PHOENICIA FINANCE COMPANY P.L.C

PHN/25

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

In terms of Listing Rule 5.16.24, it is being disclosed that the combined financial results as published in the combined financial statements of the Guarantors and the Company (together the "**Group**") for the year ended 31 December 2020, show a loss before tax of €5.1 million. Accordingly, this represents a material adverse variance of €0.5 million (11%) when compared to the projections published in the Financial Analysis Summary issued on 28 September 2020 by way of company announcement PHN19 (the "**Published Projections**").

The variance being reported is a result of the difference in total revenue generated, which amounted to €2.9 million, representing an adverse variance of €0.8 million (22%) when compared to the Published Projections. This shortfall is mainly a consequence of the imposition of further travel restrictions on an international level, which were not being contemplated in the Published Projections. Particularly, the restrictions announced during the last quarter of the year 2020 by the United Kingdom in response to the spread of COVID-19, which included a national lockdown, has had a significant impact on the results of the Group given that the United Kingdom is one of the Phoenicia Hotel's main feeder market source. It is to be noted that this difference in revenue was partially compensated by a reduction in costs, and accordingly, the resulting material variance in operating loss and loss before tax stood at €0.5 million.

The Group incurred a loss after tax for the year ended 31 December 2020 amounting to €2.9 million. This represents a positive variance of €1.7 million (37%) when compared to the loss after tax of €4.6 million indicated in the Published Projections. This positive variance is a result of the recognition of deferred tax asset arising from the increase in unutilised losses and capital allowances which were not accounted for in the Published Projections.

The Group's cash and cash equivalents as at 31 December 2020 stood at €93,000, which represents a material adverse variance of €2.6 million when compared to the Published Projections. This variance is attributable to the variance in net cash flows from financing activities where €3.3 million of the available funding was not withdrawn as at year end, whereas these funds were considered as being fully drawn down in the Published Projections. This undrawn balance of €3.3 million, together with further undrawn balances of €0.6 million, remains available to the Group as at 31 December 2020.

Unquote

BY ORDER OF THE BOARD

30 April 2021

Dr. Stephanie Shaw
COMPANY SECRETARY