PHOENICIA FINANCE COMPANY P.L.C

PHN/40

COMPANY ANNOUNCEMENT

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

Quote

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

Unquote

BY ORDER OF THE BOARD

23 June 2023

S. Manduca

Dr. Stephanie Manduca
COMPANY SECRETARY

FINANCIAL ANALYSIS SUMMARY

23rd June 2023

CURMI &
PARTNERS

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23rd June 2023

The Directors
The Phoenicia Malta
The Mall
Floriana,
FRN1478
Malta

Dear Sirs,

Phoenicia Finance Company p.l.c. – Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary Update 2023 ("the FAS Update 2023") set out on the following pages. A copy of this report is also attached to this letter.

The purpose of the FAS Update 2023 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 is based on our own computations as follows:

1. Historical financial data for the three years ended 31st December 2020, 31st December 2021 and 31st December 2022 have been extracted from the Group's audited Combined Financial Statements and the Issuer's audited financial statements.
2. The forecast data for the financial year ending 31st December 2023 have been extracted from the Issuer and 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 set out by management of the Group.
4. The ratios quoted in the following pages have been computed by us applying the definitions set out and defined in the Section 8 of the analysis.
5. The comparable companies listed in Section 7 of the FAS Update 2023 have been identified by us. The relevant financial data in respect of such companies has been sourced from publicly available information, mainly financial statements filed with the Registrar of Companies or websites providing financial data.

The FAS Update 2023 is meant to assist potential investors by summarising the more important financial data of the Group. The FAS Update 2023 does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the information made available in the public domain by the Group. The FAS Update 2023 does not constitute an endorsement by our firm of the securities of the Issuer or Group and should not be interpreted as a recommendation to invest in any of

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the Issuer's or the Group's securities. We shall not accept any liability for any loss or damage arising out of the use of the FAS Update 2023. As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer or Group.

Yours sincerely,

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

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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 2023 ("FAS 2023"), the Board of Directors of the Issuer is constituted as follows:

Mark D. Shaw	Chairman
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.

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. Furthermore, the Hotel features an additional eight luxurious suites and four interconnected rooms, all of which have been recently redesigned. In addition, 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. On 30th January 2020, the World Health Organization declared Covid-19 as a Public Health Emergency of International Concern, and a pandemic on 11th March 2020. Governments globally announced several measures to limit contagion. 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. Furthermore, mass events were also restricted, and therefore large conferences, weddings and other receptions were not allowed, also having a significant impact on the operations of the Phoenicia. 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.

As part of the Refurbishment, the Hotel embarked on a project of completion of the 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 for inhouse guests. Thereafter, it was extended to non-guests. The Spa was open throughout all of 2021 however operating under restrictions on the use of facilities. The first six months of 2021 were still significantly impacted by Covid-19 restrictions. However the Spa’s contribution increased from July 2021 onwards. The Spa 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 world-renowned French Spa operators, Deep Nature.

In 2021, with the Covid-19 vaccination programme being rolled out across Malta and abroad, tourism slowly recovered to more familiar levels. The newly refurbished Phoenicia and its improved cost efficiencies was prepared to welcome the increase in demand, re-establishing itself as a leader within the luxury hotel space in Malta. This positive momentum continued into 2022 in which business activity surpassed pre-pandemic level. The benefits resulting from the operational efficiencies implemented due to Covid-19, as well as the various recent property renovations and upgrades, are now being realized.

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 €25million 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.

2.2 Organisational Structure

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

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

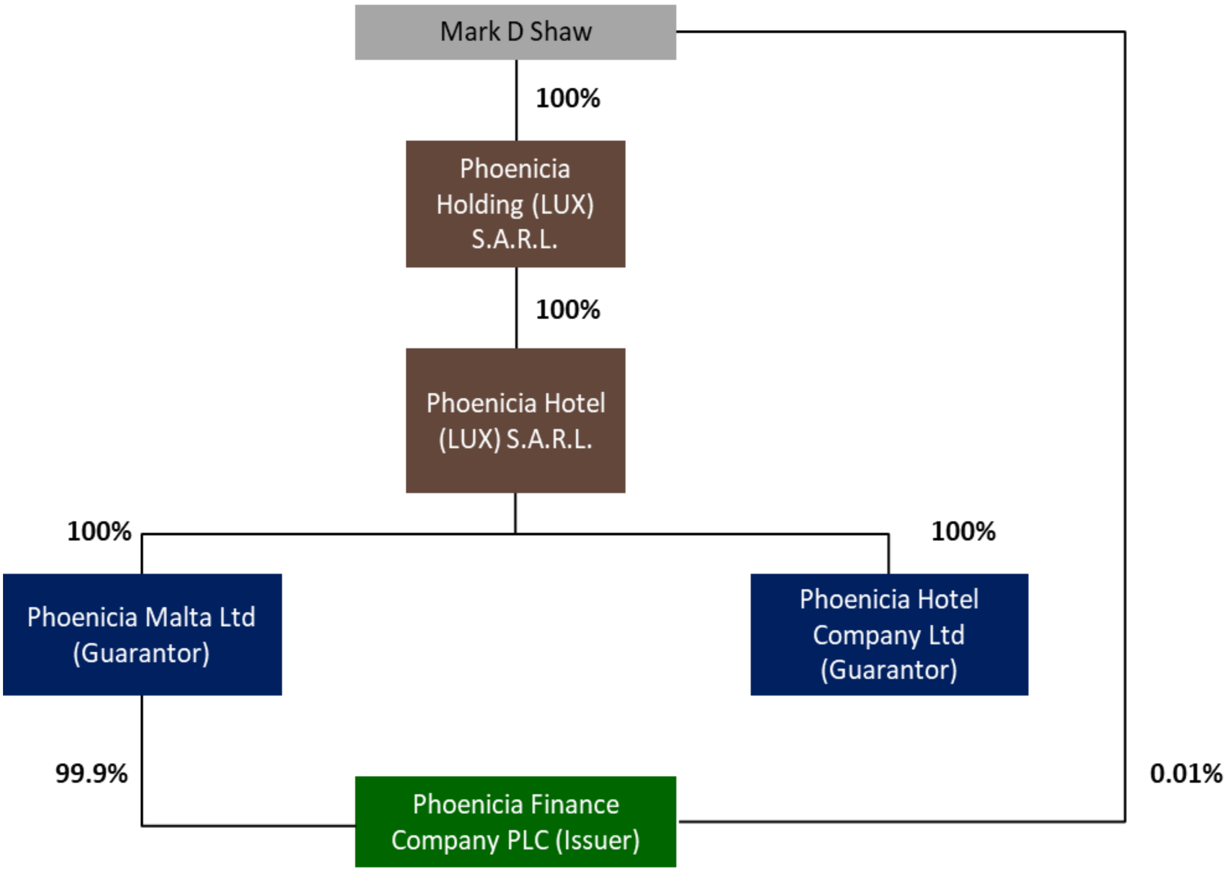

Figure 1: Organisational Structure
Source: Management information

The Issuer and the two operating companies constituting the Group employed an average of 168 employees in 2022. This number increased to 188 employees by May 2023.

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 €2.5 million per annum, assuming a complete development of the hotel. Rent is paid on a monthly basis in advance and the agreement is renewable every three years.

Following the outbreak of the Covid-19 pandemic, PML gave a rent concession to PHCL of €175k in 2020 followed by further rent concessions of €175k and €75k in 2021 and 2022 respectively.

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. The operations of the company were naturally greatly impacted by the Covid-19 pandemic but since then have recovered strongly and are continuing on this trajectory in 2023.

