RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
Exalco Finance p.l.c.
Cornerstone Business Centre,
Level 4, 16th September Square,
Mosta, MST 1180
Malta

02 June 2025

Dear Sirs,

Exalco Finance p.l.c. – update to the Financial Analysis Summary ("Update FAS")

In accordance with your instructions and in line with the requirements of the Listing Authority Policies, we have compiled the Update FAS set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Analysis is that of summarising key information appertaining to Exalco Finance p.l.c. (the "**Company**" or "**Issuer**") and Exalco Properties Limited (the "**Guarantor**"). The data is derived from various sources or is based on our own computations as follows:

(a) The Company's audited financial information for the years ended 31 December 2022, 2023 and 2024;
(b) The Guarantor's historical financial information has been sourced from the consolidated audited financial statements of Exalco Properties Limited for the years ended 31 December 2022, 2023 and 2024;
(c) Projected financial information for the year ending 31 December 2025 as provided and approved by management of the Issuer and the Guarantor;
(d) Our commentary on the results and respective financial position of the Issuer and Guarantor is being based on explanations from management;
(e) The Ratios presented in the Update FAS have been computed by us applying the definitions as set out and defined within the Update FAS; and
(f) Relevant financial data in respect of the comparative set as analysed in part D has been extracted from public sources such as the web sites of the companies concerned, financial statements filed with the Malta Business Registry or other published documents such as Financial Analysis Summaries.

The Update FAS is meant to assist potential investors by summarising the more important financial data of the Issuer and Guarantor. The Update FAS does not contain all data that is relevant to potential investors and is meant to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Update FAS and no representation or warranty is provided in respect of the reliability of the information contained in this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

Update 2025

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd in compliance

with the Listing Policies issued by the Malta Financial Services Authority

dated 5 March 2013 and revised on 13 August 2021.

02 June 2025

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Important Information

Purpose of the Document

Exalco Finance plc (the "**Company**", "**Exalco Finance**" or the "**Issuer**") issued €15 million 4% Secured Bonds 2028 pursuant to a prospectus dated 31 July 2018 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the Listing Policies as issued by the MFSA on 5 March 2013 and last updated on 13 August 2021. The purpose of this report is to provide an update to the FAS (the **"Update FAS**") on the performance and on the financial position of the Company and Exalco Properties Limited, as guarantor to the Bond Issue (the "**Guarantor**" or "**Exalco Properties**").

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (www.exalcogroup.com), the Company's audited Financial Statements for the years ended 31 December 2022 to 2024, the Guarantor's audited Financial Statements for the years ended 31 December 2022 to 2024 and forecasts for financial year ending 31 December 2025 for both the Company and the Guarantor.

Forecasts that are included in this document have been prepared and approved for publication by the directors of the Company and Guarantor, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st January to 31st December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Previous FAS Issued

The Company has published the following FAS which is available on its website:

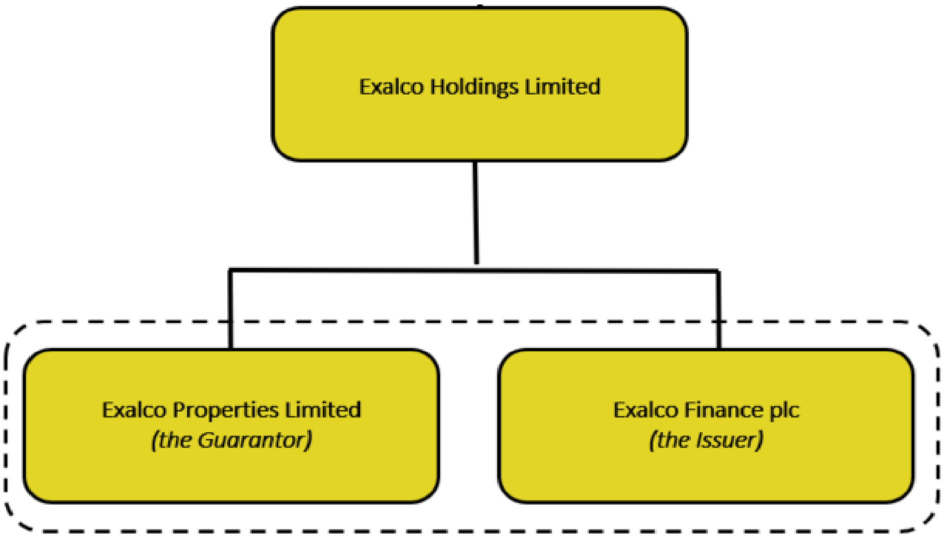
- FAS dated 31 July 2018 (appended to the prospectus)
- FAS dated 6 June 2019
- Addendum to FAS dated 19 August 2019
- FAS dated 31 July 2020
- FAS dated 21 June 2021
- FAS dated 10 June 2022
- FAS dated 02 June 2023
- FAS dated 03 June 2024

1 INTRODUCTION

Exalco Finance plc was incorporated on 17 July 2018 with company registration number C 87384, to act as the financing vehicle of the Exalco Group [Exalco Holdings Limited (C 86836) and its subsidiaries], the principal constituent of which is the Issuer's sister company, Exalco Properties Limited (C 11273).

Set up in 1990, Exalco Properties was formerly known as Exalco Group Limited. It is the main operating company of the group, whose activities comprise the acquisition, development, management and leasing of property in Malta. The current property portfolio of the Guarantor includes six business centres, on lease to corporate clients on both short and long-term leases.

Both Issuer and Guarantor share common ownership, through the said holding company Exalco Holdings Limited, as follows:



The Issuer is a financing vehicle, raising finance for the use and benefit of the Exalco Group, of which the main operating entity is presently the Guarantor. The proceeds of the Bond Issue have been on-lent to the Guarantor and as such the Issuer is dependent on the Guarantor.

