



PHOENICIA FINANCE
COMPANY P.L.C

FINANCIAL ANALYSIS SUMMARY

24 June 2026

24 June 2026

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 2026 ("the FAS Update 2026") set out in the following sections.

The purpose of the FAS Update 2026 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 2023, 31 December 2024, 31 December 2025, 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 2026 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 2026 is meant to assist potential investors by summarising the more important financial data of the Group. The FAS Update 2026 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 2026 does not constitute an

endorsement by our firm of the financial instruments issued by the Group and should not be interpreted as a 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 2026.

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 2026 (“FAS Jun-26”), 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 now been sustained throughout recent years, with the Group achieving strong growth and enhanced profitability, driven by various property upgrades and its strategic focus in terms of market positioning.

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.

In December 2025, the Group established a new subsidiary, Phoenicia Brand Company Limited (“PBCL”), which was incorporated by PHCL to carry on the business of acquiring, holding and managing intellectual property rights, with this entity not carrying out any business activities up to the year end last year.

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.
2025	New subsidiary, Phoenicia Brand Company Limited set up to carry on the business of acquiring, holding and managing intellectual property rights.

2.2 Organisational Structure

The Phoenicia is owned and operated by two companies that are controlled by Phoenicia Holding (LUX) S.A.R.L, 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. During the financial year ended 31st December 2025, PHCL determined a valuation for an internally generated brand relating to its intellectual property and subsequent to the reporting date, transferred this intellectual property to the newly set up PBCL.

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.

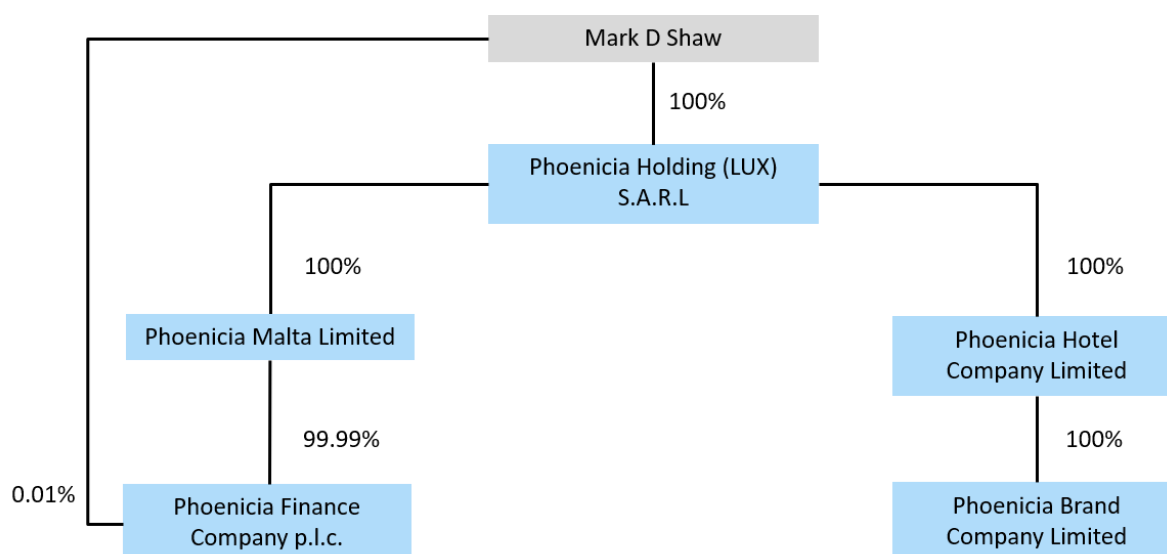


Figure 1: Organisational Structure

Source: Management Information

e Issuer and the two operating companies constituting the Group employed an average of 187 employees in 2025. As of June 2026, this number increased to 207 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 €3.9 million per annum, following the most recent revision in 2025. Rent is paid on a monthly basis in advance.

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.

Rooms

The Rooms segment is the most important source of income for the Group, with €17.3 million accounting for 66% of the Group's revenue in 2025. The Hotel has a capacity of 132 rooms, 12 of which are luxury suites. During 2025 a development permit was granted approving the construction of a recessed hotel suite at first-floor level, which is planned to be developed into a presidential suite. 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](https://www.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. This addition further boosted the catering business offering of the Hotel. Catering revenue amounted to €7.7 million accounting for 29% of Group revenue in 2025.

Other

The Spa generated €0.7 million in revenues during 2025 (+17%), reflecting another year of robust growth in this operation. 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 2025, the value of the property stood at €137.0 million on the Group's balance sheet (2024: €130.5 million), with such increase primarily deriving from a revaluation of the land and buildings.

For the sites other than the property in operation, a development permit was granted in 2025 approving the construction of a recessed hotel suite at first-floor level of the existing hotel, including the installation of a lift to provide access to the proposed suite. Management deems this approval to represent an enhancement to the development potential of a site that had not

been reflected in previous valuations and incorporated an incremental value arising from the approved permit into the fair value assessment of the other sites.

This follows the assessment of the Hotel's fair value undertaken in 2024, which had the objective of aligning its value on the balance sheet with ongoing performance and updated market conditions, as described in further sections.

Hotel Metrics and Combined Financial Information	2023	2024	2025	2026
<i>KPIs</i>	Actual	Actual	Actual	Forecast
Revenue (€000)	19,158	23,621	26,144	28,996
Gross Operating Profit (€000)	7,938	10,528	11,770	13,348
EBITDA (€000)	5,561	6,235	9,140	10,885

Benchmark Performance

Occupancy	66%	68%	69%
ARR (€)	207	212	221
RevPAR (€)	136	144	153

Phoenicia Performance

Room Revenue (€000)	12,739	15,519	17,339	19,903
Gross Operating Profit Margin	41%	45%	45%	46%
Occupancy	75%	72%	72%	72%
ARR (€)	351	444	499	573
RevPAR (€)	264	321	360	413

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 its unique location, footprint, and its ability to tap into upper market niche sources. The Hotel outperformed its competitive set on various operational metrics in 2025. Furthermore, the current year is expected to be another record year for the Hotel in terms of top line revenue and profitability.

