Stivala Group Finance p.l.c.

143, The Strand, Gzira. Malta

COMPANY ANNOUNCEMENT

Stivala Group Finance p.l.c. (the "Company")

Financial Analysis Summary

Date of Announcement	**26 June 2023**
Reference	**STV48/2023**

Company Announcement issued by Stivala Group Finance p.l.c. (the "Company") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

QUOTE

The Board of Directors of Stivala Group Finance plc wishes to inform the general public that the updated Financial Analysis Summary 2023 of the Company has been approved.

A copy of the signed Financial Analysis Summary is available for viewing in the Investor Relations' section on the Company's website - https://stivalagroup.com/?page_id=21

UNQUOTE

By order of the Board

Antoinette Scerri *f:* Stivala Group Finance PLC
Company Secretary
26th June 2023

FINANCIAL ANALYSIS SUMMARY

26 June 2023

ISSUER

STIVALA GROUP FINANCE P.L.C.

Prepared by:

MZ INVESTMENTS

MZ INVESTMENT SERVICES

The Directors
Stivala Group Finance p.l.c.
143, The Strand
Gzira
GZR 1026

26 June 2023

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out in the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Stivala Group Finance p.l.c. (the "**Group**" or the "**Issuer**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 has been extracted from the audited consolidated financial statements of the Company.

(b) The forecast has been extracted from the projected financial information of the Group for the year ending 31 December 2023, which comprises actual results for the period 1 January 2023 to 30 April 2023 and the management forecast for the period 1 May 2023 to 31 December 2023.

(c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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MZ INVESTMENT SERVICES

The Analysis is meant to assist investors in the Company's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,

Evan Mohnani
Head Corporate Finance Services

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PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

1.1 THE COMPANY

The Issuer was set up as the holding company and finance arm of the Group on 21 August 2017 and is the principal vehicle for further expansion of the Group's hospitality business and mixed-use developments. The ultimate beneficial owners of the Issuer are Martin John Stivala, Ivan Stivala and Michael Stivala, together with their direct descendants and families, in equal proportions.

1.2 THE GUARANTOR

Carmelo Stivala Group Limited (the "**Guarantor**") acts as the Group's property holding company and owns almost all of the Group's immovable property, which property is subsequently leased to and operated by the subsidiaries of the Stivala Group ("**Subsidiaries**"). The Guarantor is fully owned by the Issuer.

2. DIRECTORS AND KEY EMPLOYEES

2.1 THE COMPANY

The Company is managed by a Board consisting of six directors entrusted with its overall direction and management.

Ivan Stivala	Executive Chairman
Martin John Stivala	Executive Director
Michael Stivala	Executive Director
Francis Gouder	Independent Non-executive Director
Ann Marie Agius	Independent Non-executive Director
Jean Paul Debono	Independent Non-executive Director

The executive directors are entrusted with the Company's day-to-day management and are also directors or officers of other companies within the Group.

2.2 THE GUARANTOR

The Guarantor is managed by a Board of Directors entrusted with its overall direction and management, and is composed as follows:

Martin John Stivala	Executive Director
Michael Stivala	Executive Director
Ivan Stivala	Executive Director

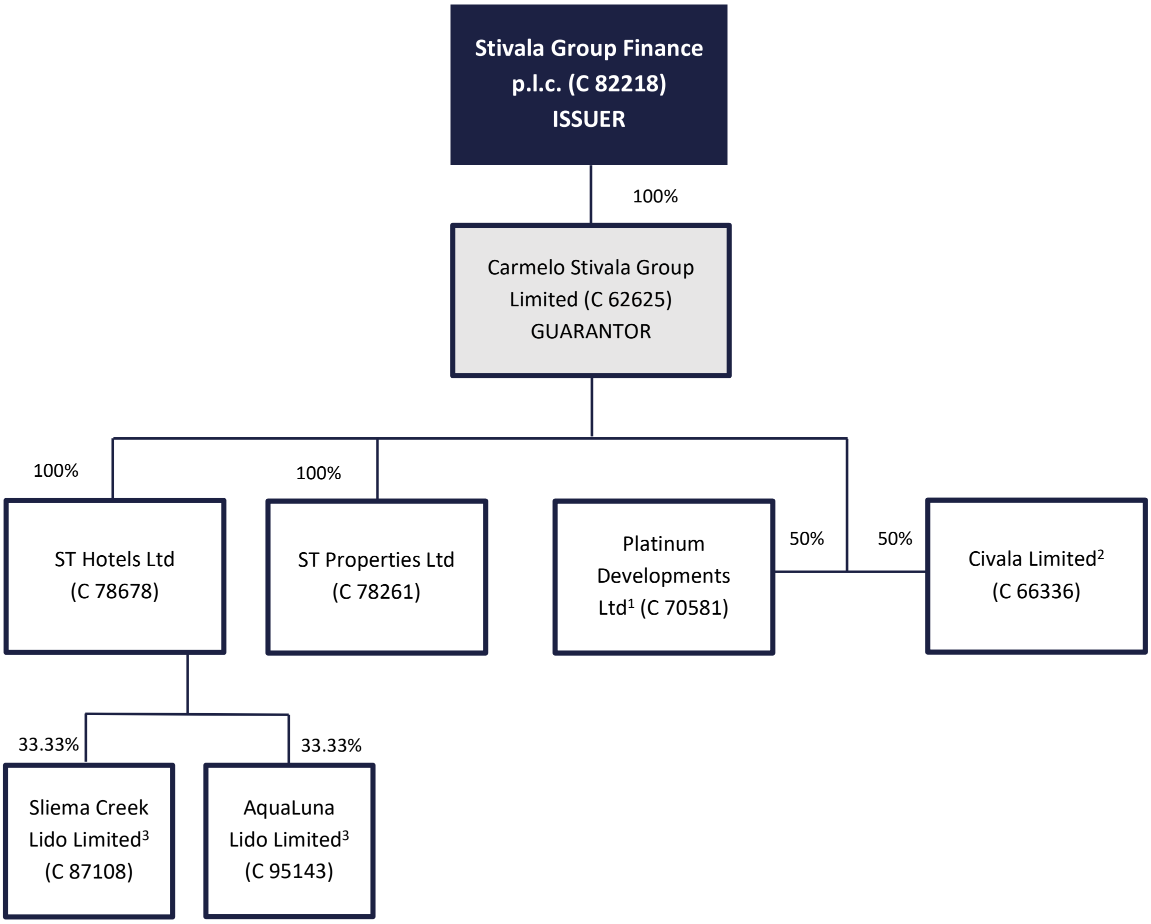
2.3 MANAGEMENT TEAM AND GROUP EMPLOYEES

The key members of the Group's management team, apart from the executive directors, are Kevin Bonnici (Group Financial Controller), Rebecca Stivala (Group Accounts Manager), James Davis (General Manager – Hotels), Tristan Stivala (General Manager – Property Leasing), Joan Stivala (HR Manager) and Trevor Naudi (Director of Sales – Hotels).