2 GOVERNANCE & MANAGEMENT

THE ISSUER'S DIRECTORS AND SENIOR MANAGEMENT

Being a public limited liability company listing securities on the Official List of the Malta Stock Exchange, Exalco Finance is bound by the Code of Corporate Governance (the "**Code**"). As such, its board of directors is composed of a mix of executive and non-executive directors in terms of the Code. The board is currently composed as follows:

Mr Alexander Montanaro	Chairman of the Board, Executive Director
Mr Jean Marc Montanaro	Executive Director
Mr Michael Montanaro	Executive Director
Mr Mario P Galea	Non-Executive Director
Mr Lawrence Zammit	Non-Executive Director
Dr Kevin F Dingli	Non-Executive Director

The Issuer is a finance company and does not have employees of its own.

THE GUARANTOR'S DIRECTORS AND SENIOR MANAGEMENT

Mr Alexander Montanaro	Chairman of the Board, Executive Managing Director
Mr Jean Marc Montanaro	Executive Director & Financial Controller
Mr Michael Montanaro	Executive Director & Property Manager

3 UPDATE ON THE BUSINESS AND THE MARKET ENVIRONMENT OF THE ISSUER AND GUARANTOR

There have been no changes to the asset composition of the Guarantor during the financial year ending 31 December 2024. The Guarantor owns and manages six business centres apart from two smaller and unrelated properties, all of which were in operation for the entire year under review.

As indicated in last year's FAS, on 25 January 2023, the Company had announced that the Guarantor acquired the building known as the 'Savoy Hotel' or 'Savoy Guest House' situated in Rue D'Argens, Sliema for the price of €5.4 million. The Guarantor has since applied to the Planning Authority seeking a permit to convert, restore and redevelop the building into a prestigious business centre and re-establish it as a landmark building as it was in the past. A full development permit was issued by the Planning Authority on 23 May 2024 and demolition works started in December 2024. Excavation works followed closely after and are currently in process through to the end of June 2025. On the basis of current plans, the €11 million project is expected to be fully completed by December 2027. Management is currently expecting that a part of this project cost can be met (and is indeed being met in terms of these initial phases) from internal cash resources and generation while the balance will require external financing, the type and quantum of which will be determined later this year. Consequently, no additional borrowings are being accounted for in the forecasts for this financial year.

In the meantime, management advised that they continue to maintain a very cautious and prudent stance both in the preparation and assessment of their projections as well as in terms of business outlook as changes may occur unexpectedly at any time during the course of the year. Indeed, as will be highlighted in this report, management has advised that the Golden Mile business centre will be undergoing tenant changes during the current financial year. This business centre has always hosted one tenant and the Guarantor has been notified that this tenant will be requiring less space in the same centre going forward. As such, while management is actively concluding arrangements with new tenants for space vacated in this centre, every effort is being made to reutilise all the space in the shortest time possible. These developments create the backdrop for the forecasts for FY2025 that nonetheless remain comforting in line with the stable business environment.

4 MAJOR & OTHER ASSETS

The Issuer is a finance vehicle, and as expected, the major asset it has on its book is the loan to the Guarantor, which funds were raised through a bond issue during FY2018.

The major assets of the Guarantor are the properties which the Guarantor owns and/or leases to third parties, details of which are being included hereunder.

	Location	Title / Tenure	Year of Acquisition/ Completion	No of Levels	NLA*: Offices	NLA*: Commercial	No. of Parking Spaces
Golden Mile Business Centre	St Julian's	Wholly owned	2017	7	2,880	-	25
Marina Business Centre	Ta' Xbiex	Wholly owned	2011	6	3,532	64	78
Mayfair Business Centre	St Julian's	Wholly owned	1999	7	836	1,620	12
Cornerstone Business Centre	Mosta	Wholly owned	2006	5	1,880	372	32
Parklane Business Centre	Hamrun	Wholly owned	1999	4	695	250	6
Phoenix Business Centre	St Venera	Wholly owned	2018	5	2,200	1,300	20
Savoy Property **	Sliema	Wholly owned	2023				
Other Assets							
Borton House	Mosta	Wholly owned	1990	3	200	-	2
Ibragg Maisonette	Ibragg	Wholly owned	2014	1	-	-	1

Source: Management information

**NLA: net lettable area*

*** New addition: Classified as Property, Plant and Equipment until such time as the planned complete regeneration is complete.*

5 MATERIAL AGREEMENTS

The Issuer is a financing vehicle for the Group and the contracts relate to its lending function to the Group's main operating company, that is the Guarantor. A loan agreement has been entered into by and between the Issuer (as lender) and the Guarantor (as borrower) on the 20 July 2018 pursuant to which the Issuer advanced the net proceeds from the Bond Issue to the Guarantor.

The Guarantor is party to several contracts which are considered to be material in the context of its operations, particularly those with tenants of the business centres. Furthermore, the Guarantor has provided guarantees to the Security Trustee, for the benefit of the Bondholders, with respect to the payment of the indebtedness to the Security Trustee at any time due and owing under the Bonds.

Apart from what is mentioned in Section 3, since the publication of the Update FAS in June 2024, management advised that the Issuer and the Guarantor have not entered into any further material agreements that require disclosure.

6 MARKET OVERVIEW

The construction and real estate sectors have traditionally been key pillars of the local economy and have also been the drivers of growth. In fact, the positive correlation between the performances of the local economy and the construction and real estate sectors has been particularly evident over the years.

The Commercial Property Market in Malta

In 2024, Malta's commercial real estate market continued to evolve amid changing work habits, tourism recovery, and rising sustainability awareness.

Market dynamics varied depending on the commercial use as described below.