The property's premium standing and pricing capacity is reflected in the further increases in the ARR and RevPAR, which reached €499 (+12%) and €360 (+12%) respectively in 2025, substantially in excess of the benchmark for this segment of the market. Such improvements in operating KPIs were in line with previous management expectations for 2025 of €497 and €364 respectively. Occupancy levels remained basically unchanged at 72%, but generally below levels that were achieved a few years ago. This also reflects the Group's overall strategy of prioritising growth on the basis of rates.

Whilst the accommodation business still dominates overall operations with revenues totalling €17.3 million (+12%), other areas also performed strongly with catering and other activities generating €7.7 million (+10%) and €1.1 million (+2%) respectively in sales. In this respect,

management highlights the benefit from the recent investments in catering assets and the notable contribution of the SPA.

Gross Operating Profit reached €11.8 million (+13%), with gross operating profit margin edging up slightly to 45%. Management notes in this respect that in addition to pursuing growth via rates enhancement, a focus on cost efficiencies is also part of its ongoing strategy. With respect to geographical breakdown, the UK remains the major source of arrivals, with the US continuing to grow as expected by management over recent periods. In fact, the Group continues to target non-European markets, primarily the US, as growth areas, on the basis of the particular characteristics of the Hotel, and also leveraging the partnerships with leading global marketing consortia like LHW, Virtuoso and American Express Travel. The commencement of direct flights from the US is another positive development in this respect.

On the basis of this year's ongoing strong performance of the Hotel, and the prevailing healthy environment in the wider market, management believes that the Hotel will retain the ability to continue to deliver a market leading offering, and attract guests at higher rates. The ARR is being forecasted to rise to €573, whilst the RevPAR is expected to increase to €413. Occupancy is projected to remain flat, as 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.



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 2029 assuming approval is issued by the end of 2026. 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 continued to perform strongly in 2025, albeit at a more moderate pace compared to the particularly rapid one experienced during the previous year. The European Commission reported recently² that real GDP expanded by 4.0% in 2025. Growth was driven in particular by robust domestic consumption and a consistently buoyant tourism sector. Private and public consumption were accompanied by a solid performance in key export sectors. Services including recreational, professional, IT, and financial services were key highlights.

The Central Bank of Malta³ also highlighted wholesale and retail trade, accommodation and related activities, again partly reflecting the continued strength of tourism. Going forward, the growth outlook for both Malta and the wider euro area is subject to uncertainty as the impact of the Iran crisis and other geopolitical concerns, in particular due to their impact on commodity and energy supplies and prices, could put pressure on Malta's resilience.

Labour market conditions remained tight in 2025, although the rate of hiring slowed down from the previous year. The unemployment rate at 3.0% remained low from a historical perspective. There was further employment growth, increasing by 3.9% in 2025, underpinned by inflows of foreign workers. Meanwhile, certain labour shortages persist, as vacancy rates continued to increase. The European Commission notes that 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 3.0%.

In terms of inflation, within the context of global inflationary pressures, pricing pressures in Malta remained relatively contained. As per the Harmonised Index of Consumer Prices (HICP), the average rate of inflation held at 2.4%, which the Central Bank of Malta notes is well below post-pandemic peaks. The European Commission expects inflation 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. In this respect 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.

In terms of structural considerations, recent assessments by the IMF⁴ note certain divergences between sectors and relative trends. The IMF notes that Malta's robust economic growth over recent years has been supported by labour-led expansion and population growth, presenting certain structural challenges. PwC Malta⁵ further highlights that during both 2024 and 2025 it seems that whilst the fastest growing sectors are some of the least productive (in terms of gross

² Economic Forecast for Malta; European Commission; 21 May 2026

³ Central Bank of Malta; Fifty-eight Annual Report and Statement of Accounts 2025; March 2026

⁴ International Monetary Fund; 2025 ARTICLE IV CONSULTATION - PRESS RELEASE AND STAFF REPORT; February 2026

⁵ PwC Malta; Economic update spring 2026; April 2026

value added), some of the other higher value-added sectors appear to be underperforming. More specifically, the public sector and wholesale and retail are the fastest growing, whilst with the exception of ICT, the most productive sectors such as professional services, finance, and iGaming grew relatively slowly over the past two years. The general view is that without certain policy and structural reform measures, an inevitable deceleration in labour force growth could negatively impact potential output. It is augured that a transition towards more productivity-driven growth is pursued.

4.2 Inbound tourism

Malta's tourism sector continued to grow through 2025, further building on the record performance registered in 2024. Inbound tourists for last year exceeded 4 million (+13%), with total nights spent by tourists rising 11% to over 25 million nights⁶. The performance was also strong in monetary value terms, where tourist expenditure was estimated at €3.9 billion (+19%), and per capita expenditure rising from €924 to €971.

A number of trends are considered to be sustaining such growth. Connectivity from several European destinations is a particular feature that is boosting tourist arrival numbers, as the growing range of destinations increases geographical reach and diversification. Another positive trend relates to the lower seasonality as compared to historic performance.

Performance during the opening months of 2026 also indicates continued growth, across basically all metrics. The sector therefore appears to be maintaining strong momentum despite broader economic moderation across parts of Europe and the major geopolitical concerns impacting the global economy.

Inbound tourists for Q1 2026 increased 16% on the comparative period of the previous year to just above 800k, with total nights spent reaching 4.5 million nights (+12%). However, whilst total expenditure also continued to expand (by 15% to €584.7million), there was a slight decrease to €725 (Q1 2025: €733) in expenditure per capita.

Meanwhile, in terms of structural and strategic direction focus continues to be on potential capacity constraints and infrastructure developments. Industry stakeholders, policymakers and operators increasingly acknowledge pressures such as congestion and infrastructure pressures and assess how this could affect the tourism sector in the long term. Within the industry itself, many operators are investing in refurbishments and sustainability initiatives in an effort to strengthen long-term competitiveness and attract higher-spending segments.

