margin (Operating Profit / Revenue)	14.2%	17.1%	16.8%	26.2%
EBITDA margin (EBITDA / Revenue)	30.5%	29.0%	26.4%	35.3%
Adjusted EBITDA margin (Adjusted EBITDA / Revenue)	27.1%	29.0%	26.4%	35.3%
Interest Cover (EBITDA / Net Finance Costs)	2.3x	2.3x	2.2x	3.2x
Interest Cover (Adjusted) (Adjusted EBITDA / Net Finance Costs)	2.1x	2.3x	2.2x	3.2x
Return on Assets (Operating Profit / Average Total Assets)	1.8%	2.6%	2.8%	4.2%
Return on Capital Employed (Operating Profit / Average Capital Employed)	2.0%	2.7%	2.9%	4.3%
Net Profit Margin (Profit for the year / Revenue)	1.8%	1.6%	-1.7%	11.3%
Return on Equity (Profit for the year /Average Total Equity)	0.7%	0.7%	-0.6%	3.7%

Source: Management information; Combined Financial Statements; Curmi and Partners Ltd

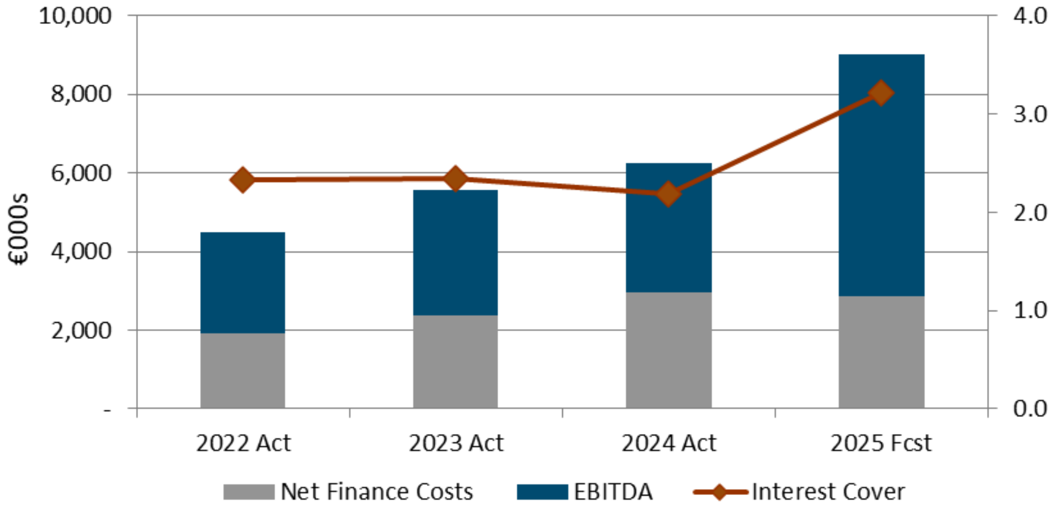

Figure 8: Interest Payment Covereage
Source: Management information, Combined financial statements

As depicted in the chart above, the Group's capability to cover the due interest charges is being enhanced by enhanced EBITDA generation. In fact whilst finance costs have increased on the back of increased borrowings, management forecasts illustrate that the positive outlook for the core business will increase interest cover to exceed 3x going forward.

Combined Financial Statements *Statements of Financial Position Ratios - 31 December*	**2022** Actual	**2023** Actual	**2024** Actual	**2025** Forecast
Current Ratio (Current Assets / Current Liabilities)	0.3x	0.3x	0.7x	1.2x
Quick Ratio ({Current Assets - Inventories} / Current Liabilities)	0.3x	0.2x	0.6x	1.2x
Gearing Ratio (Debt-to-Total Capital) (Borrowings / {Total Equity + Borrowings})	60.1%	59.7%	46.9%	45.6%
Gearing Ratio (Borrowings / Total Equity)	1.5x	1.5x	0.9x	0.8x
Net Leverage Ratio (Net Borrowings / EBITDA)	15.4x	12.4x	10.8x	7.0x
Free Cash Flow to Debt (Free cash flow / Borrowings)	-24.1%	6.5%	7.5%	9.0%

Source: Management information; Combined Financial Statements; Curmi and Partners Ltd

In terms of working capital flows, liquidity ratios below 1x are not uncommon in the hospitality industry, with cash inflows from sales mainly received in advance compared to delayed outflows related to suppliers and expenses.

Post the Covid-19 pandemic, the Group's capital structure and financial profile has generally been reflecting the consistently enhanced profitability, whilst also benefiting from both the property revaluations implemented in 2022 and more recently in 2024. On the other hand, with no major capital investments undertaken during this period, there was an impact from the outflow related to the loan advancement to the parent company.