- **Office Space:** Demand for premium office space in urban centres like Valletta, Sliema, and St. Julian's increased, with rental rates rising by 7%. However, hybrid work models persist, leading to reduced demand and higher vacancy rates in suburban areas such as Mosta and Birkirkara. Refurbished offices with modern amenities are maintaining stronger occupancy and pricing.
- **Retail Property:** Tourism has driven retail growth, particularly in Valletta, St. Julian's, and emerging hubs like Gżira and Ta' Xbiex. Rents in prime areas have increased by 9%. Suburban retail remains challenged, with vacancy rates above 15%.
- **Industrial & Logistics:** Ongoing supply shortages have pushed rents up by 8–10%, especially in key zones like Hal Far and Marsa. There is rising demand for energy-efficient and green-certified industrial facilities.
- **Hospitality:** The rebound in tourism is boosting demand for hospitality spaces in urban and coastal regions. Premium locations are commanding higher rates, with interest growing in eco-conscious and themed venues.

Sustainability is an emerging theme in the local commercial property space which is gaining traction as developers are increasingly integrating sustainable building practices. While demand for green-certified spaces is rising, Malta's overall real estate transparency remains low, with further progress needed in sustainability metrics and data availability.

Sources:

QLC Real Estate Blog - "Malta Commercial Real Estate Market Update 2024" [link]

Times of Malta - "Perry Commercial Hub – Property Outlook 2024" [link]

Statista – Malta Commercial Real Estate Market Overview [link]

PwC Malta – Real Estate Transparency Report 2024 - "A Focus on Real Estate Transparency in Malta" [link]

7. THE ISSUER

The Issuer does not undertake any trading activities itself apart from the raising of capital and the advancing thereof to the Guarantor and is therefore economically dependent on the financial and operational performance of the business of the Guarantor.

The financial statements presented for the Issuer in this section reflect audited financial statements for the full financial years ended 31 December 2022 to 2024. The forecasts for FY2025 produced in this section reflect management's expectations.

7.1 INCOME STATEMENT

	Actual FY2022 €000's	Actual FY2023 €000's	Actual FY2024 €000's	**Forecast FY2025** *€000's*
Interest on loans to fellow companies	616	619	620	620
Facility fee	135	137	140	143
Finance Income	**751**	**756**	**760**	**763**
Finance cost	(630)	(630)	(630)	(630)
Net Finance Cost	**121**	**126**	**130**	**133**
Administrative Expenses	(59)	(68)	(65)	(65)
Profit before tax	**62**	**58**	**65**	**68**
Taxation	(22)	(20)	(23)	(24)
Profit for the Year	**40**	**38**	**42**	**44**

Source: Management information

REVIEW FY2024 AND FORECAST FY2025

In light of the fact that the Issuer is a financing vehicle, similar to previous years, the results for the Issuer for the year ended 31 December 2024 do not vary significantly from those of the previous years and indeed, will not vary much going forward in view of the objects of the Company. Being the financing vehicle of the Group, the significance of these numbers is restricted to the interest income on the bond issue proceeds loaned to the Guarantor and the facility fee chargeable to the Guarantor as the ultimate beneficiary of the funds raised by the Issuer which are used to pay off the bond finance costs. Indeed, the forecasts for FY2025, similar to those prepared for FY2024, show minimal changes given the nature of the Company's activities.

7.2 Statement of Financial Position

	Actual FY2022 €000's	Actual FY2023 €000's	Actual FY2024 €000's	Forecast FY2025 €000's
Assets				
Non-Current Assets				
Loans & receivables	15,172	15,252	15,252	15,252
Current Assets				
Trade & other receivables	253	254	254	254
Cash & cash equivalents	48	35	111	186
Total Assets	15,473	15,541	15,617	15,692
Equity & Liabilities				
Equity				
Share Capital	250	250	250	250
Retained Earnings	135	173	215	259
Total Equity	**385**	**423**	**465**	**509**
Non-Current Liabilities				
Amortised bond issue	14,833	14,863	14,893	14,923
Current Liabilities				
Trade and other payables	255	255	259	260
Current tax	-	-	-	-
Total Liabilities	**15,088**	**15,118**	**15,152**	**15,183**
Total Equity & Liabilities	15,473	15,541	15,617	15,692

Source: Management information

Review FY2024 and Forecast FY2025

The balance sheet of the Issuer is particularly straightforward and reflective of its objectives as a financing arm for the Guarantor. As at the end of FY2024, the Issuer's total assets amounted to €15.6 million and changes during the current financial year are once again expected to be marginal. Liabilities include the amortised bond issue of €14.9 million as well as accrued interest. The Issuer does not expect any material changes in its balance sheet for FY2025 in line with its objectives and purpose.

7.3 CASH FLOW STATEMENT

	Actual FY2021 €000's	Actual FY2022 €000's	Actual FY2023 €000's	Actual FY2024 €000's	Forecast FY2025 €000's
Cash flows from operating activities	50	71	67	75	75
Cash flows used in investing activities	(50)	(150)	(80)	-	-
Cash flow from financing activities	-	-	-	-	-
Net movements in cash & cash equivalents	**-**	**(79)**	**(13)**	**75**	**75**
Opening cash & cash equivalents	127	127	48	35	110
Closing cash & cash equivalents	**127**	**48**	**35**	**110**	**185**

Source: Management information

REVIEW FY2024 AND FORECAST FY2025

The cash flows from operating activities of the Issuer comprise facility fees and net interest received from the Guarantor. No new cash flows used in investing activities were recorded in FY2024 following an FY2023 small loan amounting to €80,000 (FY2022: €150,000) was previously advanced to the Guarantor. During FY2025, cash flow movements are expected to be insignificant and straightforward and directly related to issuer activities.