The Issuer does not have any employees of its own. As at 31 December 2022, the Group employed 29 staff members in management and administration (2021: 15 employees) and 210 staff members in operational activities (2021: 121 employees).

3. ORGANISATIONAL STRUCTURE

The organisational structure of the Group as at the date of this report is illustrated in the diagram below:



[1] The remaining 50% of Platinum Developments Limited is held by Bastille Malta Trustees Limited as trustee.

[2] The remaining 50% of Civala Limited is held by John Cilia (262857M).

[3] The remaining 66.67% of each of Sliema Creek Lido Limited is held by The Waterfront Hotel Limited (C 22209), Marketing and Consultancy Limited (C 8171), and Kennedy Nova Ltd (C57729). The remaining 66.67% of each of AquaLuna Lido Limited is held by The Waterfront Hotel Limited (C 22209), Marketing and Consultancy Limited (C 8171) and Kennedy Nova Ltd (C57729).

Carmelo Stivala Group Ltd is the guarantor of the bonds issued by the Issuer. It is the property holding company of the Group and is also the direct holding company of the operational entities within the Stivala Group.

ST Properties Ltd is principally involved in the business of sub-leasing, on a long-term basis, the commercial and residential properties owned by the Guarantor.

ST Hotels Ltd is primarily engaged in the operation and management of the Guarantor's hotels, hostels and short let apartments.

The Group also has four associate companies as follows: (i) Platinum Developments Ltd (C 70581) - owns and leases three residential units and one office on the Sliema Seafront; (ii) Civala Limited (C 66336) – has a long term lease on a 900m^2 plot of land earmarked for the future development of a five-storey car park and overlying office space; and (iii) Sliema Creek Lido Limited (C 87108) and AquaLuna Lido Limited (C 95143) – both involved in the management of a lido opposite the Bayview Hotel in Gzira.

In 2022, the Issuer transferred two non-operating entities - Stivala Operators Limited (C 23860) and Stivala Properties Ltd (C 51411) – to its ultimate beneficial owners. In consequence, a gain on disposal of €7.3 million was recognised in the Statement of Comprehensive Income of the Issuer. Furthermore, the amount of €4.8 million classified as incentives and benefits reserve (in total equity) has been derecognised due to the said disposals.

4. BUSINESS OVERVIEW OF THE GROUP

4.1 PRINCIPAL ACTIVITIES

The Issuer was established on 21 August 2017 as the holding company and finance arm of the Group. The Company's main business is the acquisition of real estate for long term investment purposes, principally in the Gzira, Msida University Heights, Sliema, St Julian's and Ta' Xbiex areas. Once acquired, the Group is engaged in the development or re-development of those properties and their conversion into residential and commercial properties. The majority of real estate is retained by the Group to generate rental revenues, both from short letting and tourist accommodation as well as from long-term residential, office and retail lets.

The Group has the following main areas of activity:

- **Ownership of real estate** – comprises the identification of sites or real estate that can be developed for subsequent operation, either as part of its hospitality operations or for residential or commercial letting. The Group directly undertakes the development of projects, thus allowing greater control by the Group over costs and timelines of its property developments.

- **Hospitality operations** – the Group operates properties intended for hospitality purposes consisting of hotels, hostels, or apartments for short term accommodation.

- **Long-term letting operations** – comprises the letting over the longer term of commercial properties and residential properties owned by the Group.

- **Development of real estate for resale** – comprises the acquisition of land and properties to be developed into commercial and, or residential properties for resale purposes.

Group revenue and earnings are derived primarily from the operation of owned hotels, hostels and short let apartments through ST Hotels Ltd. The balance of revenue is generated by ST Properties Ltd and comprises rental income from commercial and long let residential properties.

4.2 OWNERSHIP OF REAL ESTATE

The Group owns its immovable properties primarily through the Guarantor, which are managed and operated by the two principal operating subsidiaries of the Group – ST Hotels Ltd and ST Properties Ltd.

The real estate portfolio of the Group is included in the statement of financial position under the headings "Property, plant and equipment" and "Investment property". As at 31 December 2022, the carrying value of real estate amounted to €354.3 million (FY2021: €327.1 million).

The fair value of the Group's properties as at 31 December 2022 is based on a valuation carried out by an independent architect on 12 October 2022 for properties pledged to secure borrowings, and valuation assessed by the Directors on 31 December 2022 for all remaining properties as at year end. This has resulted in the reporting of an uplift in fair value of investment property of €9.1 million (2021: €30.0 million) in the statement of profit or loss. Furthermore, the carrying value of property, plant & equipment has been revised upwards by €4.4 million (2021: €30.4 million), net of deferred tax, and recognised in other comprehensive income.

A brief description of Group properties in the course of development or held for future development is provided below:

ST TOWER, TA' XBIEX

This development consists of a newly built 23-storey office block located in the Ta' Xbiex area. This new building consists of five parking levels, offices, cafeteria/restaurant at reception area and a top floor restaurant with 360-panoramic views and an outdoor green space. This project will be finished to high standards which shall also include energy efficient and environment friendly measures.

ST ALAVITS HOTEL, GZIRA *(formerly the 'Ponsomby Hotel and School')*

The Group has developed an 86-room hotel and school over a site area measuring *circa* 400m^2, which has been completed at an estimated cost of *circa* €7.9 million. Inaugurated in June 2023, the property comprises a school taking up the first 4 floors and a hotel from the 5th floor to the 11th floor. The roof level includes a pool and decking area.

The afore-mentioned school, named 'ST EDU Centre', has been leased for a 5-year term to a renowned international Italian-based higher education institution, with an already established international student cohort, specialising in osteopathy and physiotherapy.