During 2023 and 2024, the Group's net leverage and debt serviceability improved, with the trajectory expected to intensify in 2025 due to the improvement in profitability. The Group's net leverage position is expected to improve in 2025 from 10.8x to 7.0x.

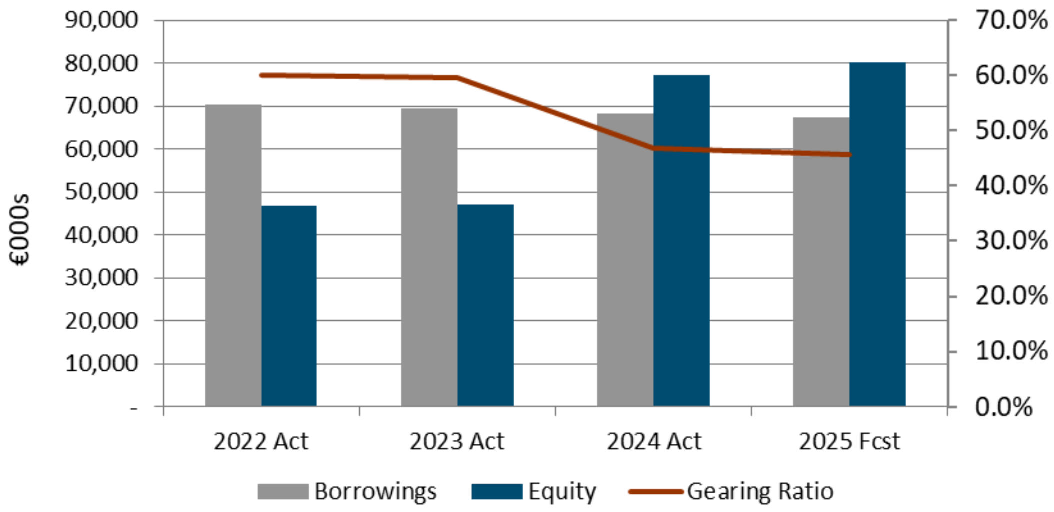

Figure 9: Gearing Ratio
Source: Management information, Combined financial statements

Historical and forecasted gearing has remained relatively stable in recent years despite taking on additional circa €20 million in bank funding in 2022, as it was offset by the strengthened level of retained earnings from core business. In 2024, gearing declined to below 50%, from 60% to 47%, driven primarily by the boost to total equity from the increase in the revaluation reserve. Gearing is expected to decline further in 2025.

The consolidation of the capital structure by the shareholder, and the debt refinancing driven by the issue of the 5.75% Bond 2028-33, are intended to provide a long term sustainable platform going forward. More specifically with respect to indebtedness, the evolving debt structure, which also resulted in an extension of the debt maturity profile, is viewed by management as more suitable for potential further investment.

Going forward beyond 2025, the Group currently has in process 2 permit applications for capital projects. These include primarily the SJG Project, in addition to plans for a proposed presidential hotel suite at the first floor level. Management believes that these investments, which are expected to be funded by a combination of debt and internally generated cash flows, will further improve profitability on a long term basis, adding value to the Group's financial profile.

It is also noted that the Group has not made any dividend payments in the past ten years. Management indicates that going forward the Company's dividend pay-out policy will continue to be driven by the level of profitability and the Group's overall strategy, including its investment plans. Additionally, dividend payments are restricted by the restricted payments covenants in place. In this respect, no dividend payments are permitted until after the financial year ending 31st December 2024, with dividend payments for the two subsequent financial years requiring at least 50% of such payment to be utilised to offset the outstanding balance on the Parent Company Loan.

7 COMPARABLES

The table below compares a selection of ratios of the Group to those of other issuers and groups operating in the local hotel and entertainment industry. It is relevant to note that there could be variances in the mix of operations undertaken by these groups. In particular, certain other corporate groups operate in a diverse range of sectors, with operations not restricted to the hotel sector as is the case for the Group. Furthermore, whilst the Group operates a single property, most other companies operate multiple hotel assets. Other differences could include characteristics of the specific debt instrument.

However, the below comparison of basic credit metrics could be considered a useful indication of the relative financial performance and debt servicing capability of the Issuer. The below ratios are calculated using the latest readily available audited annual financial statements.