8 THE GUARANTOR

The financial statements of the Guarantor are being presented hereunder. The historical financial figures for the years ended 31 December 2022, 2023 and 2024 have been sourced from the audited consolidated financial statements. Reference herein is made to "**Historical Financial Information**" in this regard.

Forecasts for the year ended 31 December 2025 (the "**Management Forecasts**") have been provided by management who maintain sole responsibility for them and for the assumptions upon which they are based.

Financial information presented hereunder may be subject to rounding differences.

8.1 INCOME STATEMENT

	Actual FY2022 *€000's*	*Actual* FY2023 *€000's*	*Actual* FY2024 *€000's*	Forecast FY2025 *€000's*
Property Leasing	4,398	4,546	4,688	4,768
Net property management income	99	104	144	128
Net revenue from property leasing activities	4,497	4,650	4,832	4,896
Other net (costs)/income - property leasing	21	21	23	17
Selling, general and administrative costs	(498)	(682)	(696)	(832)
EBITDA	4,020	3,989	4,159	4,081
Depreciation	(349)	(345)	(332)	(343)
EBIT	**3,671**	**3,644**	**3,827**	**3,738**
Net finance expenses	(830)	(822)	(761)	(763)
Profit before tax	**2,841**	**2,822**	**3,066**	**2,975**
Current taxation	(638)	(661)	(680)	(715)
Profit for the year	2,203	2,161	2,386	2,260

Source: Historical Financial Information and Management Projections

REVIEW FY2024

REVENUE ANALYSIS

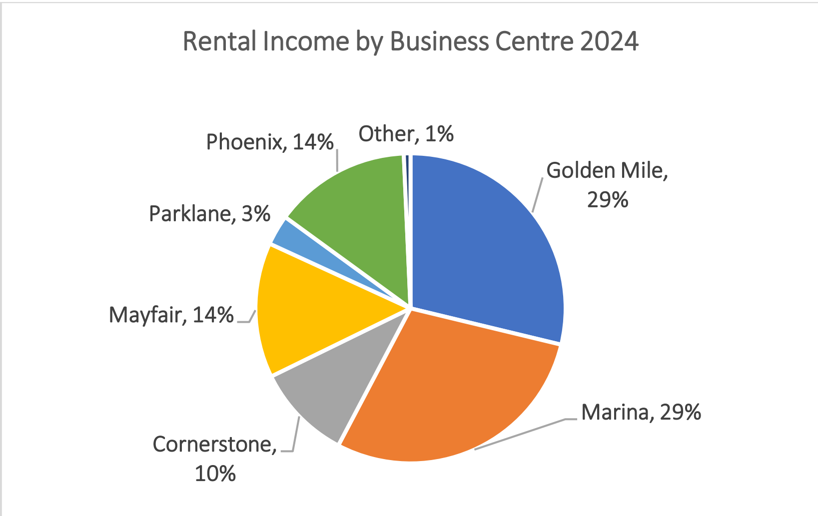
The Guarantor's revenue generating segments remain property leasing and property management. Net revenue reached €4.8 million in FY2024 compared to €4.7 million in FY2023. The marginal increase in revenue was anticipated and is mainly attributable to certain revisions to contracted lease terms throughout the year under review. The Guarantor's business progressed as planned in FY2024 and much in line with the stable business environment.

An analysis of revenue generation by asset and tenant mix is provided overleaf.

Property Leasing

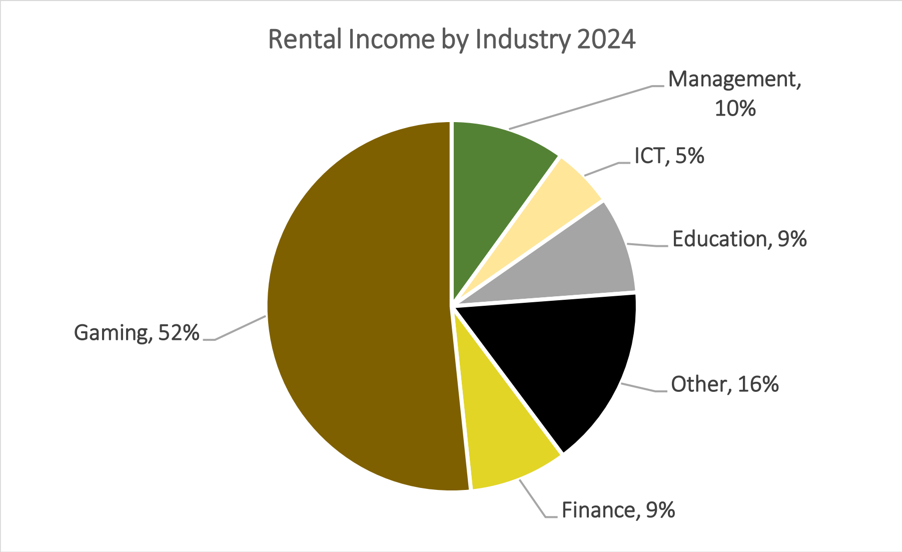
This segment is represented by the leasing of the six business centres in Malta entirely owned by the Guarantor.

The business centres provide a total net lettable area of *circa* 15,700 sqm, of which *circa* 3,600 sqm is commercial space (19%) with the remainder being office space (81%), largely unchanged from last year. The business centres are leased out to corporate clients on both short and long-term leases. The lease agreements in place between the Guarantor and its tenants provide an initial definite term of rent and are subject for annual increments ranging between 2% and 3% of the rent payable in the previous year. Certain lease agreements also cater for the automatic renewal of the lease for a period ranging from one to three years. Additionally, all the rental agreements provide the option for the termination of the lease agreement by the lessee by giving a written notice a few months before the expiration of the lease term (between 3 to 12 months), either during the original or the renewed term.