NOVOTEL HOTEL, GZIRA *(redevelopment of the 'Blubay Suites & Apartments')*

In Q4 2022, the Group initiated works on the redevelopment of the 54-room Blubay Block and surrounding properties located in Ponsomby Street, Gzira (PA 5032/20). Construction and finishing works are expected to continue for a period of *circa* 30 months at a cost of approximately €16 million. The plan is to develop an 11-floor property having 292 rooms, along with underground parking and ancillary facilities such as an indoor pool and fitness area, as well as a pool and deck area at roof level. Furthermore, the Group has entered into a franchise agreement for the purposes of operating the proposed 4-star hotel under the "Novotel" brand name. This project is scheduled for completion in Q3 2025.

MOVENPICK HOTEL, SLIEMA *(redevelopment of the Sliema Hotel)*

The Group is planning to demolish the 70-room Sliema Hotel and develop a 165-room 5-star hotel at an estimated cost of €10.5 million (PA 3614/18). Furthermore, the Group has entered into a franchise agreement to operate the said hotel under the "Movenpick" brand name. Closure of the Sliema Hotel is expected in Q4 2025 after the new Novotel Hotel is completed and fully operational.

MONTANA HOTEL, GZIRA

The Group has a Planning permit for the development of a 265-room hostel on part of the subject site (PA 5538/19). The project should be finalised within a 12 to 15-month period from commencement of development works. No date has been set for commencement of this project.

PROPOSED HOME FOR THE ELDERLY, GZIRA

This property consists of a block of apartments and various small houses having an aggregate site area of *circa* 632m^2. The Group plans to redevelop the site into a home for the elderly having 244 beds in accordance with PA6204/17. No date has been established for commencement of this project.

PARISIO HOTEL, GZIRA

Planning approval was obtained for the development of a 136-room hotel (PA 5962/21) located in Sliema. The project shall include 3 levels of basement parking including a gym, a spa, a games room, a store and an indoor pool at basement level.

BAYVIEW HOTEL, GZIRA

There are also plans for the extension and redevelopment of the Bayview Hotel and surrounding properties which will include an additional 4 floors bringing the hotel to a total of 546-rooms (PA 8321/18).

CHARLIE'S GUESTHOUSE, MSIDA

The Group also has plans to demolish the existing block situated in Msida and construct a showroom at elevated ground floor level with overlying offices at levels 1 to 6 together with basement parking spaces (PA 2591/20). The expected date of commencement has not been established.

CHALET, SLIEMA

Early this year, the Group was the sole bidder for the 65-year concession to rehabilitate and operate the Chalet site in Sliema. The proposed project, if successfully awarded, will convert the site into a catering and entertainment establishment in accordance with the tender document.

PROPERTY HELD-FOR-SALE[1]

As at 31 December 2022, property held-for-sale amounted to €2.4 million (2021: €2.2 million) and principally consisted of a development project in Sqaq Dun Andrea, Msida, known as 'Msida Park Residences'. The said project is in a finished state and comprises 55 residential units and 2 offices spread over 4 adjacent blocks. In 2022, the Group concluded the sale of 23 residential units and as at 31 December 2022, 26 residential units were subjected to promise of sale agreements. As at the date of this report, 5 units are subject to promise of sale agreements and it is expected that by year end all units will be sold.

4.3 HOSPITALITY OPERATIONS

Hospitality operations are performed by ST Hotels Ltd. The financial information about ST Hotels Ltd is included in the audited financial statements of the said company for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

At present, ST Hotels operates four 3-star hotels with 560 rooms in aggregate. The newly opened ST Alavits has added 86 rooms, thus increasing the total number of rooms in operation to 646 rooms.

Set out below is the statement of total comprehensive income extracted from the audited financial statements of ST Hotels Ltd for the financial years indicated hereunder:

[1] Classified as current asset in the statement of financial position.

ST Hotels Ltd Statement of Total Comprehensive Income for the financial year 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000
Revenue	5,504	8,642	15,007
Cost of sales	(3,550)	(3,390)	(5,501)
Gross profit	**1,954**	**5,252**	**9,506**
Other net operating costs	(896)	(1,354)	(1,875)
EBITDA	**1,058**	**3,898**	**7,631**
Depreciation & amortisation	(5,724)	(5,917)	(4,779)
Operating profit (loss)	**(4,666)**	**(2,019)**	**2,852**
Dividend income	-	-	202
Net finance costs	(2,217)	(2,327)	(2,818)
Profit/(loss) before tax	**(6,883)**	**(4,346)**	**236**
Taxation	3,721	2,432	823
Profit/(loss) for the year	**(3,162)**	**(1,914)**	**1,059**
Total comprehensive income (expense)	**(3,162)**	**(1,914)**	**1,059**
Gross profit margin (%) *(Gross profit/revenue)*	35.50	60.77	63.34
Net profit margin (%) *(Profit after tax/revenue)*	(57.45)	(22.15)	7.06

In **FY2020**, the Company's revenue was materially impacted by the COVID-19 pandemic and amounted to €5.5 million. Compared to the prior year, the y-o-y decrease in revenue amounted to €8.8 million or -62%. Further analysis shows that revenue generated by hotels declined by 76% (y-o-y), while other income decreased by 43% (y-o-y). Despite this decline, the Company still managed to register a positive EBITDA of €1.1 million (FY2019: €6.4 million) mainly on account of the cost cutting exercise undertaken by management as well as Government's support through the wage subsidy scheme.

After accounting for depreciation & amortisation and net finance costs of €7.9 million (in aggregate), the Company reported a loss before tax of €6.9 million compared to a loss of €420,000 in the prior year. A tax credit of €3.7 million enabled the Company to reduce its end-of-year loss and thereby reported total comprehensive expense of €3.2 million (FY2019: income of €75,000).

FY2021 was a more positive year compared to the prior year, but revenue was still 40% lower than that achieved in FY2019 (pre-COVID 19). Due to reduced operations as a consequence of the pandemic, the Group took the opportunity to close the 156-room Bayview Hotel during Q1 2021 for refurbishment purposes. In the said financial year, the Company generated €8.6 million in revenue, an increase of €3.1 million (+57%) over FY2020. The improved y-o-y performance resulted in a reduction of the loss for the year, from €3.2 million in FY2020 to €1.9 million in FY2021.

