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 Malta Financial Services Authority Listing Rules:

Quote

Phoenicia Finance Company p.l.c. (the "**Company**") announces that an Addendum to the Financial Analysis Summary dated 28 September 2020, 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

02 December 2020

Dr. Stephanie Shaw
COMPANY SECRETARY

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Addendum to the Financial Analysis Summary dated 28th September 2020 ("the FAS 2020") published by Phoenicia Finance Company p.l.c. ("the Issuer")

The following clarifications and additional comments are being made in relation to the FAS 2020:

Section 2.2 - Organisational Structure

Additional commentary relating to headcount is provided below.

The Issuer and the two operating companies constituting The Phoenicia Malta Group of companies ("the Group") employ an average of 108 full-time employees. This is lower than the number of full-time employees as indicated in the 2019 Financial Analysis Summary ("FAS 2019"). This is a consequence of the non-replacement of those individuals who resigned during the course of the pandemic. Management have indicated that the present headcount is sufficient to service the Phoenicia Malta ("the Hotel")'s operational requirements at the current levels of business operations. Management envisages that once the hospitality industry begins to recuperate post-pandemic, the number of employees would increase in accordance with the exigencies of the Hotel's business.

Section 3.1 – The Phoenicia Hotel

The minor variances between the Hotel's KPIs for 2018 as indicated in the FAS 2020 compared to the KPIs for 2018 indicated in the FAS 2019 are noted and explained below.

Hotel Metrics and Combined Financial Information *KPIs*	2018 Actual as per FAS 2019	2018 Actual as per FAS 2020
Revenue (€000)	12,933	12,933
Gross Operating Profit (€000)	5,231	5,224
EBITDA (€000)	4,672	4,673
Benchmark Performance		
Occupancy level	74%	74%
Average Room Rate (ARR) (€)	166	166
Revenue per available room (RevPAR) (€)	123	123
Phoenicia Performance		
Room Revenue	9,069	9,069
Overall occupancy	79%	79%
Gross Operating Profit Margin	40%	40%
ARR (€)	234	232
RevPAR (€)	185	183

Source: Management information; Combined Financial Statements; MHRA Reports

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The minor differences in the metrics and KPIs of the 2018 actual results, including the ARR and the RevPAR, when compared to those indicated in the FAS 2019 are a result of rounding differences, which have mainly been caused by changes in the sources/ reports that are utilised to generate such statistics.

Section 5.2 - Statement of Cash Flows

A variance analysis in relation to FY2019 is provided hereunder:

Phoenicia Finance Company plc	2019	2019	
	Jan'19-Dec'19	*Jan'19-Dec'19*	
Statement of cash flows (€000)	Actual	Forecast	Variance
Net cash (used in) / generated from operating activities	7	124	-94%
Net cash (used in) / generated from investing activities	(1,750)	(2,051)	-15%
Net cash generated from / (used in) financing activities	(254)	-	-
Net movement in cash and cash equivalents	(1,997)	(1,927)	4%
Cash and cash equivalents at beginning of year	2,459	2,490	-1%
Cash and cash equivalents at end of year	461	563	-18%

Source: Phoenicia Finance Company plc annual reports; Management information

The Issuer is a special purpose vehicle acting as a finance company for the Group. The negative variance of 94% between 2019 forecasted and actual cash generated from operating activities is mainly the result of working capital changes stemming, in particular, from line item 'Other Receivables', where the forecast was €41,000 as at year end, against the actual of €182,000.

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Section 5.3 - Statement of Financial Position

The Statement of Financial Position of the Issuer has been replaced as follows.