Rooms

The Rooms segment is the most important source of income for the Group, accounting for 56% of the Group’s revenue in 2020, 63% in 2021 and 65% in 2022. The trend reversed upwards in 2021 following the total curtailment of business between March and June 2020 and continue on this positive trajectory in 2022. The Hotel has a capacity of 132 rooms, 12 of which are luxury suites. Room revenue is generated through various channels, including online bookings made on the Hotel’s official website, global distribution systems, LHW reservation systems and other online travel agents.

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 4 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. In 2021, restrictions which were previously in place following the pandemic were gradually lifted and this continued strongly in 2022, allowing both new and postponed events to be held. Catering revenue accounted for 30% of Group revenue in 2022 which is proportionally similar to the 29% levels of 2019.

Other

In 2022, the newly developed Spa generated €357k in turnover. Phoenicia also generates income via the provision of concierge services, the sub-leasing of two establishments, as well as guest laundry and airport transfers.

The Phoenicia has been a member of the LHW (The Leading Hotels of the World) 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 Virtuoso, 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.

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.

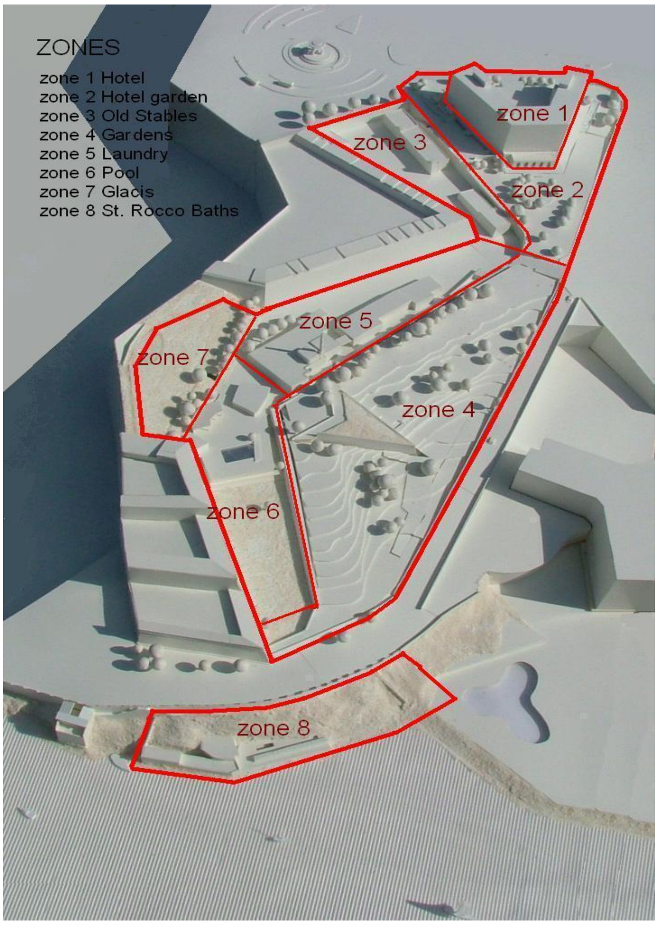

Figure 2: Phoenicia Hotel
Source: Management information

The Hotel's property (including also plant, machinery and equipment) is valued at €99.5 million as at 31st December 2022, a 12% valuation increase from the €88.7 million value as at the end of 2021. A valuation update to the property determined by management was implemented during 2022 in the context of the improved results following the Covid-19 pandemic period. The revalued amounts of the hotel building as well as the surrounding lands were determined by management based on a multi-period projection and discounted cash flow model.

Hotel Metrics and Combined Financial Information	2020	2021	2022	2023
KPIs	Actual	Actual	Actual	Forecast
Revenue (€000)	2,941	8,037	14,747	17,400
Gross Operating Profit (€000)	(1,519)	1,705	5,223	6,994
EBITDA (€000)	(1,206)	2,508	4,497	5,553
Benchmark Performance				
Occupancy	20%	33%	49%	
ARR (€)	140	180	198	
RevPAR (€)	27	59	98	
Phoenicia Performance				
Room Revenue (€000)	1,648	5,102	9,601	11,921
Gross Operating Profit Margin	-52%	21%	35%	40%
Occupancy	20%	48%	67%	76%
ARR (€)	162	215	295	324
RevPAR (€)	33	103	199	247

Source: Management information; Combined Financial Statements ; STR Report

The Group's performance during 2022 demonstrates a continuation of the robust improvement since Covid-19. During 2020, a closure of the Hotel as a result of the pandemic resulted in a decline in revenues to €2.9 million which had represented a decrease of 77.8% compared to the levels seen in 2019. The hospitality sector as a whole experienced a similar drop in demand, with the Hotel's KPIs aligning with the industry benchmark. To adapt to the lower demand, the Hotel reduced its rates, leading to a decrease in the average room rate ("ARR") from €233 in 2019 to €162.

The 2021 full year results illustrate a strong positive movement in the Group's recovery from the lows of 2020 as a result of the relaxation in the pandemic-related restriction measures. The 2021 results exceeded management forecasts in terms of revenues and operational efficiency.

The Group registered strong results in 2022 with travel returning back to normality for the most part, exceeding revenue forecasts once again by more than 10%. Q1 2022 still lagged behind pre-pandemic numbers, but Q2-Q4 saw a quick recovery back to normal occupancy rates. In fact, a 76% occupancy rate is forecasted for 2023 from the 67% achieved in 2022 given a full year of normalized occupancy, and with management noting that strong numbers were already being registered in Q1 2023. In terms of guest breakdown, the UK market continues to be dominant. However, following the pandemic the client base benefited from increased diversification, with growth in the continental European and US markets.

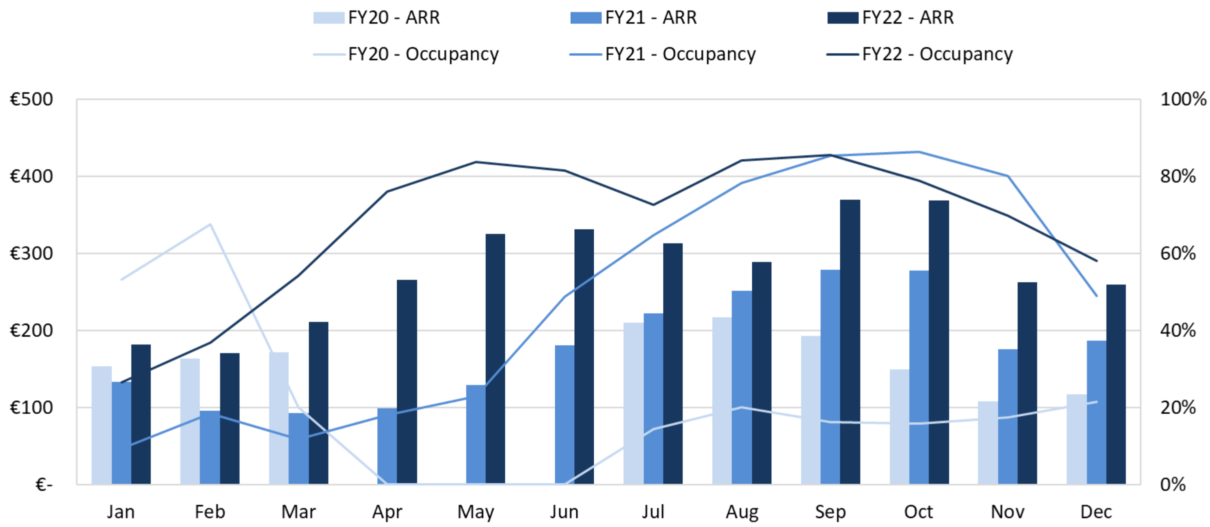

Figure 3: Phoenicia Hotel – Monthly ARR and Occupancy
Source: Management information

The main driver in the stronger-than-expected top line performance in 2022 came as a result of a significant increase in room rates, demonstrating the Hotel's ability to attract guests even at relatively higher rates. Evidently, the Phoenicia's premium pricing model following the various upgrades and renovations to the premises has not significantly impacted occupancy rates. The €295 ARR of 2022 outperformed the initially forecasted €259, and is expected to continue to rise to €324 in 2023. Lastly, the outperformance in revenue from Rooms had a knock-on effect on (and in turn also benefited from) the Group's other sources of income as in-house guests made greater use of the Hotel's catering outlets and Spa facilities.