In **FY2022**, revenue generated by ST Hotels Ltd increased y-o-y by €6.4 million (+74%) to €15.0 million on account of the continued recovery post COVID-19 pandemic. Such revenue reflects an increase of 4.6% compared to FY2019. Moreover, the gross profit margin increased by 2 percentage points from 61% in FY2021 to 63%.

Total EBITDA in FY2022 amounted to €7.6 million, an increase of €3.7 million (+96%) from the prior year and +19% when compared to FY2019. Overall, the Company converted a loss of €1.9 million in FY2021 to a profit amounting to €1.1 million.

4.4 PROPERTY RENTALS

Long lets of residential and commercial Group properties to third parties are administered by ST Properties Ltd. Such leases typically involve rental periods exceeding six months. Commercial properties principally comprise 20 properties leased out as restaurants, educational institutions, retail outlets and office space.

Financial information about ST Properties Ltd is included in the audited financial statements of the said company for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

Set out below is the statement of total comprehensive income extracted from the above-mentioned audited financial statements for the financial years indicated hereunder:

ST Properties Ltd **Statement of Total Comprehensive Income** **for the financial year 31 December**	**2020** **Actual** **€'000**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**
Commercial	*3,560*	*4,426*	*5,749*
Residential	*2,561*	*1,798*	*1,857*
Revenue	**6,121**	**6,224**	**7,606**
Cost of sales	(595)	(625)	(813)
Gross profit	**5,526**	**5,599**	**6,793**
Other net operating (costs)/income	569	610	819
Profit before tax	**6,095**	**6,209**	**7,612**
Taxation	(907)	(923)	(1,144)
Profit for the year	**5,188**	**5,286**	**6,468**
Total comprehensive income	**5,188**	**5,286**	**6,468**
Gross profit margin *(Gross profit/revenue)*	90.28	89.96	89.31
Net profit margin *(Profit after tax/revenue)*	84.76	84.93	85.04

The results of **FY2020** were adversely impacted by COVID-19 but not to the same extent as the impact on the hospitality operations of the Group. Rental income for the year amounted to €6.1 million, a decrease of €336,000 (-5%) when compared to FY2019. The Company reported mixed results where rents generated from commercial properties increased by 21% (y-o-y) while residential property rental income decreased by 27% (y-o-y). Overall, the Company's profit for the year decreased by €288,000, from €5.5 million in FY2019 to €5.2 million in FY2020.

In **FY2021**, the Company reported a y-o-y increase in rents from commercial properties of €0.9 million (+24%) from €3.6 million in FY2020 to €4.4 million. During the said year, the Company successfully leased all 8 floors of the newly developed ST Balluta Business Centre in Sliema. On the other hand, long-term residential leases were slightly lower compared to a year earlier and amounted to €1.8 million (FY2020: €2.6 million). Overall, reported revenue was higher on a comparable basis by 2% and amounted to €6.2 million (FY2020: €6.1 million). Gross profit margin was maintained at 90%. The Company registered a profit for the year of €5.3 million compared to €5.2 million in the prior year.

In **FY2022**, the Company reported a year-on-year increase of €1.4 million (+22%), from €6.2 million in FY2021 to €7.6 million. The aforesaid growth was primarily driven by an increase in commercial revenue which grew y-o-y by 30%. Overall, the Company reported a profit of €6.5 million in FY2022 compared to €5.3 million a year earlier and held constant the net profit margin at 85%.

5. MARKET OVERVIEW

5.1 ECONOMIC UPDATE[2]

The Maltese economy grew strongly by 6.9% in 2022, driven by domestic demand and export of services, benefiting from the further recovery in tourism. Growth is forecast to moderate to 3.9% in 2023, as high inflation affects household disposable incomes and consumption. GDP growth is then set to reach 4.1% in 2024, supported by continuing net migration flows. Sizeable government measures helped to keep energy prices unchanged in Malta. They are expected to remain in place also in 2023 and 2024. As a result, the general government deficit stood at 5.8% in 2022, among the highest in the EU. It is expected to gradually decrease in 2023 and 2024. In consequence of robust GDP growth, public debt is forecast to remain below 60% of GDP.

Supported by strong growth in private consumption and investment, real GDP growth reached 6.9% in 2022. Growth also benefited from the strong performance of the services sectors in general. Tourism in 2022 rebounded quickly and above earlier expectations, both in terms of total number of visitors and tourism expenditures. The growth impact of a marked jump in gross fixed capital formation, related to a large one-off equipment purchase operation, was compensated by a strong increase in imports, resulting in a negative contribution of net exports.

In 2023, real GDP is forecast to grow at a slower pace, by 3.9%, as high inflation limits private consumption and the positive impulse from tourism, following the post-pandemic re-opening, moderates. In 2024, real GDP growth is expected to pick up to 4.1%.

Malta maintains a high pace of employment growth. Employment increased by an impressive 6.0% in 2022. Demand for labour increased across various sectors of the economy, both public and private, and was especially strong in tourism and administrative services. The labour force is set to continue growing at a robust pace in 2023 and 2024 in line with population growth as the country continued to attract foreign workers. Labour and skills shortages are expected to remain the main limiting factors for the Maltese economy over the forecast horizon. Malta's unemployment rate fell to 2.9% in 2022 and is expected to remain around this level in 2023 and 2024.

HICP[3] inflation in 2022 reached 6.1%, even though the energy prices were fixed at 2020 levels by government intervention. The Maltese authorities further confirmed their commitment to limiting energy inflation in 2023 and 2024. Nonetheless, inflation in 2023 is expected to stay high at 5.4%, pushed by increasing prices for imported goods (especially food), tourism services and housing maintenance services. In 2024, inflation is projected to slow to 2.8% as price growth in Malta's main trade partners moderates.

[2] Economic Forecast – Spring 2023 (European Commission Institutional Paper 200 May '23).