⁶ National Statistics Office

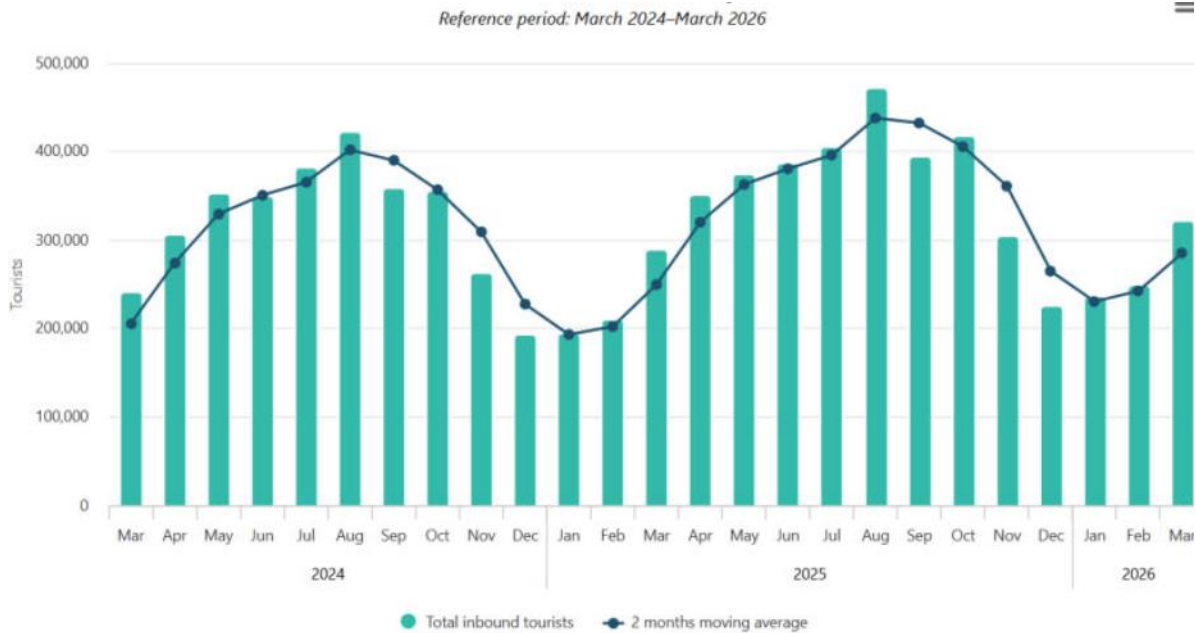


Figure 4: Total Inbound Tourists by Month
Source: National Statistics Office

4.3 Malta's five-star hotel market

Last year was in general positive for the 5-star hotel sector in Malta, albeit with some variations between metrics. In line with recent periods and ongoing discussions relating to the wider tourism industry, performance in terms of volumes has tended to be proportionately stronger than value or visitor yield.

According to the latest MHRA Hotel Performance Survey conducted by Deloitte⁷, the average daily rate (ADR) achieved by five-star hotels during 2025 increased further to approximately €219, representing growth of around 4% over 2024 levels. Performance in terms of RevPAR also strengthened, supported by sustained tourist demand and higher visitor expenditure levels, rising for the year to €155.7 compared to €146.2 for the previous year. Occupancy increased slightly, with average occupancy levels rising to approximately 71%, compared to 69.5% registered during 2024.

⁷ Deloitte; The BOV MHRA Survey Q4 2025; February 2026

In terms of profitability, there was an uptick in costs, in particular payroll costs. Total payroll costs for the 5-star sector per available room climbed 9% year on year to €74.4, with direct costs and overheads reaching €60.8 (2024: €57.8). The gross operating profit margin for the year was basically unchanged at 36.4%, even though 5-star hotels managed to increase gross operating profit per available room by 9% to €88.2.

The cost pressures were mostly evident towards the end of the year. In fact, a seasonal trend was also noted, whereby Deloitte notes that during Q4 in particular 5-star hotels still attracted solid volumes but lost on yield. Average rates declined by almost 3% during the latter quarter of the year, whilst payroll costs per available room increased by 10%, in turn resulting in a drop in gross operating profit margin.

Early indicators for 2026 suggest that Malta's five-star hospitality segment remains overall on a positive trajectory. Forward booking patterns and tourism demand remain encouraging, particularly for the shoulder and peak summer periods, supported by continued airline connectivity expansion and resilient international travel demand.

With respect specifically to Malta's food and beverage sector, recent Association of Catering Establishments (ACE) surveys continue to indicate that even though there are certain cost pressures the sector was resilient throughout 2025 and into this year. During the first half of 2025, average customer spend per head rose to €30.16 (+33%)⁸.

Slowing revenue growth combined with an ongoing rise in expenses including payrolls, utilities and imported food has impacted margins. However, investment by operators in the sector remained robust, with the ACE reporting that 22% of respondents in early 2025 indicated the intention to open or invest in new restaurant ventures, up from 17% in late 2024.

In line with historic performance, even though the consistently strong incoming tourist arrival numbers provide a boost to the food and beverage sector, it is local customers that primarily continue to sustain demand. These account for 55% of the average clientele, compared to the 45% represented by tourists. A shift towards fine dining and casual upmarket venues is also noted, with for example the share of customers spending below €15 per head falling from 33.1% to 28.5%, and the share of spending between €50 and €74 climbing from 3.8% to 15.3%.

⁸ ACE Report January-June 2025; October 2025

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 2023, 2024 and 2025 with the financial year running from 1st January to 31st December. The forecasted financial statements for the year ending 31st December 2026 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 <i>Statement of comprehensive income (€000)</i>	2023 Actual	2024 Actual	2025 Actual	2026 Forecast
Finance Income	1,287	2,893	3,132	3,132
Finance Costs	(1,164)	(2,804)	(2,953)	(2,958)
Net Interest Earned	123	89	179	174
Administrative expenses	(94)	(139)	(116)	(117)
Profit/(loss) before tax	29	(50)	62	56
Income tax (expense)/credit	(10)	41	(24)	(20)
Profit/(loss) for the year	19	(9)	39	37

Source: Phoenicia Finance Company plc annual reports; Management information

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.

Financial performance during 2025 was broadly in line with expectations. Finance income amounted to €3.1million (+8%), with such increase reflecting the increase as from March 2024 to 6.40% in the fixed interest rate cost (previously 5.25%) on the balance due to the Issuer.