4 INDUSTRY OVERVIEW

4.1 Economic Update[2]

Driven by robust increases in private consumption and investment in Malta throughout last year, real GDP growth reached 6.9% in 2022, continuing to surpass the previously estimated figures. This growth was notably supported by the strong performance of the services sectors as a whole. Moreover, the Maltese tourism industry experienced a rapid recovery in 2022, beating earlier expectations in terms of both the total number of visitors and tourism expenditures.

Looking ahead to 2023, the forecast indicates a slower pace of growth for the real GDP, projected at 3.9%. This moderation is attributed to high inflation, which limits private consumption, and the gradual decline in the positive impact of tourism as the post-pandemic reopening progresses. However, in 2024, a rebound in real GDP growth is anticipated for the country, with an expected increase of 4.1%.

Malta is maintaining a strong momentum in employment growth, with a remarkable increase of 6.0% in 2022. The demand for labor surged across various sectors of the economy, both in the public and private domains, with notable strength observed in tourism and administrative services. The labor force is expected to continue expanding robustly in 2023 and 2024, in line with population growth and the ongoing attraction of foreign workers. However, the Maltese economy is likely to face constraints due to shortages in labor and skills, which will remain the primary limiting factors in the foreseeable future. It is worth noting that Malta's unemployment rate dropped to 2.9% in 2022 and is projected to hover around this level throughout 2023 and 2024.

Despite the government's intervention to keep energy prices fixed at 2020 levels, the Harmonized Index of Consumer Prices (HICP) inflation in 2022 surged to 6.1%. The Maltese authorities reiterated their commitment to controlling energy inflation in 2023 and 2024. However, it is anticipated that inflation will remain elevated in 2023, reaching 5.4%. This is primarily driven by the rising prices of imported goods, particularly food, as well as tourism services and housing maintenance services. Moving forward to 2024, inflation is projected to decelerate to 2.8% due to a moderation in price growth among Malta's key trading partners.

4.2 Tourism and Hospitality [3] [4]

In 2022, the tourism sector continued its recovery as the economy reopened following pandemic-related restrictions. Following a challenging first quarter, tourist arrivals gained traction in the remaining three quarters of the year. In total, the cumulative tourist arrivals for

[2] Economic Forecast – Spring 2023 (European Commission Institutional Paper 200 May ’23)
[3] MHRA Hotel Survey by Deloitte Malta
[4] Central Bank of Malta Annual Report 2022

the entire year reached 83% of the levels observed in 2019, indicating a robust recovery from the impacts of the Covid-19 pandemic. There was a significant increase in the number of inbound tourists, nights stayed, and tourist expenditure in Malta compared to 2021. However, these figures were still below the levels achieved in 2019. Nevertheless, by November, the level of expenditure surpassed the pre-pandemic level.

The number of tourists visiting Malta more than doubled in 2022, reaching 2.3 million, compared to 1.0 million in 2021. Despite this growth, the tourist arrivals were still 16.9% lower than the number of inbound tourists in 2019 before the pandemic, with most countries of origin experiencing a decline. The exceptions to this trend were visitors from Poland, Austria, France, and Italy. While all major source markets experienced a rise in tourist arrivals, the UK and Italy showed the highest absolute increases. In 2022, these two countries held significant importance as they accounted for 18.7% and 17.4% of the total tourist arrivals, respectively. France and Germany followed closely, constituting 11.3% and 7.4% of the arrivals, respectively.

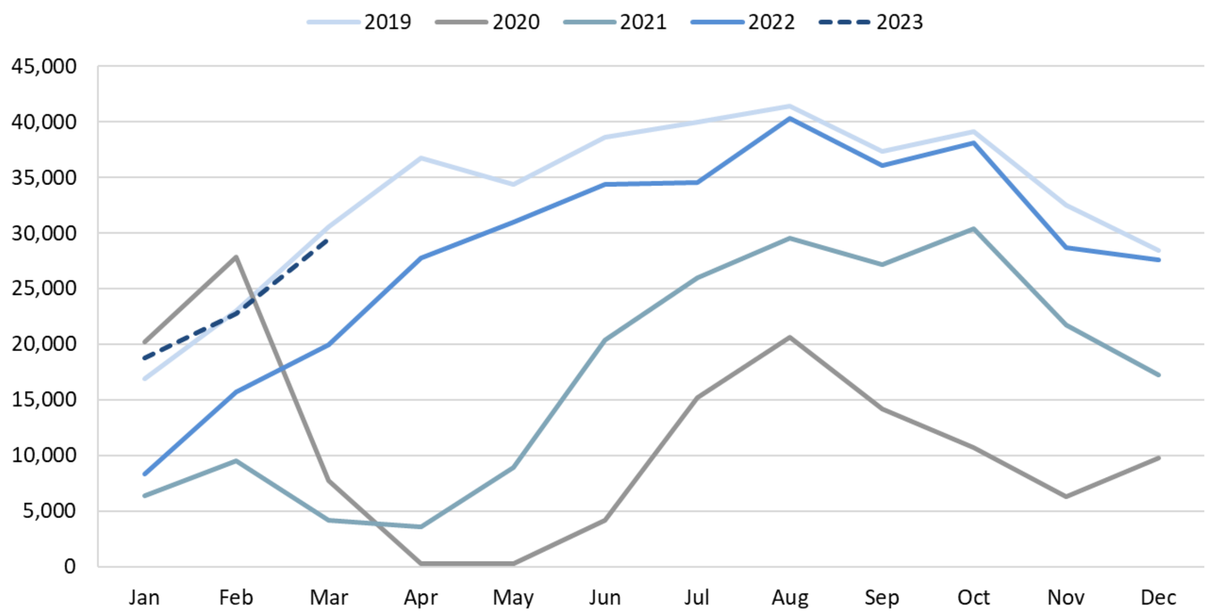

Figure 4: Total guests at 5-star hotels in Malta & Gozo on a monthly basis
Source: National Statistics Office

More specifically in relation to the hospitality industry, 5-star hotel occupancy levels reached 56.5% in the fourth quarter, which is approximately 82% of the occupancy rates recorded in 2019. Throughout the entirety of 2022, the occupancy levels reached 75% of the levels seen in 2019.

With regards to the Average Daily Rates (ADR) for 5-star hotels in Malta and Gozo, they came in at €172.1 in Q4 2022, reflecting a 13.6% increase compared to the same period observed in 2019. For the entire year of 2022, the ADR was 13.2% higher than the rates reported in 2019.

Thanks to strong occupancy levels in the third quarter of 2022, along with higher room rates, increased consumer spending on food and beverages, and improved expense management, 5-star hotels were able to limit the decline in gross operating profit per available room to less than 14% below the levels recorded in 2019.