Source: Management information

The Marina Business Centre in Ta' Xbiex and the Golden Mile Business Centre in Saint Julian's remain, as expected, the largest revenue contributors by quite a margin over the other properties and together accounted for 58% of the revenue of FY2024 (FY2023: 59%). These two principal business centres account for circa 41% of the Guarantor's total lettable area. Phoenix Business Centre in Santa Venera and Mayfair in Saint Julian's contributed a further 14% respectively of rental income each. Based on current terms of lease agreements in force, contributions per business centre are generally expected to remain unchanged in FY2025, other than at the Golden Mile assuming that the vacated space will not be fully re-leased by the end of the year.



Source: Management information

The chart above (updated from the FAS of 2024) highlights once again the noticeable concentration in rental income from the gaming sector. This contribution has remained range-bound in the 50%-53% bracket since FY2019 after having fallen from 63% in FY2018. All other sector contributions remained largely unchanged with the "Other" component which comprises a mix of other 'sectors' aside from finance, management or ICT, continuing to account for 16% of revenue.

Similar to the previous year, the Golden Mile Business Centre remained fully occupied by one large gaming company in FY2024, contributing 29% of total revenue. This concentration risk is about to change as explained earlier since one tenant will now be sharing the same business centre with a number of others. On the other hand, the Marina (being the largest contributor) as well as the other centres all accommodate a mix of tenants. In terms of rental income by tenant, in FY2024 the top four tenants across all business centres accounted for 58% (FY2023: 59%) of total rental income.

Property Management

This segment complements the rental property segment, as the Guarantor maintains the business centres on behalf of its tenants. Services provided include common area management, general repairs and maintenance, and in-house maid services. The company generated net revenues of €144,000 from these services during FY2024 compared to €104,000 in FY2023. No material change to this relatively small income stream is expected going forward.

Other Components of the Income Statement

EBITDA (operating profit adjusted for depreciation, amortisation and before charging tax and interest expenses) increased by 7% to just under €4.2 million in FY2024, largely as anticipated. The marginal increase in net revenue was mostly absorbed by higher-than-expected expenses principally resulting from slightly higher repairs and maintenance costs. Depreciation also remained unchanged at €0.3 million in FY2024, while operating profits increased from €3.6 million to €3.8 million. Net finance expenses, at €0.8

million, were lower than those for FY2023 following the full repayment of bank loans leaving only the bonds in issue carrying a fixed rate of interest through to 2028.

Overall, the income statement for FY2024 is in line with expectations and section 8.5 of this report provides a variance analysis to explain this further.

FORECASTS - FY2025

According to management, the forecasts for FY2025 have once again been prepared on the basis of assumed normal levels of activity. As reported by the Directors in their Annual Report and Audited Financial Statements for FY2024, no significant changes in the Guarantor's activities or business are expected in the short term and the Guarantor is expected to continue to register a surplus based on its projections.

Indeed, it is currently forecasted that business in FY2025 will match levels reached in FY2024 across almost all pre-EBIT line items however, one notes the continued expected increase in overall expenses in view of the principal need for continued maintenance to sustain the highest standards possible in all centres such that competitive advantages can be maintained.

Overall net revenues from property leasing activities should reach €4.9 million in FY2025 compared to €4.8 million in FY2024. Although the overall result shows a marginal improvement, as highlighted earlier, management advised that the Golden Mile will experience tenant changes (due to downsizing of the existing single tenant) in the second half of FY2025 and in this context, management is prudently assuming that some space in this business centre will not be fully re-occupied by the end of FY2025 although leads and interest remain encouraging and a number of new contracts have already been signed. In view of these developments, a portion of the expected increase in costs is also due to commissions payable to agents as a result of these tenant changes expected later this year. This assumption aside, the overall result remains robust since other lease agreements currently in force experience preset revisions.

In FY2025, net finance costs are expected to remain unchanged at €0.8 million.

Overall profitability should be easing slightly in FY2025 although the numbers are expected to remain healthy and generally stable. As also indicated last year, this allow management to plan ahead prudently in view of the reconstruction and development of the Savoy building that is now gathering momentum and the project is expected to be in full swing in FY2026.

8.2 STATEMENT OF FINANCIAL POSITION

	Audited	Audited	Audited	Forecast
	FY2022	FY2023	FY2024	FY2025
	€000's	€000's	€000's	€000's
Assets				
Non-Current Assets				
Property, plant and equipment	442	6,187	6,348	8,873
Investment property	69,760	69,516	69,406	69,367
Investments	18	36	96	165
Total Non-Current Assets	**70,220**	**75,739**	**75,850**	**78,405**
Current Assets				
Trade and other receivables	6,640	959	822	811
Cash and cash equivalents	1,288	1,131	3,168	2,503
Total Current Assets	**7,928**	**2,090**	**3,990**	**3,314**
Total Assets	**78,148**	**77,829**	**79,840**	**81,719**
Equity & Liabilities				
Equity				
Share Capital	2,840	2,840	2,840	2,840
Revaluation & other Reserves	37,960	37,960	37,960	37,960
Retained Earnings	10,313	12,074	13,958	15,918
Total Equity	**51,113**	**52,874**	**54,758**	**56,718**
Non-Current Liabilities				
Deferred tax liabilities	5,970	5,970	5,970	5,970
Security Deposits	517	508	520	450
Borrowings for continuing operations	1,535	-	-	-
Amounts due to fellow subsidiaries	15,200	15,280	15,280	15,280
Total Non-current liabilities	**23,222**	**21,758**	**21,770**	**21,700**
Current Liabilities				
Trade and other payables	2,166	2,515	2,609	2,586
Deposits received from clients	483	-	-	-
Borrowings	503	-	-	-
Current tax liabilities	660	682	703	715
Total Current Liabilities	**3,812**	**3,197**	**3,312**	**3,301**
Total Liabilities	**27,035**	**24,955**	**25,082**	**25,001**
Total Equity & Liabilities	**78,148**	**77,829**	**79,840**	**81,719**

Source: Historical Financial Information and Management Projections

REVIEW FY2024

The Guarantor's total assets as of the end of FY2024 increased to just under €80 million compared to €77.8 million in FY2023. Investment property accounts for 87% of total assets with the new Savoy property (currently classified as Property, Plant and Equipment), accounts for a further 8% of total assets. The remaining 5% of total assets is cash which increased in line with the increase in net profits for the period under review. There was no change to book value of the existing operational properties in the year under review following a revaluation exercise last undertaken in FY2022.