Finance costs are little changed from the previous year, amounting to €3.0 million during 2025, consisting of the bond-related debt servicing costs (including interest and amortisation of bond interest costs). Borrowing costs had increased substantially the previous year 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.

No notable movements are expected for the current year with finance income expected to amount to €3.1 million, whilst finance costs remain at €3 million.

5.2 Statement of Cash Flows

Phoenicia Finance Company plc <i>Statement of cash flows (€000)</i>	2023 Actual	2024 Actual	2025 Actual	2026 Forecast
Net cash (used in) / generated from operating activities	(228)	156	114	22
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	(228)	7	114	22
Cash and cash equivalents at beginning of year	249	21	28	143
Cash and cash equivalents at end of year	21	28	143	165

Source: Phoenicia Finance Company plc annual reports; Management information

During 2025, net cash flows from operating activities of the finance company amounted to €0.1 million. There were no further movements in the statement of cash flow position, with no cash flow movements from investing and financing activities driven by movements in funding and/or balances with the parent.

No major cash movements are expected during 2026.

5.3 Statement of Financial Position

Phoenicia Finance Company plc <i>Statement of financial position (€000)</i>	2023 Actual	2024 Actual	2025 Actual	2026 Forecast
ASSETS				
Non-current assets				
Financial assets	24,501	48,925	48,925	48,925
Deferred tax asset	5	64	40	40
Total non-current assets	24,629	48,989	48,965	48,965
Current assets				
Financial assets	56	17	17	17
Other receivables	824	637	656	723
Current tax receivable	16	10	20	-
Cash and cash equivalents	21	28	143	165
Total current assets	917	692	836	905
Total assets	25,546	49,681	49,801	49,870
EQUITY AND LIABILITIES				
Issued Capital	250	250	250	250
Retained earnings	64	56	94	131
Total Equity	314	306	344	381
Non-current liabilities				
Interest-bearing borrowings	25,000	49,093	49,172	49,255
Total non-current liabilities	25,000	49,093	49,172	49,255
Current liabilities				
Interest-bearing borrowings	45	16	16	16
Trade and other payables	187	266	269	218
Total current liabilities	232	282	285	234
Total liabilities	25,232	49,375	49,457	49,489
Total equity and liabilities	25,546	49,681	49,801	49,870

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. Total assets as at 31st December 2025 amounted to €49.8 million, basically unchanged on the previous year. Other receivables totalling €0.7 million (2024: €0.6 million) relate to amounts due from the parent company for expenses paid by PFC as part of general cashflow management purposes.

As noted in previous sections, there were no notable movements in balances advanced to the parent company, and similarly no notable shifts in funding items. Outstanding obligations consist entirely of the bond amounting to €50 million due in 2033 and callable after 5 years at

a coupon of 5.75%. 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 PFC⁹, and after taking into consideration intercompany and consolidation adjustments ("the Combined Financial Statements"). The Combined Financial Statements for FY2023, FY2024 and FY2025 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 2026 ("FY2026") 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	2023	2024	2025	2025		2026
<i>Statement of comprehensive income (€ 000) - 31 December</i>	Actual	Actual	Forecast	Actual	Variance	Forecast
Revenue	19,158	23,621	25,563	26,144	2%	28,996
Cost of sales	(9,626)	(10,943)	(11,546)	(11,666)	1%	(12,510)
Gross Profit	9,533	12,678	14,017	14,478	3%	16,486
Administrative expenses	(5,502)	(7,767)	(6,153)	(6,439)	5%	(6,566)
Selling and marketing expenses	(762)	(933)	(1,168)	(1,180)	1%	(1,352)
Other income	-	-	-	-		-
Operating Profit/(Loss)	3,269	3,979	6,696	6,859	2%	8,568
Finance income	1,127	1,356	930	949	2%	636
Finance costs	(3,505)	(4,205)	(3,739)	(3,768)	1%	(3,823)
Profit / (Loss) before tax	891	1,130	3,886	4,039	4%	5,381
Income tax credit/ (Tax expense)	(584)	(1,521)	(989)	(804)	-19%	766
Profit / (Loss) for the year	307	(391)	2,897	3,236	12%	6,147
Revaluation of PPE net of tax	-	30,564	-	5,566		-
Other comprehensive loss	(43)	-	-	-		-
Total comprehensive income for the year	264	30,173	2,897	8,802	204%	6,147
EBITDA	5,561	6,235	9,022	9,140	44.7%	10,885

Source: Combined Financial Statements, Management information

The Group's particularly robust operations during 2025 allowed it to deliver a record level of financial performance. Building further on the positive momentum of recent years, the Group posted substantial growth in both revenues and profitability. Total revenues increased to €26.1 million (+11%), driven primarily by the sustained increases in room rates. As noted in previous sections, top line growth was driven by all business areas.

This trend, combined with the Group's continued efforts in terms of operating efficiency led to profitability, at various levels, increasing strongly. In fact, higher rates translated directly into enhanced margins and profitability, allowing a significant proportion of the additional revenue generated to flow through to the bottom line.

As expected, increased business activity resulted in a rise in cost of sales, which increased by 6.6% to €11.7 million. However, the more moderate expansion in direct costs compared to sales allowed for improved gross profit margins. Gross profit increased to €14.5 million (+14%).

Additionally, there was a notable decline in administrative expenses during the year, which decreased by €1.3 million to €6.4 million. This reduction was principally attributable to a substantial decrease in professional, legal and consulting fees, which fell from €3.9 million in 2024 to €2.1 million in 2025. In turn, that surge in these costs was primarily associated with the ongoing disagreements with the main contractor for the past development project of the

Hotel. It regards claims made by the Group against the contractor for delays and defects and claims for payment of disputed sums made by the contractor against the Group. Both parties submitted their claims to arbitration and a final award on all claims was delivered by the arbitral tribunal in 2026. The final award confirms that the contractor is required to pay the Group the net amount liquidated by the arbitral tribunal, together with interest at 8% per annum, accruing from 1 January 2026 until full payment, without prejudice to the further sums payable under the final award by the contractor to the Group in respect of certain remedial works. A net sum in respect of the costs of the arbitration has also been awarded in favour of the Group. The contractor has appealed the final award before the Maltese Court of Appeal whilst the Group is contesting the contractor's appeal and is seeking to have the final award confirmed by the Court of Appeal. The Group remains confident that the Court of Appeal will confirm that no amounts are due by the Group. Accordingly, no provision is being made in the financial statements in respect of this matter. The Group continues to monitor this matter with the assistance of its external legal counsel.