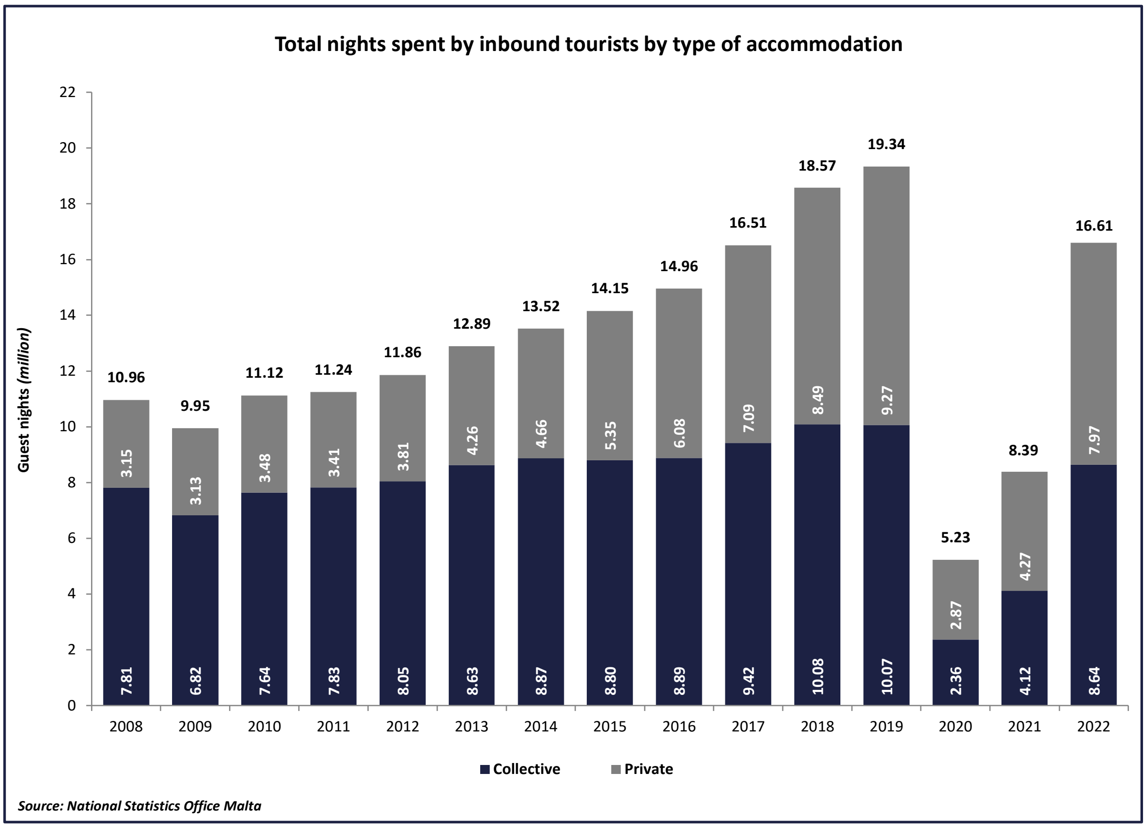
[3] The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.

5.2 HOSPITALITY[4]

In 2022, the number of inbound tourists increased considerably by 136% over 2021, reaching 2,286,597 (2021: 968,136 visitors), but still remained 17% below 2019 pre-pandemic level (2019: 2,753,239 inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased.

The total number of guest nights that tourists spent in Malta during 2022 increased to around 16.6 million from 8.4 million a year earlier (+98%), but 14% less than the level recorded in 2019 (19.3 million guest nights). Guest nights at collective accommodation made up 52% of the aggregate (2021: 49%), while rented accommodation (other than collective accommodation) held a 48% share (2021: 51%).

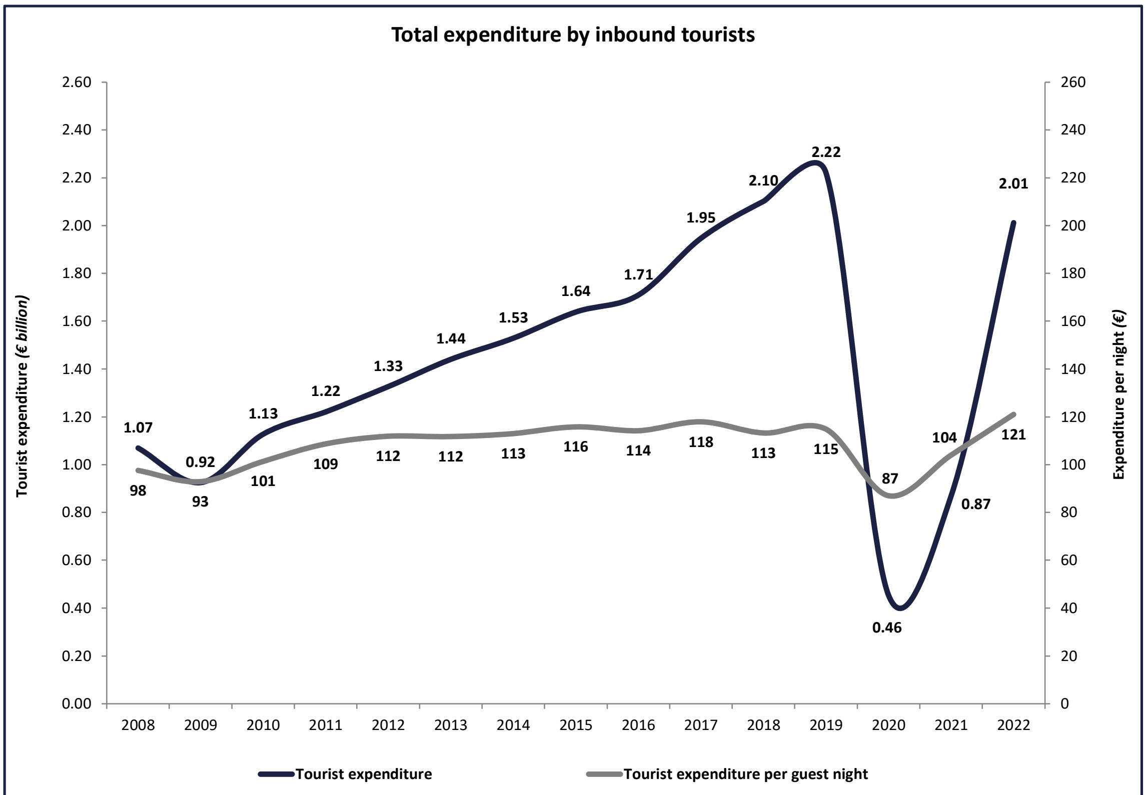
Inbound tourists for the first three months of 2023 amounted to 443,062, an increase of 4.0% over the same period in 2019. Total nights spent by inbound tourists surpassed 2.9 million nights in Q1 2023, an increase of 3.8% when compared to Q1 2019.[5]