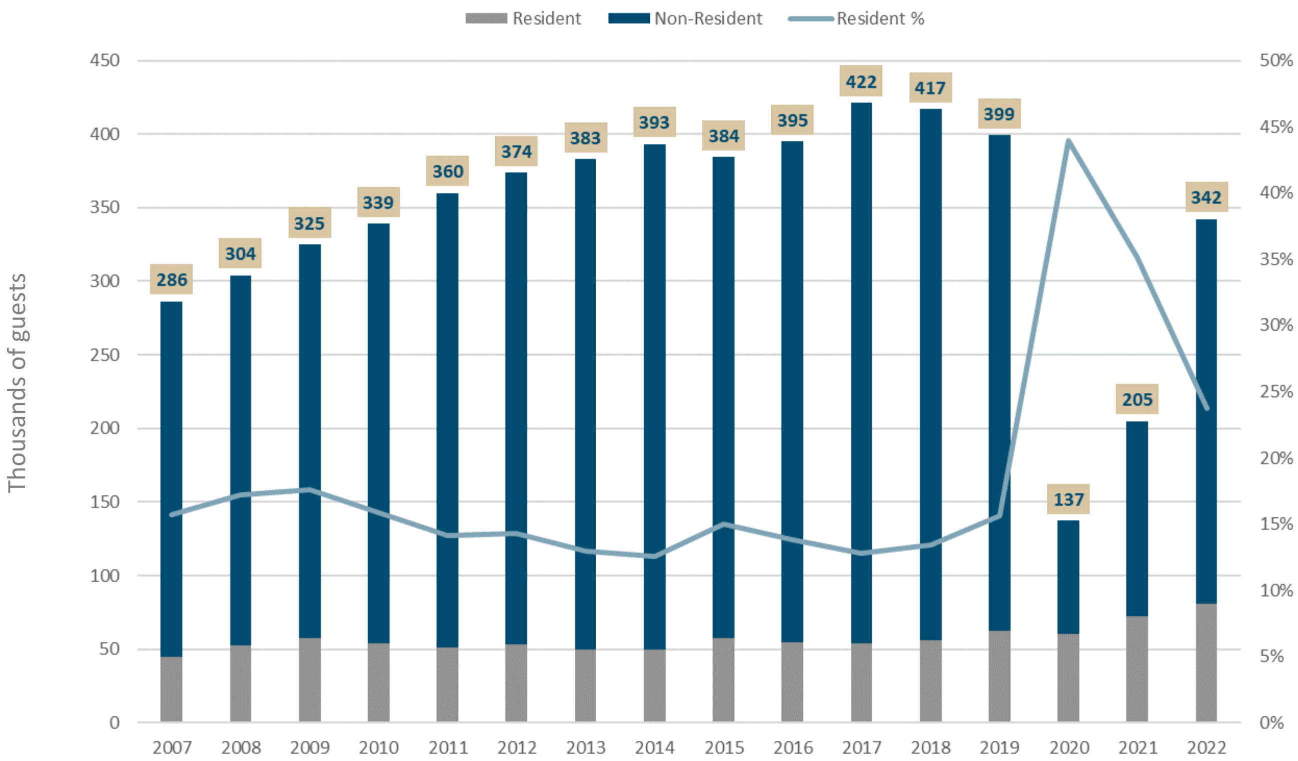

Figure 5: Resident vs non-resident guests at 5-star hotels in Malta & Gozo
Source: National Statistics Office

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 2020, 2021 and 2022 with the financial year running from 1st January to 31st December. The forecasted financial statements for the year 31st December 2023 have been provided by the management of the Group, which are based on certain assumptions. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

5.1 Statement of Comprehensive Income

Phoenicia Finance Company plc Statement of comprehensive income (€000)	**2020** Actual	**2021** Actual	**2022** Actual	**2023** Forecast
Finance income	**1,275**	**1,287**	**1,287**	**1,291**
Finance costs	(1,153)	(1,158)	(1,164)	(1,164)
Net interest	**123**	**129**	**123**	**127**
Administrative expenses	(68)	(82)	(95)	(86)
Profit before tax	**55**	**47**	**28**	**40**
Income tax expense	(19)	(16)	(10)	(14)
Profit for the period	**36**	**30**	**18**	**26**

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. In 2022, PFC reported finance income of €1.3 million, related to interest received on a loan to the parent company, equal to the interest received in 2021 and is expected to remain relatively flat in 2023. Finance costs amounted to €1.2 million, relating to interest payable on the Bond of €1.0 million and amortisation of bond issue costs of €126k.

5.2 Statement of Cash Flows

Phoenicia Finance Company plc Statement of cash flows (€000)	2020 Actual	2021 Actual	2022 Actual	2023 Forecast
Net cash used in / generated from operating activities	(46)	(19)	178	(212)
Net cash used in investing activities	(325)	-	-	-
Net cash used in financing activities	-	-	-	-
Net movement in cash and cash equivalents	**(371)**	**(19)**	**178**	**(212)**
Cash and cash equivalents at beginning of year	461	90	71	249
Cash and cash equivalents at end of year	**90**	**71**	**249**	**37**

Source: Phoenicia Finance Company plc annual reports; Management information

During 2022, cash generated from operations of the finance company of €178k related to interest received on advances to parent company. For the year ending 31st December 2023, Management is anticipating net cash outflows of €212k, resulting in an overall positive cash balance of €37k.

5.3 Statement of Financial Position

Phoenicia Finance Company plc Statement of financial position (€000)	**2020** Actual	**2021** Actual	**2022** Actual	**2023** Forecast
Assets				
Non-current assets:				
Financial assets	24,501	24,501	24,501	24,501
Deferred tax asset	5	5	5	5
Total non-current assets	**24,505**	**24,505**	**24,505**	**24,505**
Current assets:				
Financial assets	56	56	56	56
Other receivables	408	601	587	827
Cash and cash equivalents	90	71	249	37
Total current assets	**554**	**728**	**892**	**921**
Total assets	**25,059**	**25,233**	**25,398**	**25,426**
Equity and Liabilities				
Capital and Reserves:				
Issued Capital	250	250	250	250
Retained Earnings	(3)	27	45	72
Total Equity	**247**	**277**	**295**	**322**
Non-current liabilities:				
Interest-bearing borrowings	24,627	24,747	24,874	25,000
Total non-current liabilities	**24,627**	**24,747**	**24,874**	**25,000**
Current liabilities:				
Interest-bearing borrowings	45	45	45	45
Trade and other payables	121	147	183	45
Current tax payable	19	16	-	14
Total current liabilities	**186**	**209**	**229**	**104**
Total liabilities	**24,812**	**24,956**	**25,102**	**25,104**
Total equity and liabilities	**25,059**	**25,233**	**25,398**	**25,426**

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 of €25.4 million at the end of 2022, mainly consisting of the loan to parent company (2021: €24.5 million) and other receivables (€0.6 million) mainly relating to amounts due from the parent company for expenses paid by PFC as part of general cashflow management purposes. The funding side includes the €25 million 4.15% 2023-2028 unsecured bond ("the Bond Issue") that financed the loan to the parent company.

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 prepared combined financial statements for FY2020-FY2022 based on an aggregation of the audited financial statements of PML, PHCL and PFC[5], and after taking into consideration intercompany and consolidation adjustments ("the Combined Financial Statements"). The Combined Financial Statements for FY2020, FY2021 and FY2022 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 following financial information is extracted from the Combined Financial Statements of the Group for the three years ended 31st December 2020 to 31st December 2022. The forecasted financial information for the year ending 31st December 2023 ("FY2023") has been provided by the management of the Group. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections. This section also includes references to forecasted financial statements provided by management for 2022 which were included in the 2022 Financial Analysis Summary.