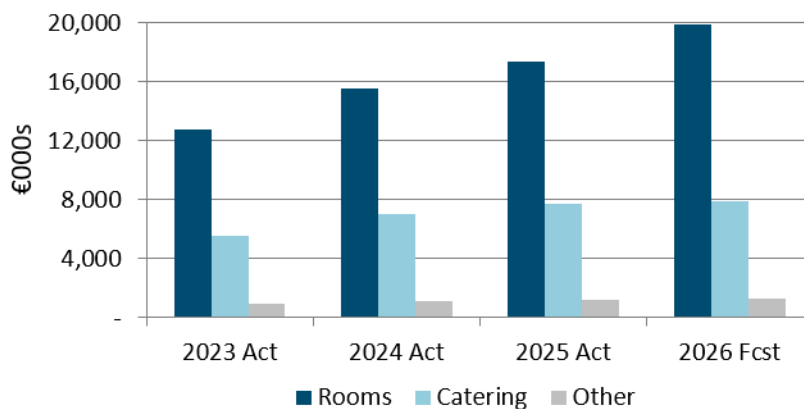
Also included in the professional, legal and consulting fees is the fee due to Hazledene Group Limited, an entity in which the shareholders have an interest, for the management of the Hotel, held both a base fee as well as an incentive fee provision. Following the robust performances in recent periods, it was agreed that effective 1 January 2025, the option of the incentive fee was exercised in accordance with the terms and conditions of the relevant management agreement, which resulted in an increase in this fee to €1.6 million (€0.7 million)

Overall, the elevated level of such costs incurred during the previous year was therefore not repeated, resulting in a significant boost year-on-year to profitability. This shift in such costs more than compensated for increases in other expense items which grew in line with the Group's ongoing business and commercial activities, including staff costs, selling and marketing expenses and repairs and maintenance, contributing materially to the strong improvement in operating performance.

EBITDA increased by a remarkable 47% to more than €9.1 million, whilst operating profit reached €6.9 million. Net finance costs also declined during 2025. Finance costs decreased from €4.2 million to €3.8 million, reflecting the fact that the prior year included a one-off increase associated with the refinancing undertaken during 2024. Furthermore, bank facilities were repaid during the previous year, resulting in lower bank borrowing costs during 2025. On the basis of current trends, management believes that further growth in revenues and profitability, albeit at a more moderate pace compared to FY2025, will be achieved for FY2026, with revenues reaching €29 million and EBITDA climbing almost 20% to €10.9 million.

Profit before tax reached €4.0 million compared to €1.1 million in the previous year. With profit for the year amounting to €3.2 million, a net revaluation gain on property, plant and equipment of €5.6 million resulted in total comprehensive income for 2025 reaching €8.8 million.

Management notes that during 2025, a development permit was granted approving the construction of a recessed hotel suite at first-floor level, including the installation of a lift to provide access to the proposed suite. This approval was considered by management to represent an enhancement to the development potential of a site that had not been reflected in previous valuations and incorporated the uplift in value from the approved permit into the fair value assessment of the other sites.



Source: Management Information; Combined Financial Statements

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

6.2 Statement of Cash Flows

Combined Financial Statements	2023	2024	2025	2025		2026
Statement of cash flows (€000) - 31 December	Actual	Actual	Forecast	Actual	Variance	Forecast
Net cash generated from / (used in) operating activities	5,467	6,351	8,688	8,615	-1%	10,372
Net cash (used in) / generated from investing activities	(1,585)	(625)	(1,097)	(2,834)	158%	(5,607)
Net cash (used in) / generated from financing activities	(4,378)	(5,565)	(4,661)	(2,851)	-39%	(3,729)
Net movement in cash and cash equivalents	(496)	161	2,930	2,929	0%	1,036
Cash and cash equivalents at beginning of year	1,160	664	825	825	0%	3,754
Cash and cash equivalents at end of year	664	825	3,755	3,754	0%	4,791

Source: Combined Financial Statements, Management information

During 2025 the Group continued to demonstrate strong cash flow generation capabilities from core operating activities. The substantial improvement in profit for the year primarily resulted in a corresponding increase in operating cash flows, with net cash flows generated from operating activities increasing by 36% to €8.6 million compared to €6.4 million in the previous year. Operating cash flows for FY2026 are expected to benefit from the ongoing positive performance of the business, and projected to increase to €10.4 million.

In terms of investing activity, capital outlays rose during 2025 with outflows amounting to €2.8 million (2024: €0.6 million). These outflows principally relate to capital expenditure on property, plant and equipment, as reflected within assets under construction. Management notes that these amounts consist of refurbishment works on the first and second floor levels, and are expected to drive investing outflows to €5.6 million.

During FY2025, movements related to financing cash flows were notably more moderate compared to the previous year, as a result of the major refinancing transactions implemented during FY2024. Financing activity during FY2025 principally comprised scheduled repayments of bank borrowings in addition to interest payments, partially offset by additional bank loan drawdowns. Net cash flows used in financing activities amounted to €2.9 million. For FY2026, net cash used in financing activities are projected to increase to €3.7 million, with this movement reflecting the payment of a dividend amounting to €3 million partly compensated for by bank loan drawdowns.

Overall, the strong operating cashflows generated during the year more than funded the Group's increased investment outlays and financing obligations. As a result, the ultimate cash and cash equivalents balance increased substantially from €0.8 million at the beginning of the year to €3.8 million as at 31 December 2025. Ending balance for FY2026 is expected by management to reach €4.8 million.