The total occupancy rate in collective accommodation establishments during 2022 rose to 53.3%, from 33.2% a year earlier. However, it remained below that recorded in 2019, when it had reached 65.7%. All categories reported increases in their occupancy rates over 2021, with the 2-star category

[4] National Statistics Office Malta – News Release 020/2023.
[5] National Statistics Office Malta – News Release 078/2023.

registering the largest increase – of 24.3 percentage points. This was followed by a rise of 23.0 percentage points in the 4-star category. Meanwhile, the smallest increase – of 13.6 percentage points – was registered in the 'other' collective accommodation category. Occupancy rates remained below those prevailing before the pandemic, with the most significant gap recorded among 5-star hotels, while in 2-star establishments the rate has almost converged to that prevailing then.[6]



Source: National Statistics Office Malta

Tourist expenditure in Malta more than doubled in 2022 to €2,012.5 million compared to the prior year (2021: €870.7 million). Total spending was just 9% below the level registered in the corresponding period of 2019. Expenditure per capita decreased by 2% from €899 in 2021 to €880 in 2022 (2019: €807), while average length of stay also decreased from 8.7 nights in 2021 to 7.3 nights in 2022 (2019: 7.0 nights). In Q1 2023, total tourist expenditure was estimated at €312.4 million compared to €272.4 million in the same period in 2019 (+15%).

5.3 PROPERTY

The NSO's Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms, albeit at a slower pace. The annual rate of change stood at 5.9% in the fourth quarter of 2022, from 6.3% in the third quarter of 2022 (see chart below). House price inflation in Malta was higher when compared to the euro area, where prices increased q-o-q by 3.0%.

[6] National Statistics Office Malta – News Release 040/2023.

Source: Eurostat

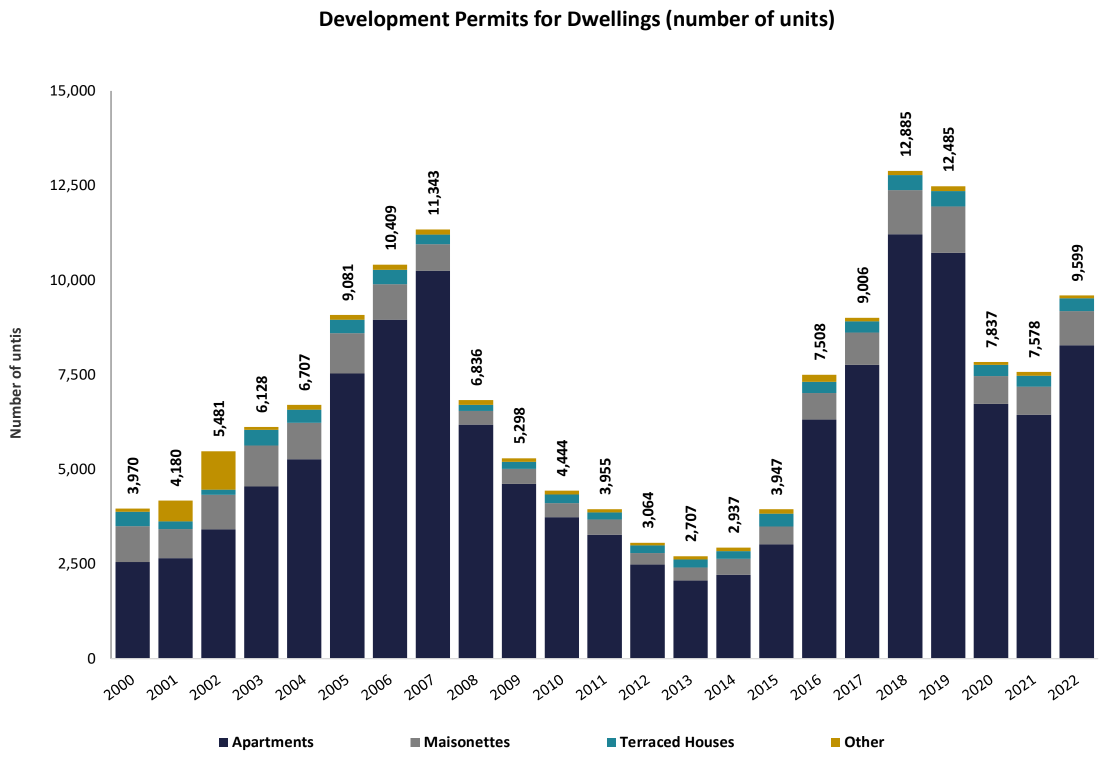
Residential property prices continue to be supported by numerous factors, including the Government schemes supporting demand for property, such as the first-time and second-time buyers' schemes, the purchase of properties located in Urban Conservation Areas (UCA), purchases of property in Gozo, as well as refund schemes for restoration expenses. The recovery of tourism and normalisation of migrant workers flows from pandemic lows may have also shored up demand for property and contributed to the recent increase in property prices.[7]

In 2021, the number of final deeds of sale relating to residential property amounted to 14,368 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,161.9 million, an increase of 49% when compared to the prior year (2020: €2,126.6 million). During 2022, 14,305 final deeds of sale were concluded, a decrease of 63 deeds from a year earlier (2021: 14,368 deeds). The value of the afore-mentioned deeds amounted to €3,248.8 million compared to €3,161.9 million in 2021 (+€86.9 million or +2.7%).[8]

In the first quarter of 2023, 3,088 final deeds were registered, an annual decrease of 9.4%. The value of the deeds registered during this period went up by 3.2% over the same quarter of the previous year and amounted to €789.9 million.[9]

[7] Central Bank of Malta Quarterly Review (2023 Vol. 56 No. 1; page 43).
[8] National Statistics Office Malta – News Release 006/2023.
[9] National Statistics Office Malta – News Release 059/2023.

The number of residential building permits issued in 2022 amounted to 1,271 permits (2021: 1,633 permits) for the development of 9,599 residential units (2021: 7,578 residential units). As shown in the below chart, the number of units in 2022 (9,599) reflects a decrease of 26% from the all-time high of 12,885 units in 2018.[10] During the first quarter of 2023, 496 building permits for a total of 2,540 new dwellings were approved. When compared to the same quarter of the previous year, the number of building permits decreased by 18.6% while the number of approved new dwellings decreased by 20.7%.[11]



Source: Central Bank of Malta

Market data relating to commercial property in Malta (which includes industrial, logistics, warehousing, retail, hospitality and a predominant portion in the office asset class) is not available and thus makes it more difficult to gauge the health of this sector. The Group's commercial property portfolio principally comprises office space and commercial outlets located in the areas of Gzira, Sliema and St Julians. In the last financial year, the Group registered high occupancy rates across its portfolio and demand for its properties remains positive.