ANALYSIS OF BORROWINGS

	Audited	*Audited*	*Audited*	*Forecast*
	FY2022	**FY2023**	**FY2024**	**FY2025**
	€000's	*€000's*	*€000's*	*€000's*
Borrowings (bank loan and bonds)	17,238	15,280	15,280	15,280
Less: Net Cash and cash equivalents	1,288	1,131	3,168	2,503
Total net borrowings	**15,950**	**14,149**	**12,112**	**12,777**

Source: Historical Financial Information and Management Projections

On the liabilities side, in terms of total liabilities, the major component (61%) remains the bond (€15 million) as accelerated repayments of bank borrowings (in order to reduce finance costs) led to the removal of this liability (both current and non-current) in FY2023. No further bank borrowings were utilised in FY2024. The table above provides a clear indication of the higher cash balances which led to a reduction in net borrowings to €12.1 million. This figure is expected to increase slightly in FY2025 as internal cash resources are used for the Savoy project. Deferred taxes, unchanged and amounting to just under €6 million, accounts for a further 27% of total liabilities which remained largely unchanged from the previous year.

Once again, equity increased by the amount of retained earnings for the year under review to reach €54.7 million compared to €52.9 million in FY2023.

Forecasts FY2025

Since the Guarantor is not expected to witness any significant changes in its activities during FY2025, the balance sheet is expected to grow in line with profitability as retained earnings push up total equity to a new high of €56.7 million. However, while the year-end net cash position is forecast to reduce slightly on account of the fact that own funds are being utilised to finance works connected with the initial phases of the Savoy development that has now commenced, an increase in PPE is also expected to reflect the value of these works. Other movements in assets overall are expected to be marginal.

On the funding side, other liability components are not expected to experience any material changes during FY2025 considering that the bonds in issue represents the sole funding source at this point. As also highlighted earlier in this report, one ought to expect changes in this regard in subsequent years as a reorganisation of necessary facilities takes place now that the Savoy development project is gathering momentum. More material balance sheet movements in this regard are expected from FY2026 onwards.

8.3 Statement of Cash Flows

	Audited	*Audited*	*Audited*	*Forecast*
	FY2022	**FY2023**	**FY2024**	**FY2025**
	€000's	*€000's*	*€000's*	*€000's*
Net cash flow from operating activities	1,641	7,666	2,480	2,233
Net cash flow used in investing activities	(425)	(5,865)	(443)	(2,898)
Free Cash Flow (FCF)	**1,216**	**1,801**	**2,037**	**(665)**
Net cash flow (used in) / from financing activities	(3,288)	(1,958)	-	-
Net movement in cash & cash equivalents	**(2,072)**	**(157)**	**2,037**	**(665)**
Opening cash & cash equivalents	3,360	1,288	1,131	3,168
Net cash & cash equivalents at end of year	**1,288**	**1,131**	**3,168**	**2,503**

Source: Historical Financial Information and Management Projections

Review FY2024

Free cash flow generated during FY2024 amounted to €2 million (FY2023: €1.8 million). During FY2024 there was a marked decrease in net cash flows received and used compared to FY2023 only because in that year and as explained in the FAS of last year, accounting entries resulting from the transfer of the Savoy property to the Guarantor in early 2023 generated these one-off movements in that specific year. In the ordinary course of business, cash flow movements throughout the year remained much in line with business and year-end cash balances increased to over €3 million on account of the fact that all cash generated was retained not needing to be used for any financing activities (bank loans have all been repaid).

Forecasts FY2025

Net operating cash flows for FY2025 are expected to decrease marginally to €2.2 million compared to €2.5 million in FY2024. This is the result of tenant changes in one business centre expected in the second half of FY2025 on which management is prudently assuming that some previously leased areas of the building will remain vacant by year end. Other material cash flow movements involve cash utilization form own funds for investing activities and that is, for the initial phases of the Savoy development as described earlier. This is expected to bring free cash flow down, swinging by €2.6 million compared to last year. The Guarantor expects to end FY2025 with a positive, albeit lower, net cash position of €2.5 million compared to €3.1 million in FY2024.

8.4 Guarantor Ratio Analysis

Profitability Ratios

The below is a set of ratios prepared to assist in measuring the company's earnings potential from its property portfolio.

	Audited FY2022	*Audited* FY2023	*Audited* FY2024	*Forecast* FY2025
EBITDA Margin *(EBITDA / Revenue)*	89.4%	85.8%	86.1%	83.3%
Operating profit Margin (EBIT Margin) *(Operating Profit / Revenue)*	81.6%	78.4%	79.2%	76.3%
Net Profit Margin *(Net Profit / Revenue)*	49.0%	46.5%	49.4%	46.2%
Return on Average Equity *(Net Profit / Average Equity)*	4.7%	4.2%	4.4%	4.1%
Return on Average Assets *(Net Profit / Average Assets)*	2.8%	2.8%	3.0%	2.8%

The Guarantor's margins continue to reflect the lean cost structure of its business model. Margins have generally been stable and strong although they are expected to ease marginally while remaining robust. Slight margin pressure because of inflationary effects evident in FY2023 has now subsided as improvements were once again registered in FY2024. Nevertheless, these ratios remain attractive and relatively stable in line with the nature of the Guarantor's business. FY2025 figures are expected to remain generally robust with the slight deterioration across all profitability metrics reflective of the devleopments highlighted in the preceding sections.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring the company's ability to meet its short-term obligations.