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

6.1 Statement of Comprehensive Income

Combined Financial Statements Statement of comprehensive income (€000) - 31 Dec	2020 Actual	2021 Actual	2022 Forecast	2022 Actual	2022 Variance	2023 Forecast
Revenue	**2,941**	**8,037**	**13,348**	**14,747**	**10.5%**	**17,400**
Cost of sales	(4,266)	(5,770)	(7,674)	(8,387)	9.3%	(8,878)
Gross profit	**(1,325)**	**2,267**	**5,674**	**6,360**	**12.1%**	**8,522**
Administrative expenses	(2,499)	(2,769)	(3,126)	(4,119)	31.8%	(4,506)
Selling and marketing expenses	(455)	(457)	(652)	(657)	0.8%	(784)
Other income	903	1,120	484	507	4.7%	-
Operating profit	**(3,376)**	**161**	**2,380**	**2,091**	**-12.1%**	**3,232**
Net finance costs	(1,766)	(1,786)	(1,850)	(1,927)	4.2%	(3,477)
Profit before tax	**(5,142)**	**(1,625)**	**529**	**164**	**-69.1%**	**869**
Income tax credit / (tax expense)	2,216	1,059	101	106	5.0%	(249)
Profit for the year	**(2,926)**	**(566)**	**630**	**269**	**-57.3%**	**621**
Revaluation of PPE	3,028	-	-	10,509	-	-
Total comprehensive income for the year	**102**	**(566)**	**630**	**10,778**	**1610.9%**	**621**
EBITDA	(1,206)	2,508	4,735	4,497	-5.0%	5,553
Adjusted EBITDA*	(2,109)	1,388	4,251	3,989	-6.2%	5,553

Source: Combined Financial Statements, Management information

**Adjusted EBITDA is calculated by excluding government grant (non-recurring revenue) from reported EBITDA*

Following the strong performance achieved in 2021 as social restrictive measures began to release, the Hotel's performance continued to thrive in 2022 driven by increased rates while occupancy rates improved substantially.. The Group performed well across all business segments with the Hotel earning above average rates, benefitting strongly from the newly renovated Spa and upgraded catering facilities. An increase in banqueting and conferences towards the latter end of the year also boosted the Hotel's 2022 revenues to €14.8 million, 10.5% higher than the forecasted €13.3 million.

Rooms revenue was the catalyst for growth in 2022 with 91% of the year's revenue generated from April onwards after a slow start to the year as travel effects of the pandemic persisted till Q1. Given the natural spillover effect that room occupancy has on the performance of the Hotel's other services, the performance of the bars and restaurant as well as the Spa facilities all picked up from Q2 onwards and closed off the year performing above pre-pandemic levels. In 2023, a further enhanced performance is expected across all revenue streams aside from conferences and banqueting which is expected to remain flat at €1.7 million. Rooms are forecasted to achieve the most significant increase, rising by 24% to €11.9 million from the €9.6 million earned in 2022. The Hotel's restaurant and bars are expected to see a moderate increase of 7% in 2023 driven by the stronger Q1 already achieved in 2023. Lastly, the performance of the Spa has continued to be particularly strong since H2 2022 and this is expected to continue in 2023, resulting in a 27% overall annual increase to €0.5 million from last year's €0.4 million.

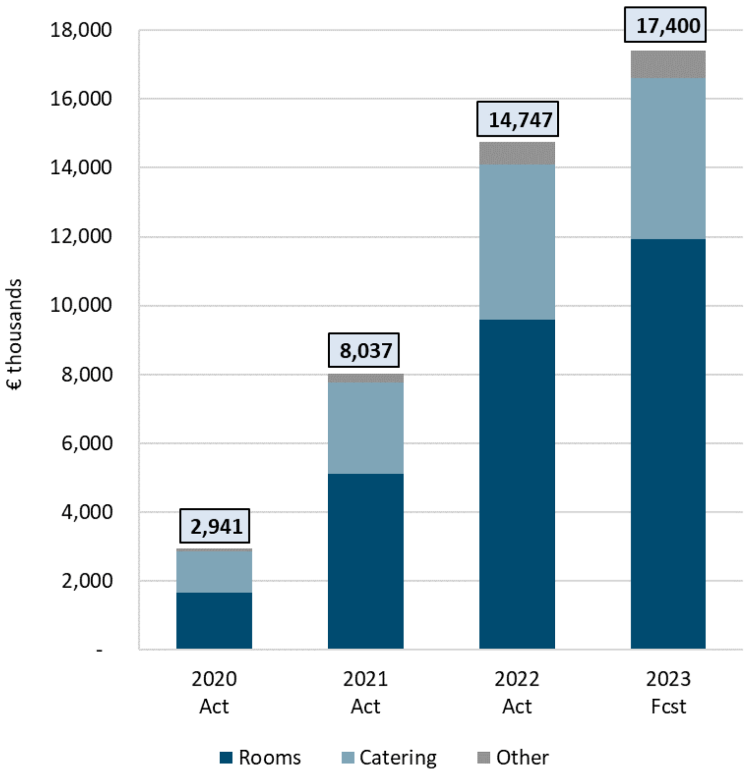

Figure 6: Phoenicia Group – Revenue Breakdown
Source: Management information, Combined financial statements, Curmi & Partners Ltd

With the increased business activity largely from Q2 2022 onwards, cost of sales by end of 2022 rose by 45% to support the necessary business demands, given that the nature of such costs is largely variable. This increase is also reflected in administrative expenses and selling and marketing expenses incurred throughout the year which saw an increase of 49% and 44% respectively versus 2021. The 55% drop in other income to €0.5 million refers to the Covid-19 government subsidy which was no longer receivable as from June 2022. During the year, the Group paid a management fee of €0.5 million to Hazeldene Group Limited, an entity in which the shareholders have an interest. Management notes that the Group entered into transactions with this party for an expense of an administrative nature, relating to the management of the hotel operations, and going forward these activities will be based on a management fee equivalent to 3% of net hotel revenues.

Whilst the Group's adjusted EBITDA for the year of €4.0 million is still 19% short of the €4.9 million of EBITDA achieved in 2019, management forecasts indicate that a further increase to €5.6 million in 2023 is expected which will surpass pre-pandemic levels. In 2023 the Group is forecasting to incur a significant increase in finance costs following an increase in borrowings during 2022 of €20 million which in turn financed a loan made to the parent company. The Group's total comprehensive income also benefited from a fair value gain (net of tax) of €10.5 million in 2022 attributable to the upward revaluation in the Hotel's property and surrounding sites. Management notes that the fair value was estimated on the basis of a multi-period projection and Discounted Cash Flow model, in order to update the estimated valuation in the context of the improved results following the Covid-19 pandemic period.

6.2 Statement of Cash Flows

Combined Financial Statements Statement of cash flows (€000) - 31 Dec	**2020** Actual	**2021** Actual	**2022** Forecast	**2022** Actual	**2022** Variance	**2023** Forecast
Net cash used in / generated from operating activities	(340)	2,555	4,369	5,218	19.4%	5,106
Net cash used in investing activities	(2,194)	(828)	(1,308)	(21,755)	1563.8%	(1,115)
Net cash generated from / used in financing activities	1,430	218	(4,716)	15,658	-432.0%	(4,350)
Net movement in cash and cash equivalents	**(1,105)**	**1,945**	**(1,655)**	**(879)**	**-46.9%**	**(359)**
Cash and cash equivalents at beginning of year	1,198	93	2,039	2,039	-	1,160
Cash and cash equivalents at end of year	**93**	**2,039**	**383**	**1,160**	**202.7%**	**801**

Source: Combined Financial Statements, Management information

Despite the challenges faced in 2020, the Group showed resilience in maintaining a positive cashflow for that year. The Group was able to rely on internally generated cash reserves coming from the previous two full years of strong uninterrupted business following the refurbishment. Effective working capital management in 2020 also contributed positively along with access to financing and governmental support since the onset of the pandemic.