6.3 Statement of Financial Position

Combined Financial Statements	2023	2024	2025	2025		2026
Statement of financial position (€000) - 31 December	Actual	Actual	Forecast	Actual	Variance	Forecast
ASSETS						
Non-current assets						
Property, plant and equipment	98,815	130,528	129,299	137,024	6%	140,314
Loan Receivable	21,245	20,000	20,000	20,000	0%	13,000
Deferred tax asset	6,027	4,845	3,891	3,813	-2%	4,573
Other receivables	174	50	50	50	0%	50
Total non-current assets	126,262	155,423	153,239	160,887	5%	157,937
Current assets						
Inventories	375	366	400	395	-1%	502
Trade and other receivables	823	1,208	1,070	1,365	28%	1,498
Loan Receivable	-	2,483	3,412	3,431	1%	4,067
Current tax receivable	16	10	-	20		-
Cash and cash equivalents	664	825	3,755	3,754	0%	4,790
Total current assets	1,877	4,891	8,637	8,966	4%	10,857
Total assets	128,139	160,314	161,876	169,854	5%	168,794
EQUITY AND LIABILITIES						
Capital and reserves						
Issued capital	419	419	419	419	0%	419
Other reserve	433	433	433	433	0%	433
Revaluation reserve	43,363	71,209	71,209	75,412	6%	75,411
Retained earnings	2,832	5,159	8,056	9,758	21%	5,904
Total equity	47,047	77,220	80,117	86,022	7%	82,168
Non-current liabilities						
Interest-bearing loans and borrowings	67,341	66,010	65,089	66,791	3%	69,422
Deferred tax liability	6,738	9,711	9,711	9,848	1%	9,849
Total non-current liabilities	74,078	75,721	74,799	76,639	2%	79,271
Current liabilities						
Trade and other payables	5,963	6,352	5,910	6,030	2%	5,740
Interest-bearing loans and borrowings	1,045	1,016	1,016	1,152	13%	1,615
Current tax payable	5	5	34	11	-68%	-
Total current liabilities	7,013	7,373	6,960	7,193	3%	7,355
Total liabilities	81,092	83,094	81,759	83,832	3%	86,626
Total equity and liabilities	128,139	160,314	161,876	169,854	5%	168,794

Source: Combined Financial Statements, Management information

During 2025, the Group's balance sheet continued to grow, with total assets increasing to just below €170 million (+6%) compared to the previous year. The main movements are noted in the value of property, plant and equipment, in addition to higher cash balances and an increase in the loan receivable from a related party. Property, plant and equipment increased to €137 million as at 31st December 2025, compared to €130.5 million in the previous year. The increase reflects both the upward revaluation of the Group's property assets and the works undertaken during the year.

As of 31st December 2025, management determined the latest valuation of the property assets. For the sites in operation, using a multi-period projection and Discounted Cash Flow (DCF) model covering the updated projections period 2026–2032, management concluded that there were no material changes in assumptions or inputs that would result in a material change in value. However, for the other sites, management determined that the attainment of a development permit approving the construction of a recessed hotel suite at first-floor level (including the installation of a lift to provide access to the proposed suite) represented an enhancement to the development potential of a site that had not been reflected in previous valuations. On this basis, such incremental value was incorporated into the fair value assessment of the other sites.

In addition, the Group is continuing to invest in its facilities through a number of refurbishment and enhancement projects (as described in previous sections), with a portion of these costs reflected within assets under construction at year end.

The other major asset of the Group remains the loan receivable from a related party. This asset is a long-term loan advanced to the parent company, unsecured and bearing an interest of 2.4% per annum 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. This receivable is due, both capital and interest, by November 2042. The outstanding balance as at 31st December 2025 increased to €23.4 million (2024: €22.5 million), with an amount of €3.4 million including interest accrued accounting for the current portion as at the end of last year.

Cash balances increased substantially during the year, rising from €0.8 million to €3.8 million. This significant improvement reflects the Group's strong operating cash flow generation during 2025, which more than funded capital expenditure and financing obligations.

With respect to funding, interest-bearing debt continues to represent the largest component of the Group's liabilities. Borrowings amounted to €67.9 million as at 31st December 2025 compared to €67.0 million a year earlier. The limited movement reflects the fact that the major refinancing transactions undertaken during 2024 were not repeated during the year. Further details relating to the Group's financing structure and borrowings are provided below. As reflected in the equity balance, the Group's balance sheet benefited from the enhanced operating profitability and the increase in valuation of its property assets. Total equity increased to €86.0 million as at 31st December 2025 (+11 %).

Going forward, in addition to the projected increase in profitability and further investments, the balance sheet of the Group as at 31st December 2026 is expected to be impacted in particular by a movement in the outstanding loan to the parent and the impact of the above mentioned dividend payment.

As noted in section 2.2, during FY2025 PHCL determined a valuation for an internally generated brand relating to its intellectual property and subsequent to the last reporting date, transferred this intellectual property to PBCL. The transfer will result in the recognition of a gain at PHCL of €19 million in the current financial period. A corresponding receivable from PBCL has been recognised post year-end, which is non-interest bearing and receivable on demand.

Simultaneously, the Board of Directors approved and declared an interim dividend of €10 million, comprising €3 million payable in cash to the parent and €7 million to be assigned by the shareholder to PML. In turn, on receipt of such receivable, the assignment to PML was effected for a consideration of €7 million and concurrently, Phoenicia Holding (LUX) S.A.R.L (the parent), partially settled its outstanding loan payable to PML (and the wider Group) by way of set-off, resulting in a reduction of such loan principal from €20 million to €13 million, net of interest accrued.

On this basis, it is noted that total assets as at 31st December 2026 are expected to remain basically flat at €168.8 million, with the decrease in the outstanding balance of the loan to the parent company and the outflow of cash related to the dividend payment, compensating for the expected impact on cash from the projected increase in profitability and the investments undertaken throughout FY2026. Meanwhile, total equity is expected to decline to €82.2 million, with the impact of the dividend payment on retained earnings more than compensating for the positive impact from increased profitability. Total borrowings are expected to edge up to €71 million.