Issuer	Interest Cover	Net Debt / EBITDA	Gearing
The Phoenicia Malta Group	2.2x	10.8x	46.9%
AX Group p.l.c	4.3x	4.5x	39.8%
International Hotel Investments p.l.c.	1.4x	11.2x	45.8%
Eden Finance p.l.c.	5.1x	6.2x	29.9%
SD Finance p.l.c.	5.9x	2.9x	43.5%
Tumas Investments plc (Spinola Development Co Ltd	12.2x	1.6x	19.2%
Stivala Group Finance p.l.c.	4.4x	5.2x	22.2%

Source: Audited financial statements; Curmi & Partners Ltd

8 GLOSSARY

Income Statement	
Gross Operating Profit	Gross operating profit refers to the total revenue of the hotel less expenses incurred earning that revenue. This indicator is a performance measure used in the hotel industry.
Gross Operating Surplus	Gross operating surplus is the surplus on production activities before taking into account interest, rents or charges paid or received for the use of assets.
EBITDA	Earnings before interest, tax, depreciation and amortisation (EBITDA) is a measure of operating profitability. It excludes depreciation and amortisation, and is viewed as measure of a company's core profitability and cash generating ability.
Adjusted EBITDA	A revised EBITDA which takes into consideration the receipt of a government grant between 2020 and 2022 to assist in the recovery following the pandemic.
Balance Sheet	
Non-current assets	Non-current assets are long-term investments, the full value of which will not be realised within the accounting year.
Current assets	Current assets are all assets that are realisable within one year from the statement of financial position date. Such amounts include trade receivables, inventory, cash and bank balances.
Current liabilities	Current liabilities are liabilities payable within a period of one year from the statement of financial position date, and include trade payables and short-term borrowings.
Non-current liabilities	Long-term financial obligations or borrowings that are not due within the present accounting year. Non-current liabilities include long-term borrowings, bonds and long-term lease obligations.

Total Equity	Total equity includes share capital, reserves, retained earnings and minority interests. It relates to the capital and reserves that are attributable to owners of the company.
Cash Flow Statement	
Cash flow from operating activities	Cash flow from operating activities illustrates the cash-generating abilities of a company's core activities, and includes cash inflows and outflows that are related to operating activities.
Cash flow from investing activities	Cash flows from investing activities reflect the change in cash position resulting from investments and divestments.
Cash flow from financing activities	Cash flows from financing activities shows the cash inflows and outflows related to financing transactions with providers of funding, owners and the creditors.
Free Cash Flow	A measure of the ability to generate the cash flow necessary to maintain operations. It is the balance after all cash flows for operating activities, fixed asset net investments, working-capital expenditures. The definition of free cash flow may vary; for this purpose it was based on EBITDA adjusting for net investments, working capital and tax.
Key Metrics	
ARR	Average Room Rate (ARR) is the average price of each room sold during a particular period of time. It is calculated by dividing accommodation revenue by the number of rooms sold.
RevPAR	Revenue per available room (RevPAR). It is calculated by dividing the hotel's total revenue by the number of rooms available and the number of days in the period under consideration.
Occupancy level	Occupancy level is the percentage of available rooms being sold for a certain period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.

Operating & Financial Ratios	
Current ratio	The current ratio measures the ability to pay short term debts over the next 12 months. It compares a company's current assets to its current liabilities.
Quick ratio	Similarly to current ratio the quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. It excludes inventories from current assets.
Gearing or leverage ratio	The gearing or leverage ratio indicates the relative proportion of borrowings and equity used to finance a company's assets. It is estimated by dividing total borrowings by total borrowings plus total equity, or as the ratio of total borrowings to total equity.
Interest Coverage ratio	Interest coverage ratio is generally calculated by dividing a company's EBITDA, or EBIT (operating profit) of one period by the company's interest expense of the same period. It measures the ability of the borrower to service the finance costs related to borrowings.
Net Debt to EBITDA	This ratio compares financial borrowings and EBITDA as a metric for estimating debt sustainability, financial health and liquidity position of an entity. It compares the financial obligations to the actual cash profits.
Gross Profit Margin	Gross profit margin is the ratio of gross profit to revenue. It is the percentage by which gross profits exceed cost of sales, and is a measure of profitability at the most fundamental level.
Operating Profit Margin	Operating margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
Gross Operating Profit Margin	Gross operating profit margin is the ratio of Gross Operating Profit to revenue. It measures how much profit is made on revenue after paying for costs incurred to earn revenue.
EBITDA Margin	Similarly to operating margin, EBITDA margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary

	operations.
Net Profit Margin	Net profit margin is the ratio of profit for the period to revenues, and is a measure of how much of revenues is converted into bottom line profits.
Return on Assets (ROA)	Return on assets is the ratio of profit for the period or operating profit to average total assets for the period. It measures efficiency in using its assets to generate income.
Return on Capital Employed (ROCE)	This ratio measures efficiency in generating income but takes into consideration the sources of financing. Profit for the period or operating profit is divided by the capital employed (fixed assets plus working capital or total assets less current liabilities)
Return on Equity	Measures the profitability in terms of how much profit is generated in relation to owners' investment.