In 2021, the Group generated €2.5 million in operating profit before working capital movements. The strong operational performance in addition to further drawdowns on a Covid-19 related bank loan facility, referred to as the "MDB Loan", allowed the Group to pay off outstanding bank loans of €0.6 million and due interest payments of €2.4 million.

During 2022, the improvement in core operations drive the evident increase in net cash flows from operating activities. The Group's capital expenditure in Property, Plant and Equipment over recent years mainly came as a result of investment in the Spa and some additional room improvements related to the new Pegasus suites. Such outlays also include an amount of €1.8 million disbured in 2022. Outflows from investing activities also reflect the provision of the €20 million loan to the parent company.

Financing cash flows primarily relate to the impact of a debt refinancing undertaken during 2022. The bank loan facilities held as at 31st December 2021 (€26.8 million) were repaid in full in November 2022 via another bank loan facility obtained by Phoenicia Malta Limited from another bank, which amounted to over €44 million. More specifically, the new borrowings consist of proceeds from two bank loans, a 3-year term loan with a bullet repayment (€25 million) and a 20-year amortising facility (€20 million).

6.3 Statement of Financial Position

Combined Financial Statements Statement of financial position (€000) - 31 Dec	2020 Actual	2021 Actual	2022 Forecast	2022 Actual	2022 Variance	2023 Forecast
Assets						
Non-current assets:						
Property, plant and equipment	90,196	88,677	87,629	99,522	13.6%	98,316
Deferred tax asset	5,198	6,116	6,241	6,330	1.4%	6,101
Loan receievable	-	-	-	20,000	-	21,232
Other receivables	50	50	50	50	-	50
Total non-current assets	**95,444**	**94,843**	**93,920**	**125,902**	**34.1%**	**125,699**
Current assets:						
Inventories	150	186	192	238	24.3%	238
Trade and other receivables	524	809	664	753	13.6%	535
Income tax receivable	-	-	-	9	-	-
ST Loan receivable	-	-	-	119	-	-
Cash and cash equivalents	93	2,039	383	1,160	202.6%	802
Total current assets	**768**	**3,033**	**1,239**	**2,280**	**84.1%**	**1,575**
Total assets	**96,212**	**97,876**	**95,159**	**128,182**	**34.7%**	**127,274**
Equity and Liabilities						
Capital and reserves:						
Share capital	13	13	13	13	-	419
Deferred shares	839	839	839	839	-	-
Foreign exchange reserve	-	-	-	-	-	433
Revaluation reserve	39,227	39,164	39,164	43,468	11.0%	43,468
Retained earnings	(3,508)	(4,012)	(3,382)	2,463	-172.8%	3,094
Total equity	**36,571**	**36,005**	**36,635**	**46,783**	**27.7%**	**47,414**
Non-current liabilities:						
Interest-bearing loans and borrowings	46,587	48,616	45,432	68,214	50.1%	67,341
Deferred tax liability	5,506	5,348	5,348	6,429	20.2%	6,429
Total non-current liabilities	**52,093**	**53,964**	**50,780**	**74,643**	**47.0%**	**73,769**
Current liabilities:						
Trade and other payables	4,565	4,952	4,446	5,706	28.3%	5,032
Interest-bearing loans and borrowings	2,964	2,939	3,257	1,045	-67.9%	1,045
Current tax payable	19	16	41	4	-89.2%	13
Total current liabilities	**7,548**	**7,908**	**7,744**	**6,756**	**-12.8%**	**6,090**
Total liabilities	**59,641**	**61,872**	**58,524**	**81,399**	**39.1%**	**79,860**
Total equity and liabilities	**96,212**	**97,876**	**95,159**	**128,182**	**34.7%**	**127,274**

Source: Combined Financial Statements, Management information

Total assets increased to €128.2 million in FY2022, rising by 31% from the previous year, mainly driven by the upward revaluation of the Hotel's property in April 2022 for an increase of €8.8 million, and the provision of a 20-year term loan to the parent company of €20 million. This loan is unsecured and bears an interest of 2.4% plus 3 months EURIBOR per annum.

Management notes that in turn this loan funded the buy-out by the shareholder of share options in the Group held by a 3rd party, reflecting the shareholder's long term ownership plans.

Trade and other receievables are forecasted to decrease to €0.5 million in 2023 from the significantly higher levels of €0.8 million in 2021 and 2022.

Total liabilities increased from €61.9 million in 2021 to €81.4 million in 2022. Group borrowings rose to €69.3 million (2021: €51.6 million) including both short-term and long-term loans and borrowings, primarily as the Group drew down further bank debt of €45 million in parallel to paying off a separate bank loan of €25 million as a refinancing exercise.

Trade and other payables increased marginally from €5.0 million to €5.7 million driven mainly by an increase in trade payables and accruals. During 2020, the Government of Malta issued a scheme in response to the pandemic for the deferral of indirect taxes. The Group obtained this deferral for which the balance refers entirely to the deferred tax liability attributable to land and buildings. Total equity increased to €46.7 million, driven by the turnaround in profitability as reflected in retained earnings and the increase in the revaluation reserve to €43.5 million (2021: €39.2 million). For 2023, total equity is expected to increase to €47.4 million, with expected movements including including a redesignation from deferred shares to ordinary shares which took effect in 2023.

6.4 Borrowings

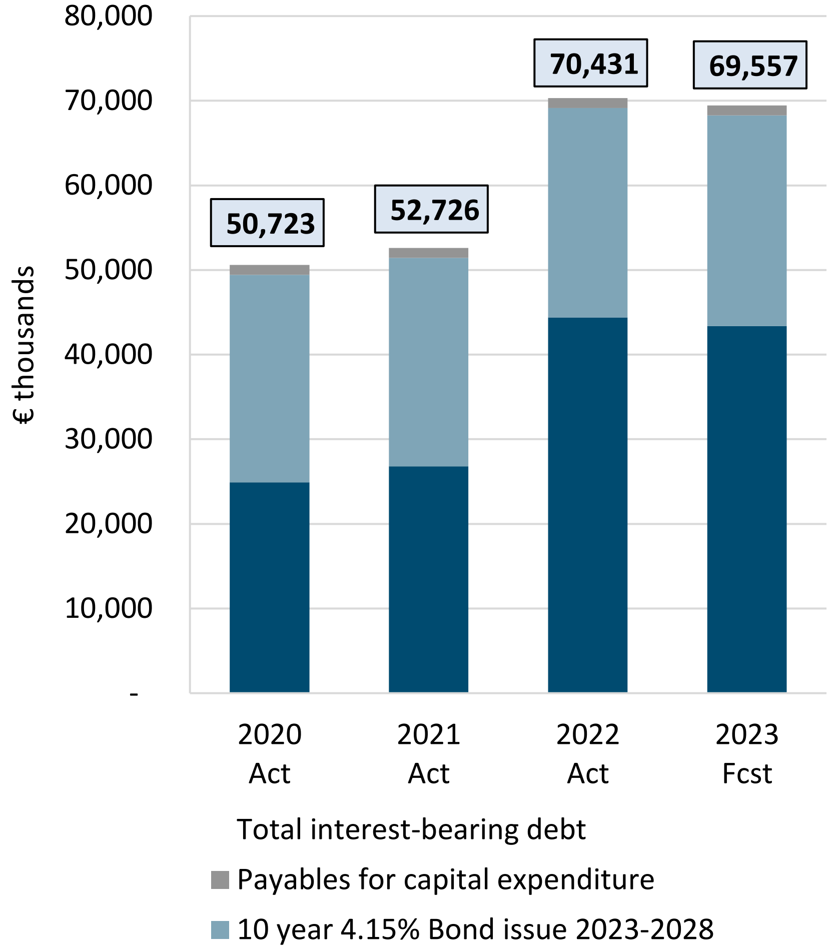

Figure 7: Phoenicia Group – Debt Schedule
Source: Management information, Combined financial statements

The Group has been mainly financed through debt over the years. Total borrowings as at 31st December 2022 amounted to €70.4 million, mainly comprising of the Bond issue and bank debt. Other borrowings comprise of creditors for capital expenditure. As previously explained, new bank debt was drawn down in 2022 of €45 million offset by a repayment of €25 million previously outstanding as part of a refinancing exercise carried out by the Group. The Group's bank loan facilities bear an average interest rate of 2.48% plus 3 months EURIBOR per annum and are secured by a general hypothec of €44.3 million over the assets of PML in addition to a special hypothec of €44.3 million on the land and buildings of PML.

