

Company Announcement

The following is a company announcement issued by Borgo Lifestyle Finance p.l.c. (the “**Company**”) bearing company registration number C 88245 and having its registered address situated at Vault 14, Level 2, Valletta Waterfront, Floriana, FRN 1914, Malta issued in terms of the Rules of Prospects MTF, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange.

Financial Sustainability Forecast for 2021

QUOTE

Further to company announcement MSE REF: BLF28 the Company would like to inform its investors that the Financial Sustainability Forecasts for the year 2021 have been approved by the Board of Directors and are available for viewing on the Company’s website:

<https://borgolifestylefinance.mt/investor-relations-section>

These Financial Sustainability Forecasts 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 ended 31st December 2020 and they have also been compared with the 2021 Forecasts published on the Company Admission Document (the “CAD”) dated 25th January 2019.

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

A) Revenues:

The annual revenues are in line with forecasts and are based on the Big Blue Cruising company that sells thirteen weeks, which is very in line with the sales made in 2019. (The year 2020 unfortunately cannot be considered as a point of comparison for the COVID-19 events). It should be noted that, to date, nine weeks have already been signed and another three weeks are currently the subject of ongoing discussions. After almost three years of operation, given the commercial success, an increase in the sale price of each trip on Satori, the ship defined in the CAD, was taken into account together with the application of a commercial discount or granted to regular customers. Additional promotional and marketing services provided to the companies of the enlarged group were also recorded.

As a result of some cruises postponed during 2020 in 2022 two cruises are already sold.

B) Direct costs:

Agency Costs: the charter commissions are slightly reduced compared to the past due to a greater number of cruises sold on their own without the help of agents.

Staff Budget: the cost of salaries has increased from the original 2021 forecast in the CAD due to the hiring of new staff dedicated exclusively to customer support.

Managing Cost: the cost of diesel fuel is higher than the original 2021 forecast in the CAD because of the experience matured in the years which allows now the Company to have a better vision of the effective costs to be sustained

C) Operating costs:

Repairs and routine maintenance are higher, as is the cost of winter storage compared to the original 2021 forecast in the CAD. The crew costs have also taken into account some advantages granted for the winter season.

The cost of insurance is slightly higher than the original 2021 forecast in the CAD because ship insurance companies have raised the premium to take into account the risk related to the cruise market. The insurance covers the entire value of the boat for a total of €9,000,000 and other types of risks both for the guest staff on board and for any damage to third parties.

Administrative expenses have been foreseen on the basis of management experience and are in line with what has been planned as regards costs for accounting consultancy, audits and fees to the board of directors.

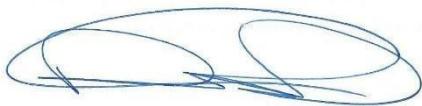
D) Provision for depreciation

The provisions for the amortization of Satori were calculated on the basis of the expected useful life assumed in twenty-four years and taking into account a residual value at the end of the period of €2,400,000

E) Bond Proceeds

The bond income was used to provide interest-bearing loans to related parties who in turn used the funds for financing and investment activities in line with the original plans. Recently the hotel has provided positive data on the business trend in the medium term. The interest rate on the bond has been set at 5% per annum while the interest charged on the loans is 6% per annum. The management of Big Blue Cruising Limited and Borgo Santo Pietro Srl is of the opinion that the performance of the business is adequate to meet the payment of the bond interest that must be repaid from the operating cash flows at annual intervals together with the repayment of the expired loans end of the period.

UNQUOTE



Dr Jeremy Debono
Company Secretary

Date: 30th June 2021
Reference No: BLF 21/2021