[10] https://www.centralbankmalta.org/real-economy-indicators (Development Permits for Dwellings, by Type).
[11] National Statistics Office Malta – News Release 084/2023.

PART 2 – PERFORMANCE REVIEW

6. FINANCIAL INFORMATION

The financial information relating to the Group is extracted from the audited consolidated financial statements of the Issuer for the years ended 31 December 2020, 31 December 2021 and 31 December 2022.

The projected consolidated financial information for FY2023 relates to events in the future and are based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Stivala Group Finance p.l.c. Consolidated Statement of Total Comprehensive Income for the financial year 31 December	**2020 Actual €'000**	**2021 Actual €'000**	**2022 Actual €'000**	**2023 Forecast €'000**
Revenue	11,748	15,065	28,843	37,203
Cost of sales	(3,918)	(3,713)	(6,138)	(8,543)
Gross profit	**7,830**	**11,352**	**22,705**	**28,660**
Net operating costs	(578)	(903)	(1,574)	(1,594)
EBITDA	**7,252**	**10,449**	**21,131**	**27,066**
Depreciation & amortisation	(5,995)	(3,708)	(4,002)	(4,253)
Provision for expected credit losses (ECL)	-	(7,920)	(2,917)	191
Operating profit (loss)	**1,257**	**(1,179)**	**14,212**	**23,004**
Gain on disposal of subsidiaries	-	-	7,302	-
Dividends receivable	-	-	202	64
Movement in revaluation of property	29,021	29,968	9,119	-
Share in profit (loss) of associates	354	(48)	(34)	(35)
Loss on distribution to shareholder	-	(21,131)	-	-
Net finance costs	(3,160)	(3,215)	(3,766)	(3,800)
Profit before tax	**27,472**	**4,395**	**27,035**	**19,233**
Taxation	(480)	7,992	(728)	(1,542)
Profit for the year	**26,992**	**12,387**	**26,307**	**17,691**
Other comprehensive income:				
Movement in revaluation of property, net of tax	81,338	30,355	4,382	-
Deferred taxation	-	-	-	-
Total comprehensive income	**108,330**	**42,742**	**30,689**	**17,691**

Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
EBITDA margin *(%)* *(EBITDA / revenue)*	61.73	69.36	73.26	72.75
Operating profit margin *(%)* *(Operating profit / revenue)*	10.70	(7.83)	49.27	61.83
Net profit margin *(%)* *(Profit after tax / revenue)*	229.76	82.22	91.21	47.55
Return on equity *(%)* *(Profit after tax / average equity)*	15.23	5.31	10.86	6.82
Return on assets *(%)* *(Profit after tax / average assets)*	9.32	3.46	6.93	4.45
Return on invested capital *(%)* *(Operating profit / average equity and net debt)*	0.40	(0.37)	4.05	6.29
Interest cover *(times)* *(EBITDA / net finance costs)*	2.29	3.25	5.61	7.12

Statement of Total Comprehensive Income

The operating results presented hereinabove primarily reflect the performance of the Group's operating subsidiaries - ST Hotels Ltd and ST Properties Ltd - which are described in further detail in sections 4.3 and 4.4 of this report.

Revenue in **FY2020** decreased by €10.4 million (y-o-y) to €11.7 million as a result of the complete shutdown of the hospitality operations from mid-March 2020 to 30 June 2020, and the curtailment of hotel and short-let operations from July to December 2020. On the other hand, rental income from commercial premises and long-let apartments remained broadly stable, although concessions and, or deferments of monthly rental payments were granted to a limited number of tenants during the shutdown period.

In consequence, EBITDA decreased by 49% from €14.1 million in FY2019 to €7.3 million but remained positive on account of the cost cutting exercise undertaken by management as well as Government's support through the wage subsidy scheme. Due to an uplift in property, plant and equipment of €81.3 million (net of deferred tax), depreciation & amortisation increased by 66% from €3.6 million in FY2019 to €6.0 million in FY2020.

Further to accounting for an increase of €29.0 million in fair value of investment property, the Group reported a profit for the year of €27.0 million compared to €6.1 million in FY2019. As a result of the above-mentioned asset revaluation of €81.3 million, total comprehensive income for the year amounted to €108.3 million (FY2019: €7.3 million).

The adverse results of the Group in FY2020 compared to FY2019 are reflected in various key performance indicators as follows: gross profit margin was lower by 4 percentage points to 67%, while operating profit margin decreased from 64% in FY2019 to 62%. Interest cover also weakened from 4.92 times to 2.29 times. Other accounting ratios such as net profit margin and return on equity cannot be used as indicators for FY2020 due to exceptional items in the statement of total comprehensive income (movement in revaluation of investment property and property, plant and equipment).

Revenue in **FY2021** amounted to €15.1 million, an increase of €3.3 million (+28%) from the prior year. The majority of the said increase was generated from the hospitality sector as the Group's properties reported a notable y-o-y increase in occupancy levels particularly during the latter half of the year. Furthermore, the Group's gross profit margin improved from 67% in FY2020 to 75% in FY2021 and thereby resulted in a 45% (+ €3.6 million) increase in gross profit to €11.4 million (FY2020: €7.8 million).

In FY2021, the Group provided for expected credit losses on loans to other related undertakings of €7.9 million and in consequence reported an operating loss of €1.2 million compared to an operating profit of €1.3 million in FY2020.

The Group registered a loss of €21.1 million on distribution of property to Carlo Stivala following his divestiture in April 2021, which was offset by the revaluation of property of €30.0 million. As such, the Group's profit before tax amounted to €4.4 million in FY2021 compared to €27.5 million a year earlier.

Interest cover improved during the year from 2.29 times in FY2020 to 3.25 times.

Total comprehensive income for the year amounted to €42.7 million (FY2020: €108.3 million) after taking into account further uplifts in property values amounting to €30.4 million.