	Audited FY2022	*Audited* FY2023	*Audited* FY2024	*Forecast* FY2025
Current Ratio *(Current Assets / Current Liabilities)*	2.08x	0.65x	1.20x	1.00x
Cash Ratio *(Cash & Cash Equivalents / Current Liabilities)*	0.34x	0.35x	0.96x	0.76x

As anticipated in the FAS last year, following the acquisition of the Savoy property in January 2023, current assets dropped materially, for the benefit of non-current assets (PPE), due to reclassification of this property on acquisition. The partial reversal of this drop expected in FY2024 indeed materialized with the current ratio rising to above 1x once again. This was driven by a comforting and expected increase in cash balances at year end as evident in the cash flow statement in section 8.3. Likewise, the cash ratio movements are also the result of this development.

FY2025 numbers are expected to remain comforting notwithstanding the slight drops purely on account of the fact that own funds (liquidity) is being used to finance the initial phases of the new Savoy development.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring the company's ability to meet its debt obligations.

	Audited	*Audited*	*Audited*	*Forecast*
	FY2022	FY2023	FY2024	FY2025
Interest Cover *(EBITDA / Net Finance Costs)*	4.84x	4.85x	5.47x	5.35x
Gearing Ratio (1) *(Net Borrowings / Equity)*	0.31x	0.27x	0.22x	0.22x
Gearing Ratio (2) *(Total Borrowings / [Total Borrowings + Equity])*	25.2%	22.4%	21.8%	21.2%
Gearing Ratio (3) *(Net Borrowings / [Net Borrowings + Equity])*	23.8%	21.1%	18.1%	18.4%
Net Debt to EBITDA *(Net Borrowings / EBITDA)*	3.97x	3.55x	2.91x	3.13x

The Guarantor's very healthy interest cover continues to strengthen reflective of the robust and stable EBITDA generation concurrent with a very prudent (and reducing) leverage position. Borrowings are indeed restricted to the bonds in issue amounting to €15 million.

This trend however is expected to start changing effective FY2025 (albeit marginally in the first year) on account of the commencement of development works at Savoy with the initial phases seeing through all FY2025 being funded from internal cash resources. As anticipated last year and completely in line with management expectations and plans, these solvency metrics now allow the Guarantor to prudently plan the funding mix for the entire Savoy project with internal resources so far contributing to the investment in the initial phases. Further developments in this regard in line with project ramp up are expected during FY2026.

The Net Debt to EBITDA ratio is forecast to slightly deteriorate in FY2025, rising form 2.91x to 3.13x for all the reasons outlined above. The expected figure for FY2025 remains nonetheless healthy, leaving the Guarantor in a comfortable position to meet its commitments including those with the Issuer which in turn will enable Exalco Finance plc to meet its commitments with bondholders.

8.5 VARIANCE ANALYSIS – INCOME STATEMENT

for the year ended 31 December	*Actual Audited* **2024** *€000's*	Forecast per FAS **2024** *€000's*	*Variance* **%**
Property Leasing	4,688	4,542	+3.2%
Net property management income	144	102	+41.2%
Net revenue from property leasing activities	4,832	4,644	+4.0%
Other net income from leasing activities	23	21	
Selling, general and administrative costs	(696)	(648)	+7.4%
EBITDA	4,159	4,017	+1.3%
Depreciation	(332)	(336)	
EBIT	**3,827**	**3,681**	**+3.9%**
Net finance expenses	(761)	(760)	
Profit before tax	**3,066**	**2,921**	**+4.9%**
Current taxation	(680)	(681)	
Profit for the year	2,386	2,240	+6.5%

Source: 2024 Audited Financial Statements and FAS dated 03 June 2024

A variance analysis of the Guarantor's income statement for FY2024 reveals changes that are largely of an immaterial nature and mostly as anticipated. The business model provides for comforting visibility of earnings, all things being equal, that allow management to provide relatively precise forecasts in view of this visibility and general stability of the business.

EBITDA as at year end reached just under €4.2 million, marginally better (+1.3%) than forecasted but much in line also with the result for FY2023. This was brought about by slightly higher revenues (+4%) as a result of certain revisions to existing agreements in line with pre-defined increases and no change in tenant composition. However, one notes the increase in overall costs that were 7% higher than originally forecasted. Depreciation levels were identical to those forecasted as were net finance costs. The above movements resulted in a better than expected profit before tax as well as profit after tax.

For as long as the Guarantor continues to operate on same stable parameters and macro conditions do not affect tenants and rates, this stability is reflective of the nature of this type of business.

PART C LISTED SECURITIES

The Issuer's listed debt securities comprise:

Bond:	€15 million 4% Secured Bonds 2028
ISIN:	MT0001911206
Prospectus Date:	31 July 2018
Redemption Date:	20 August 2028