6.5 Evaluation of Performance and Financial Position

In 2022, the Group maintained its EBITDA margin at a similar level to that of 2021 following its strong recovery from the severely challenging 2020 at the heights of the pandemic. Upward trends in occupancy levels, RevPAR and ARR generally tracked the loosening of Covid-19 restrictions across 2021 and 2022. Revenues and profitability improved across all levels, also supported by implemented measures in terms of increased efficiencies and cost cutting. Management notes in particular that the trend in the Hotel's rates and RevPAR have been particularly robust. On the basis of the current situation, management believes that the sustained recovery will continue throughout 2023, allowing the Hotel to further solidify its recovery beyond pre-pandemic levels.

Notwithstanding the termination of government subsidies in May 2022, a further robust increase in EBITDA generation was recorded, totalling to €4.5 million in 2022 up from €2.5 million in 2021, and €5.6 million projected in 2023.

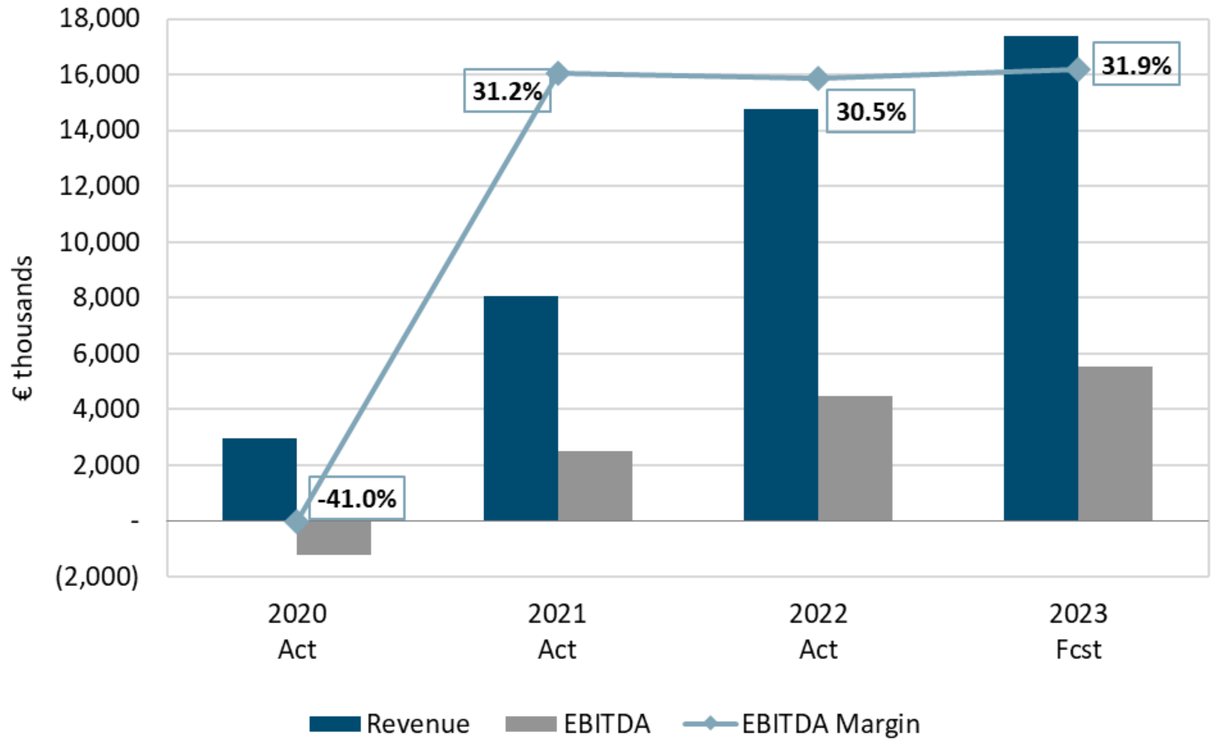

Figure 8: Phoenicia Group – Generation of EBITDA
Source: Management information, Combined financial statements

Combined Financial Statements Profitability Ratios - 31 December	**2020** Actual	**2021** Actual	**2022** Actual	**2023** Forecast
Gross Profit Margin *(Gross Profit / Revenue)*	-45.1%	28.2%	43.1%	49.0%
Gross Operating Profit Margin *(Gross Operating Profit / Revenue)*	-51.7%	21.2%	35.4%	40.2%
EBITDA Margin *(EBITDA / Revenue)*	-41.0%	31.2%	30.5%	31.9%
Adjusted EBITDA margin *(Adjusted EBITDA / Revenue)*	-71.7%	17.3%	27.1%	31.9%
Interest Coverage *(EBITDA / Net Finance Costs)*	-0.7x	1.4x	2.3x	2.3x
Adjusted Interest Coverage *(Adjusted EBITDA / Net Finance Costs)*	-1.2x	0.8x	2.1x	2.3x
Return on Assets *(Gross Operating Profit / Average Total Assets)*	-1.6%	1.8%	4.6%	5.5%
Return on Capital Employed *(Gross Operating Profit / Average Capital Employed)*	-1.7%	1.9%	4.9%	5.8%
Net Profit Margin *(Profit for the year / Revenue)*	-99.5%	-7.0%	1.8%	3.6%
Return on Equity *(Profit for the year / Average Total Equity)*	-8.0%	-1.6%	0.7%	1.3%

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

Last year's profitability ratios reflected a continuation of the Hotel's strong recovery under more normal business conditions. Operating margins, Return on Capital Employed ("ROCE") and Return on Assets ("ROA") hereby estimated on the basis of gross operating profit, have climbed back up to levels not dissimilar to those previously achieved in 2019, and most metrics are expected to surpass their pre-pandemic levels in 2023. Forecasts for 2023 across all metrics show improvements on last year's ratios given the Group's already strong start to 2023 versus the Q1 2022 performance which was still somewhat hampered by the lingering caution amongst travellers.