6.4 Borrowings

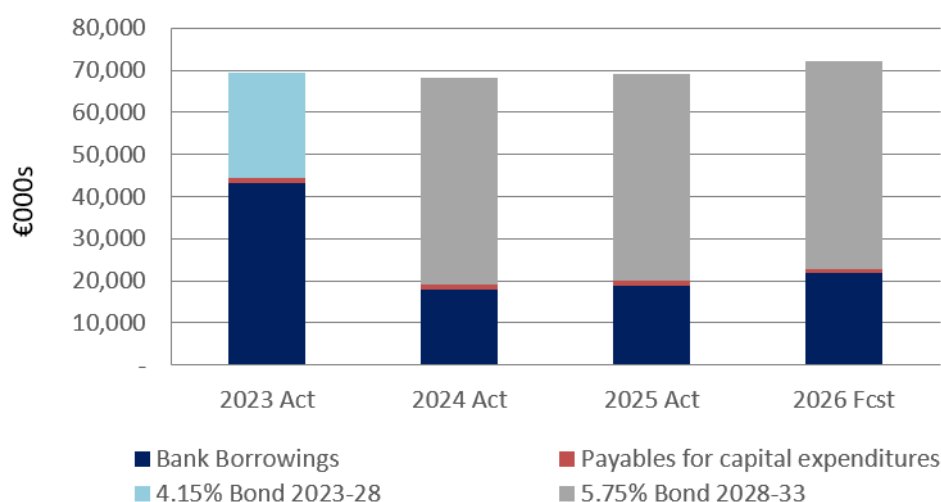


Figure 6: Debt Breakdown
Source: Management information, Combined financial statements

The Group has been mainly financed through debt over the years, further supported by internally generated cash flows. Total borrowings as at 31st December 2025 amounted to €67.9 million, almost unchanged compared to 2024, 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 ongoing renovation works carried out in the Hotel, and more recently also to finance the purchase of the shareholder's share options in the holding company. It is also noted that there were no major shifts in the composition of the debt obligations during 2025, particularly when compared to the previous year which was characterised by a major refinancing transaction that enabled the Group to substantially extend its debt maturity profile.

Total financial debt is expected to stand at €71.0 million as at 31st December 2026 (or €72.2 million including the payables for capital expenditures), currently dominated by the outstanding bond. 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 may be financed from bank facilities.

6.5 Evaluation of Performance and Financial Position

The Group's commitment to its underlying business model of rates-driven growth continued to deliver particularly strong results during 2025 and into this year. Pricing as reflected in average ARR and RevPARs reached record highs, even though occupancy levels were flat.

Furthermore, continued value-adding investments in the Group's assets are expected to sustain operating and financial performance going forward. Similarly to the recent upgrades implemented last year to certain rooms and corridors, management believes that obtaining a permit for additional works including the planned presidential suite and other refurbishments, offers the opportunity to further sustain the Hotel's niche market position.

With respect to efficiencies, whilst management highlights the Group's efforts on cost control, it is also noted that last year's marked improvement was also driven by the one-off nature of major cost items incurred during the previous year.

The Group's margins reflect the above trends, with improvements in profitability for 2025 evident across the gross, operating and EBITDA levels, also performing better than previously expected. Management expects additional enhancements in such metrics also for the current year, albeit at a more moderate pace.

With borrowing costs down from the previous year, the substantially enhanced EBITDA generation resulted in an increase in interest cover to 3.2x. The bottom line, as reflected in the surge in net profit margin, also benefited from the impact of the revaluation gain.

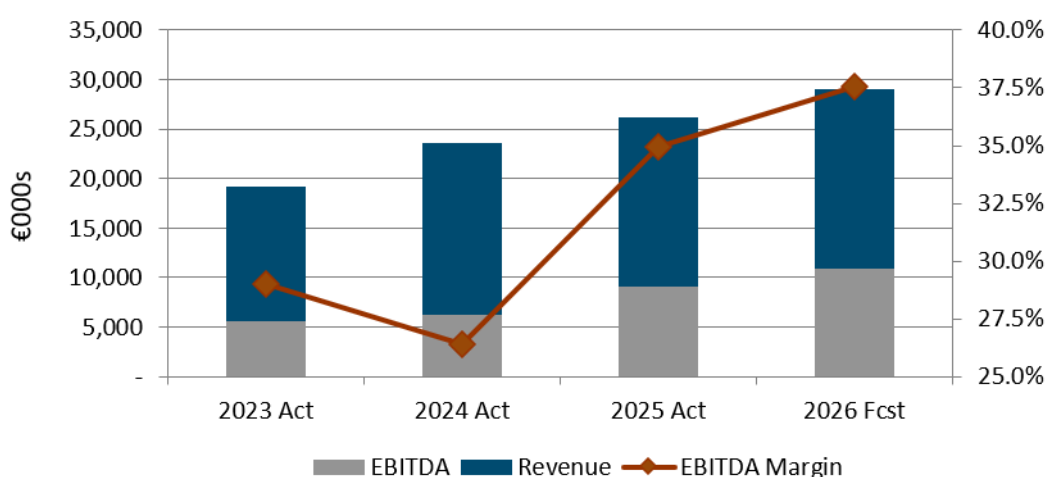


Figure 7: EBITDA Generation
Source: Management information, Combined financial statements

Combined Financial Statements <i>Profitability Ratios - 31 December</i>	2023 Actual	2024 Actual	2025 Actual	2026 Forecast
Gross Profit Margin (Gross Profit / Revenue)	49.8%	53.7%	55.4%	56.9%
Operating Profit Margin (Operating Profit / Revenue)	17.1%	16.8%	26.2%	29.5%
EBITDA margin (EBITDA / Revenue)	29.0%	26.4%	35.0%	37.5%
Interest Cover (EBITDA / Net Finance Costs)	2.3x	2.2x	3.2x	3.4x
Return on Assets (Operating Profit / Average Total Assets)	2.6%	2.8%	4.2%	5.1%
Return on Capital Employed (Operating Profit / Average Capital Employed)	2.7%	2.9%	4.3%	5.3%
Net Profit Margin (Profit for the year / Revenue)	1.6%	-1.7%	12.4%	21.2%
Return on Equity (Profit for the year / Average Total Equity)	0.7%	-0.6%	4.0%	7.3%