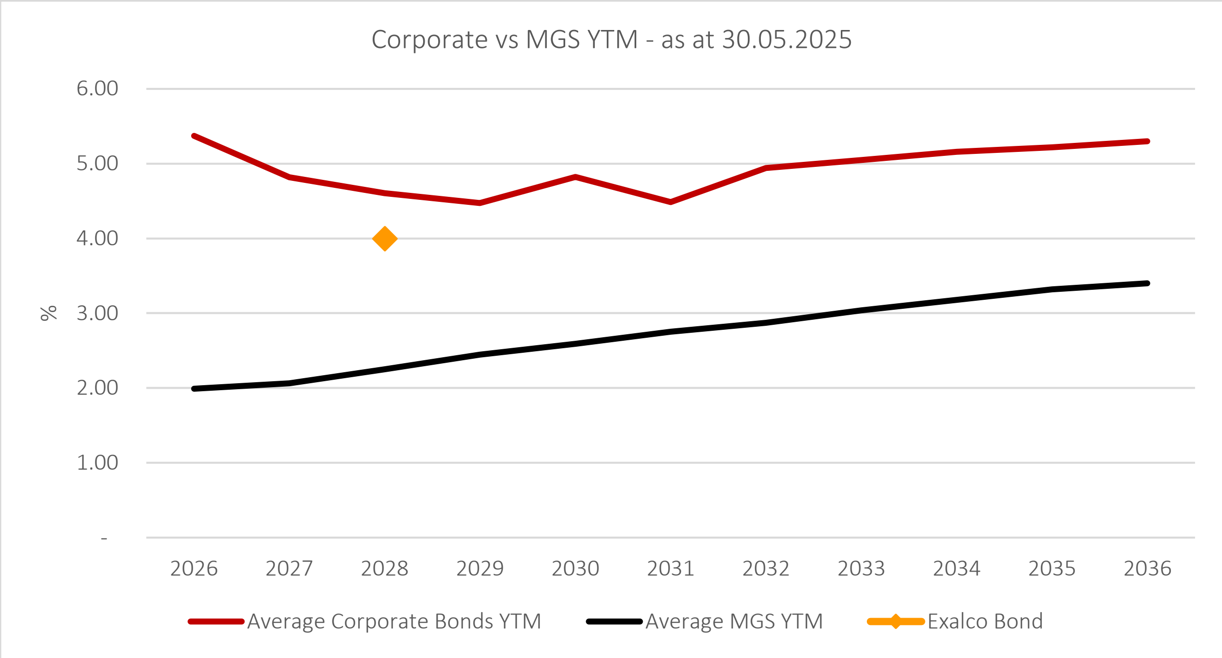
The table below compares the Issuer and its bond issue to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations may vary significantly from those of the Issuer and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

Bond Details	Outstanding Amount (€)	Gearing Ratio* (%)	Net Debt to EBITDA (times)	Interest Cover** (times)	YTM *(as at 30.05.2025)* (%)
4.50% Grand Harbour Marina plc 2027	15,000,000	36.3%	2.1	10.5	5.46%
4.00% Eden Finance plc 2027	40,000,000	28.5%	3.1	10.1	4.02%
3.75% Tumas Investments plc 2027	25,000,000	17.6%	1.6	12.2	4.76%
3.75% Virtu Finance plc 2027	25,000,000	25.4%	0.8	11.7	4.83%
4.00% Exalco Finance plc 2028 (Secured)	15,000,000	18.1%	2.9	5.5	4.00%
3.85% HILI Finance Company plc 2028	40,000,000	60.1%	3.1	6.0	4.19%
4.00% SP Finance plc 2029 (Secured)	12,000,000	41.4%	5.5	7.7	4.00%

Source: Yield to Maturity from rizzofarrugia.com based on bond prices as at 30 May 2025. Ratio workings and financial information quoted have been based on the Issuer's and their guarantors where applicable, from published financial data for the year ended 2024.

**Gearing Ratio: Net Debt / [Net Debt + Total Equity]*
***Interest cover is calculated as EBITDA / net finance cost excluding interest expense on lease liabilities*

The chart below compares the Exalco Finance plc bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 30 May 2025.



Source: Rizzo, Farrugia & Co (Stockbrokers) Ltd.

As at 30 May 2025, the Exalco Finance plc bonds yielded 4% per annum to maturity (since the bonds were practically trading at par at the time). This is approximately 175 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2028, and circa 61 basis points below the average YTM of corporate debt maturing in the same year.

STATEMENT OF COMPREHENSIVE INCOME EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortization. It reflects the company's earnings purely from operations and is commonly used to analyse and compare profitability across companies as it eliminates effects of financing and accounting decisions which vary between companies in its computation.
EBIT	EBIT is an abbreviation for earnings before interest and tax. Similar to the above but factors in also depreciation and amortisation.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced (if any).
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit after tax generated in one financial year from all operational as well as non-operational activities.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's principal operational business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.
Free Cash Flow (FCF)	FCF represents the amount of cash remaining from operations after deducting capital expenditure requirements.

Statement of Financial Position Explanatory Definitions

Assets	What the company owns which can be further classified into Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within one year from the statement of financial position date. These usually comprise longer term investments such as property, plant, equipment and investment properties. They are capitalised rather than expensed meaning that the company allocates the cost of the asset over the number of years for which the asset will be in use.
Current Assets	Assets which are realisable within one year from the statement of financial position date. These usually comprise receivables, inventory (stock) as well as cash and cash equivalents.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	All obligations which are due within one financial year. These usually comprise payables and short-term debt which may include bank borrowing and/or bonds.
Non-Current Liabilities	All obligations which are due after more than one financial year. Would typically include bank borrowing and bonds.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves and/or other equity components.

Profitability Ratios

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity (ROE)	ROE measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Assets (ROA)	Return on assets (ROA) measures the rate of return on the assets of the company. This is computed by dividing profit after tax by average total assets.

Liquidity Ratios

Current Ratio	The current ratio (or liquidity ratio) is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months (current liabilities). It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt (borrowings) used to finance a company's assets and is calculated by dividing a company's total debt by total debt plus shareholders' equity. The gearing ratio may also be calculated using net as opposed to total debt and can be calculated both as a ratio as well as a percentage.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA. The ratio provides an indication of how many years it would take for a company to pay back its debt in full assuming constant EBITDA and debt levels of the remaining years.

Other Definitions

Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

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