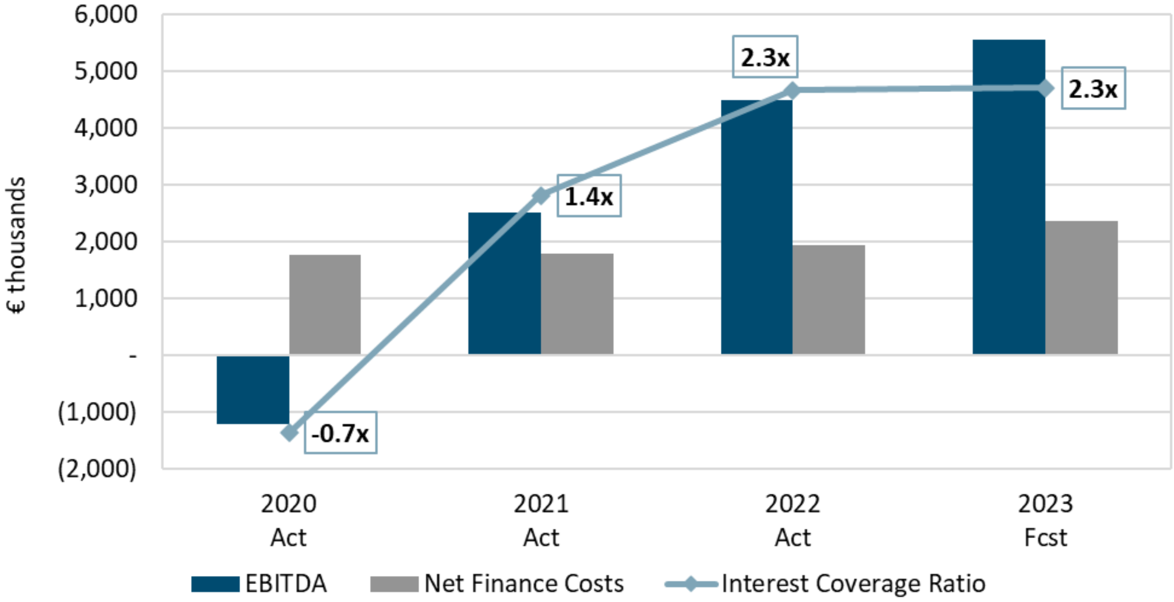

Figure 9: Phoenicia Group – Coverage of Interest Payments
Source: Management information, Combined financial statements

As depicted in the chart above, the Group's capability to cover the due interest charges is being enhanced by the improvement in EBITDA following the general recovery in business. It is noted that finance costs have increased on the back of the increase in borrowings. However the positive outlook for EBITDA generation is expected to offset the increased cost of debt servicing, with interest cover being maintained at 2.3x.

Combined Financial Statements Balance Sheet Ratios - 31 December	2020 Actual	2021 Actual	2022 Actual	2023 Forecast
Current Ratio *(Current Assets / Current Liabilities)*	0.1x	0.4x	0.3x	0.3x
Quick Ratio *({Current Assets - Inventory} / Current Liabilities)*	0.1x	0.4x	0.3x	0.2x
Gearing Ratio *(Borrowings / {Total Equity + Borrowings})*	58.1%	59.4%	60.1%	59.5%
Adjusted Gearing Ratio *(Borrowings / Total Equity)*	1.4x	1.5x	1.5x	1.5x
Net Leverage Ratio *(Net Borrowings / EBITDA)*	-42.0x	20.2x	15.4x	12.4x
Free Cash Flow to Debt *(Free cash flow / Borrowings)*	-5.8%	2.3%	-24.1%	6.5%

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

NB: Certain ratios in 2020 indicate exceptional values given the extraordinary circumstances during the year

Within the hospitality industry, liquidity ratios below 1x are not uncommon, with cash inflows from sales mainly received in advance compared to delayed outflows related to suppliers and expenses. The Group's liquidity ratios declined further during 2020 as cash balances were particularly impacted, however this working capital relationship improved in 2021 and 2022 with the positive recovery of business.

The Group's capital structure and general financial profile had initially improved following the refurbishment and the re-opening of the Hotel, benefiting from both the revaluation and the improved operational performance. However due to the pandemic, this positive trajectory experienced an evident reversal during 2020 followed by an enhanced performance in 2021. In 2022 the Hotel's financial profile has maintained its 2021 levels, with some deterioration in free cash flow ("FCF") to debt as FCF was negatively impacted by the capital outflow related to the loan advancement to the parent company.

The Group's net leverage position remains high at 15.4x. However, during 2023 management forecasts indicate the net leverate ratio to return to a level of 12.4x which is closer to the 9.4x obtained in 2019, as further improvement in EBITDA generation is expected to compensate for the increased debt levels.

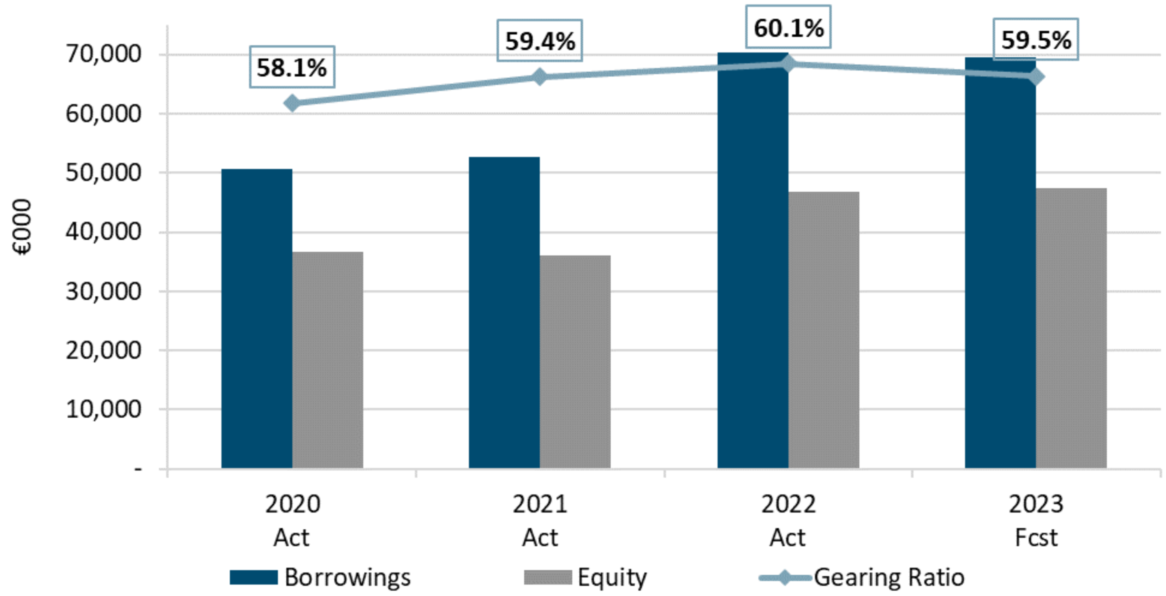

Figure 10: Phoenicia Group – Gearing Ratio
Source: Management information, Combined financial statements

The Group's historical and forecasted gearing remains relatively stable despite taking on additional circa €20 million in bank funding, as it was offset by an increase in the revaluation reserve following an upward revision of the Hotel property and surrounding sites in 2022 and a strengthened level of retained earnings following the Group's pick up in business activity after the closure during the refurbishment in 2017 and the effects from the pandemic in 2020.

The Board of Directors agreed not to pay any dividends for the year ended 31st December 2022. The Company's dividend pay-out policy is driven by the level of profitability and the Group's overall strategy, including its investment plans. Additionally, dividend payments are restricted by the relevant covenants in place.

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. This was especially relevant for the initial months of the year until May 2022, after which the local health authorities allowed for normal hospitality operations to be resumed by lifting restrictions, thereby suggesting that some of the Group's competitors operating in other industry segments were less impacted overall in 2022. 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 financials for FY2022 presented in their audited annual financial statements.

Comparable Analysis	Gearing	Interest Coverage	Net Debt / EBITDA
Phoenicia Group	**60%**	**2.3x**	**15.4x**
AX Group	33%	1.8x	14.8x
International Hotel Investments	52%	1.9x	11.4x
Eden Leisure Group	27%	4.5x	5.1x
SD Holdings	40%	4.6x	2.7x
Tumas Group (Spinola Developments)	27%	6.4x	2.2x

Source: 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.
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.