

## Company Announcement

The following is a company announcement issued by Borgo Lifestyle Finance p.l.c. (the “**Company**”) bearing company registration number C88245 and having its registered address situated at Vault 14, Level 2, Valletta Waterfront, Floriana, FRN 1914, Malta issued in terms of Rule 4.11.03 and Rule 4.11.12 relating to the publication of financial information as defined in Table 1 paragraph 3 and particularly the publication and dissemination via an announcement of Financial Sustainability Forecasts including management assumptions thereon, of Prospects, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange.

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### Quote

## Financial Sustainability Forecast Year 2020

The projections for the year 2020 have been approved by the Board of Directors and are available on the company’s website <https://borgolifestylefinance.mt/official-company-news/>. These have been prepared on the basis of the following assumptions, which have been reviewed taking into account the experience acquired during the twelve-month period ending 31 December 2019.

Annual revenues and costs have been forecasted based on management experience and management's expectations regarding future business growth.

### A) Annual revenues:

Annual revenues are in line with forecasts and are based on the company selling fourteen weeks, which is very much in line with the sales made in 2019. It is to be noted that to date nine weeks have already been signed up and a further five weeks are presently the subject of ongoing discussions. After nearly two years of operation, given the commercial success, an increase in the sale price of each trip on Satori, the Vessel defined in the Company Admission Document (CAD) has been taken into account together with the application of a commercial discount that is being granted to regular customers. Additional promotional and marketing services provided to companies within the extended group have also been accounted for.

### B) Direct costs:

Charter commissions have increased when compared to original 2020 forecast in CAD as a result of the association with the MYBA Worldwide Yachting Association circuit, which is the highest quality channel on the cruise contractor circuit.

The cost for salaries has increased when compared to original 2020 forecast in the CAD due to the recruitment of new staff dedicated exclusively to customer support.

The cost for diesel was higher when compared to original 2020 forecast in the CAD because in some cases, in the absence of customers, it was not possible to sail due to poor sea conditions. Motorized navigation avoided possible damage to the boat.

**C) Operating costs:**

Repairs and routine maintenance were higher, as was the cost of winter storage when compared to original 2020 forecast in the CAD. Crew costs also took into account some benefits that were granted for the winter season.

The cost of insurance is slightly higher when compared to original 2020 forecast in the CAD because the naval insurance companies have raised the premium, to take into account the risk relating to the cruise market. The insurance covers the full value of the boat totalling € 9,000,000 and the other kinds of risks both for the guest personnel on board and for any damage to third parties.

The administrative expenses have been foreseen based on the experience of management and these are in line with what was planned with respect to the costs of accounting consultancy, the audit, and the remuneration to the board of directors.

**D) Provision towards the amortization**

The provision towards the amortization of Satori have been computed on the basis of the expected useful life taken to be twenty four years and after taking into account a residual value at the end of the period of €2,400,000

**E) Bond Proceed**

The bond proceeds have been utilised to provide interest-bearing loans to related parties who in turn have utilised the funds for financing and investment activities in line with the original plans. The interest rate on the bond has been established at 5% per annum whilst the interest charged on the loans are at the rate of 5.2% per annum. The management of Big Blue Cruising Limited and Borgo Santo Pietro Srl are of the opinion that the business trends are adequate to meet the bond interest payments which are to be repaid out of the operating cash flows at annual intervals together with the repayment of the loans due at the end of the period.

**Unquote**

Dr. Jeremy Debono  
Company Secretary  
17 December 2019

CONSOLIDATED FINANCIAL STATEMENTS	
	Financial Forecast Sustainability
	2020
<b>Revenue</b>	<b>€ 1.505.000</b>
Charter commission	(124.740)
Crew Wages	(165.000)
Fuel expenses	(54.500)
Telecommunication	(19.000)
Yacht running costs	(30.000)
<b>Direct costs</b>	<b>(393.240)</b>
<b>Gross Contribution</b>	<b>€ 1.111.760</b>
Operating Overhads	(320.000)
Administrative ovehads	(115.000)
<b>Overheads</b>	<b>(435.000)</b>
<b>EBITDA</b>	<b>€ 676.760</b>
Depreciation	(275.000)
<b>EBIT</b>	<b>€ 401.760</b>
Gratuites	€ -
Waiver of prior Years charges	€ -
<b>Other operating Income</b>	<b>€ -</b>
Interest paid	(250.000)
Interest received	€ 146.640
<b>Net Interest paid</b>	<b>(103.360)</b>
<b>Result/Profit for the year</b>	<b>€ 298.400</b>