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

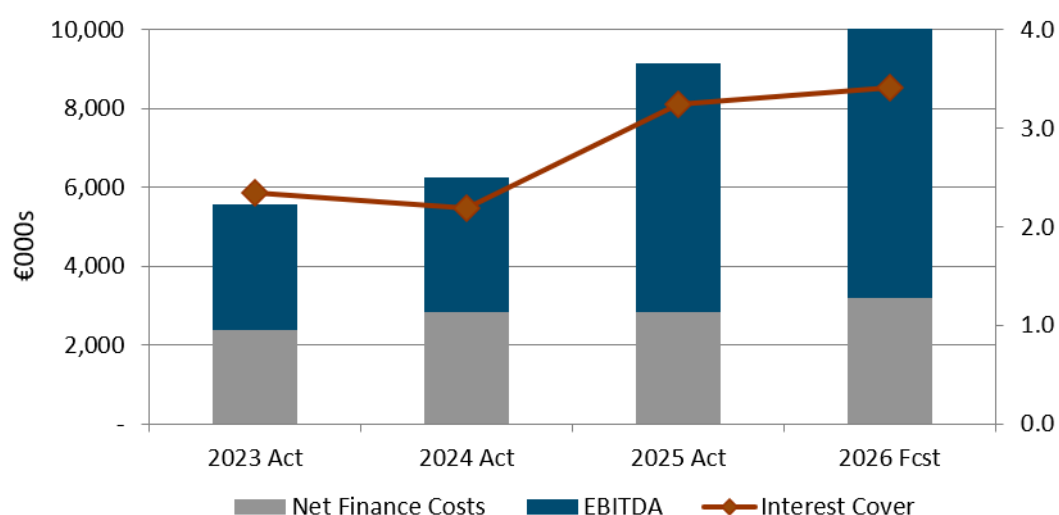


Figure 8: Interest Cover
Source: Management information, Combined financial statements

Combined Financial Statements	2023	2024	2025	2026
<i>Statements of Financial Position Ratios - 31 December</i>	Actual	Actual	Actual	Forecast
Current Ratio (Current Assets / Current Liabilities)	0.3x	0.7x	1.2x	1.5x
Quick Ratio ({Current Assets - Inventories} / Current Liabilities)	0.2x	0.6x	1.2x	1.4x
Gearing Ratio (Debt-to-Total Capital) (Borrowings / {Total Equity + Borrowings})	59.7%	46.9%	44.6%	46.8%
Gearing Ratio (Borrowings / Total Equity)	1.5x	0.9x	0.8x	0.9x
Net Leverage Ratio (Net Borrowings / EBITDA)	12.4x	10.8x	7.2x	6.2x
Free Cash Flow to Debt (Free cash flow / Borrowings)	6.5%	7.5%	8.2%	7.0%

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.

Throughout recent years, the Group's capital structure and financial profile have benefited from progressive improvements in core operating profitability and the property's upward revaluations implemented in 2022, 2024 and 2025. Such positive developments more than compensated for the outlay related to the loan advancement to the parent, in a period during which there were no major capital projects.

In line with management expectations, last year's robust performance drove a notable improvement in the Group's net leverage standing, with net debt to EBITDA decreasing from 10.8x to 7.2x, and is expected to decrease towards 6x by the end of the current year. Improved debt sustainability is also reflected in the increase in free cash flow levels relative to outstanding debt to 8.2% (with higher EBITDA levels more than compensating for the higher investment outlays).

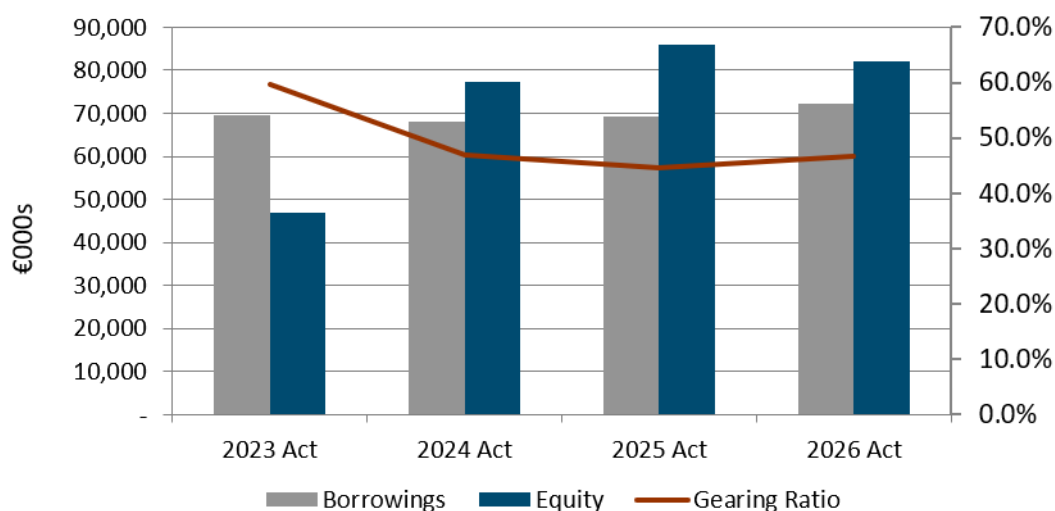


Figure 9: Gearing Ratio
Source: Management information, Combined financial statements

Historical and forecasted debt to total capital (or 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 and revaluation gains.

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, further improving to 45% in FY2025. However, management forecasts indicate that gearing is expected to edge up slightly in FY2026, due to the impact on the equity balance of the dividend payment, as mentioned in previous sections.

Management notes that the Group is expected to maintain a prudent approach with respect to the management of its balance sheet structure. Following the extension of the debt maturity profile driven by the issue of the 5.75% Bond 2028-33 and consolidation of the share capital structure by the shareholder, the dividend payment is the first such distribution in more than ten years. Additionally, in line with restrictive covenants in place, more than 50% of such dividend payment is being utilized to offset the outstanding balance on the loan to the parent. The Group is expecting this underlying approach to also adequately sustain its ongoing and future investment plans, primarily consisting of the SJG Project, which are expected to be funded by a combination of debt and internally generated cash flows.

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	3.2x	7.2x	44.6%
AX Group p.l.c	3.8x	4.9x	40.5%
International Hotel Investments p.l.c.	1.6x	11.3x	46.2%
Eden Finance p.l.c.	4.0x	5.7x	27.8%
SD Finance p.l.c.	5.4x	3.1x	45.2%
Tumas Investments plc (Spinola Development Co Ltd	16.2x	1.3x	18.0%
Stivala Group Finance p.l.c.	4.9x	5.2x	22.7%

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.