Phoenicia Finance Company plc *Statement of financial position (€000)*	2018 Actual	2019 Actual	2019 Forecast	Variance	2020 Forecast
ASSETS					
Non-current assets					
Financial assets	22,499	24,176	24,550	-	24,301
Deferred tax asset	-	21	-	-	-
Total non-current assets	22,499	24,196	24,550	-	24,301
Current assets					
Other receivables	41	182	41	-	399
Financial assets	-	56	-	-	56
Cash and cash equivalents	2,490	461	563	-18%	262
Total current assets	2,531	699	604	16%	717
Total assets	**25,030**	**24,895**	**25,154**	**-1%**	**25,017**
EQUITY AND LIABILITIES					
Issued Capital	250	250	250	-	250
Accumulated losses	(34)	(39)	(32)	20%	(3)
Total Equity	216	211	218	-3%	247
Non-current liabilities					
Interest-bearing borrowings	24,402	24,511	24,595	-	24,627
Total non-current liabilities	24,402	24,511	24,595	-	24,627
Current liabilities					
Interest-bearing borrowings	72	45	-	-	45
Trade and other payables	341	127	341	-63%	98
Total current liabilities	413	172	341	-49%	143
Total liabilities	24,814	24,684	24,936	-1%	24,770
Total equity and liabilities	**25,030**	**24,895**	**25,154**	**-1%**	**25,017**

Source: Phoenicia Finance Company plc annual reports; Management information

Section 6.1 - Statement of Comprehensive Income

Clarification on amended presentation of combined Statement of Comprehensive Income in FAS 2020 compared to FAS 2019.

The presentation of certain line items of the combined Statement of Comprehensive Income ("SOCI") in the FAS 2020 differs from the presentation of these line items in the FAS 2019. The SOCI in the FAS 2020 has been adjusted slightly compared to that in the FAS 2019 to replicate more closely the relevant combined audited financial statements, with the

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objective of facilitating comparability and analysis by investors. More specifically it is noted that in the FAS 2020:

- Management service fees and insurance expenses are included in administrative expenses, whilst in the FAS 2019 these expenses were included as separate line items
- Property maintenance and energy costs are included in cost of sales, whilst in the FAS 2019 these costs were included as separate line items
- Depreciation and amortisation expenses are allocated between cost of sales and administrative expenses, whilst in the FAS 2019 these expenses were included as a separate line item

Any other minimal discrepancy in historical combined SOCI between the FAS2019 and the FAS 2020 is related to rounding differences.

Section 6.5 - Evaluation of Performance and Financial Position and Section 7 - Comparables

Additional commentary on the Group's indicative liquidity, leverage and gearing ratios relative to other listed entities operating in the hospitality industry and an update relating to the impact of the COVID-19 pandemic in addition to management plans is presented below.

The variances in ratios of the Group when compared to other listed entities operating in the hospitality industry, are impacted by the mix of operations undertaken by such other listed entities. Whereas the Group acts solely in the hotel sector, such other entities operate in a diverse range of sectors, and their operations are not restricted solely to this sector. Furthermore, unlike most of the other listed entities, the Group operates from one hotel asset rather than a number of properties.

Management notes that prior to the onset of the pandemic, the Group's business projections entailed a steady improvement in the Group's gearing ratio, which was the result of incremental, year-on-year growth in retained earnings, as the business consolidated its leading market position in terms of financial performance. This was further enhanced by the return from the material investments made in the Group's business over the past years. Unfortunately, as a result of the COVID-19 pandemic, the Group's business plan has experienced setbacks.

Management indicates that the objective is to resume this path as soon as the hospitality industry starts to exhibit signs of recovery. The attainment of this objective has been further bolstered through the procurement by the Group of sufficient financing (particularly

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through the Group's utilisation of Government assistance packages, which has consequently led to a temporary increase in gearing) that is expected to see the Group through the extant business downturn and, thereafter, positioning the Group for an expected recovery on the upturn of business. Management notes that naturally this will also entail planned moderation of capital expenditures by the Group going forward (also keeping in mind that a major investment cycle has just been completed), as well as continued efforts vis-à-vis cost control, revenue generation and profitability enhancements.

Your sincerely,

Karl Falzon
Head of Capital Markets
For and behalf of
Curmi & Partners Limited
2nd December 2020