Revenue in **FY2022** increased by €13.7 million (+91%) y-o-y to €28.8 million (FY2021: €15.1 million). The Group's hospitality segment performed better compared to the prior year as the economy continued to recover from the pandemic. This segment generated 46% of total revenue (FY2021: 43%). Rental income increased by €1.0 million from €8.4 million in FY2021 to €9.4 million (+12%). Aggregate revenue also includes an amount of €6.2 million generated from sales of residential units (FY2021: €0.2 million).

In consequence, EBITDA more than doubled to €21.1 million (FY2021: €10.4 million). The Group's EBITDA margin improved by 4 percentage points on a comparable basis to 73%. In addition, the Group's interest cover strengthened from 3.25 times in FY2021 to 5.61 times in FY2022.

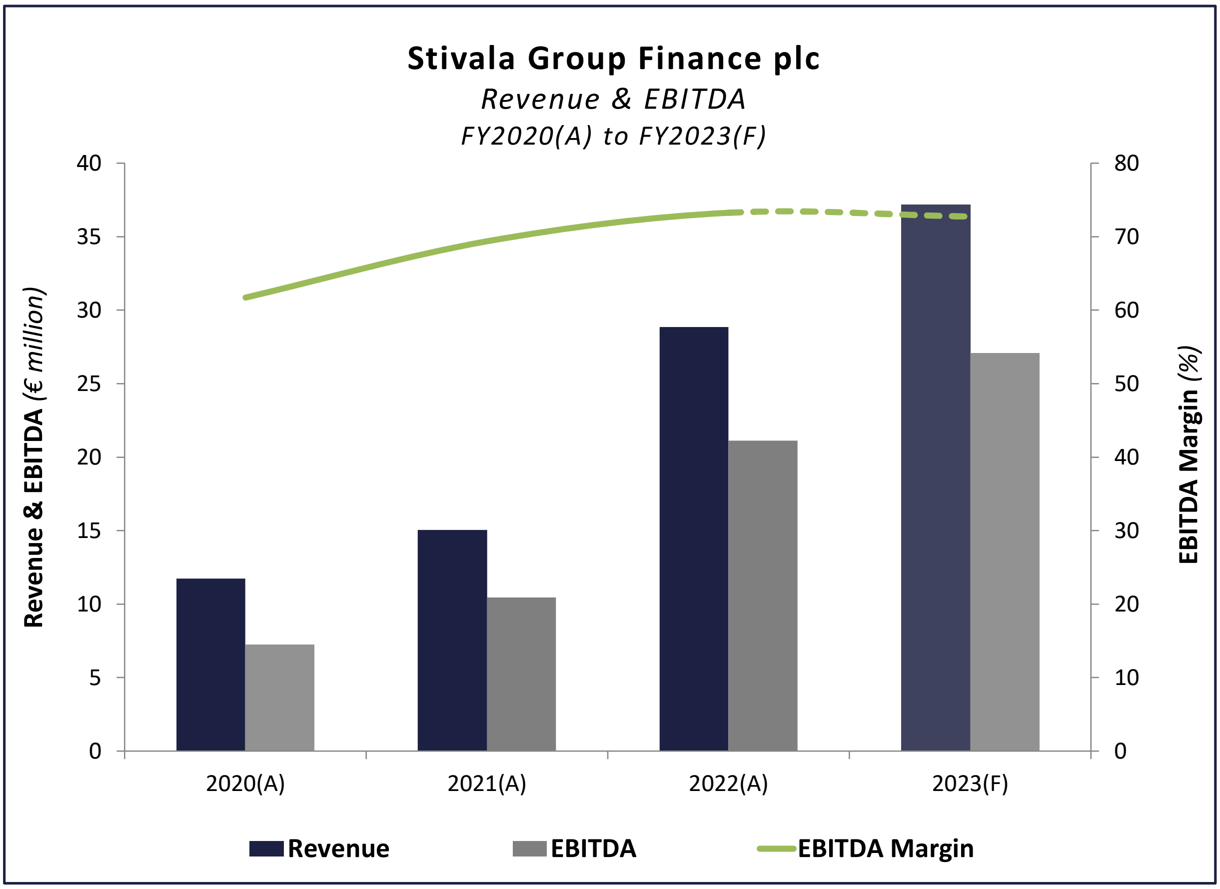
The financial statements under review were impacted by one-off items which had a net positive effect of €13.5 million on the Group's profit before tax. Such items include: (i) gains of €7.3 million on disposal of subsidiaries (Stivala Operators Limited and Stivala Properties Ltd); (ii) gains on revaluation of property amounting to €9.1 million; and (iii) provision for expected credit losses of €2.9 million.

As a result, the Group reported an increase in profit after tax of €13.9 million to €26.3 million (FY2021: €12.4 million). In other comprehensive income, the Group reflected an uplift in the carrying value of property, plant and equipment of €4.4 million. Overall, the Group registered a total comprehensive income of €30.7 million compared to €42.7 million in FY2021.

The estimates for the projected financial year as presented in this document assume that the carrying values of hotel and investment properties will not be revalued upwards or impaired, and therefore no adjustment has been made as to possible uplifts or impairments in value of assets which can materially affect the consolidated income statement and the statement of financial position.

In **FY2023**, the Group is projected to generate revenue amounting to €37.2 million, an increase of €8.4 million (+29%) when compared to FY2022. This increase in revenue is a reflection of an improvement in performance expected from all operational sectors of the Group (hospitality, commercial leasing and residential rental sectors). In addition, the Group is anticipating that it will sell all remaining residential units held as inventory by Carmelo Stivala Group Ltd. As a consequence, the Group's EBITDA is expected to increase y-o-y by €6.0 million (+28%) and register an EBITDA margin of 72.75% (FY2022: 73.26%). Interest cover is expected to strengthen from 5.61 times (FY2022) to 7.12 times.

In the forecast financial year, the Group estimates total comprehensive income to amount to €17.7 million compared to €30.7 million in the prior year. It should be noted that in FY2022, total comprehensive income comprised gains on disposal of subsidiaries of €7.3 million and uplifts in the carrying value of property of €9.1 million.



Stivala Group Finance p.l.c. Consolidated Statement of Cash Flows for the financial year 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000
Net cash from operating activities	8,553	12,020	18,716	24,666
Net cash from investing activities	(12,303)	(8,789)	(18,272)	(13,590)
Net cash from financing activities	1,954	(3,181)	989	(11,023)
Net movement in cash and cash equivalents	**(1,796)**	**50**	**1,433**	**53**
Expected credit loss (ECL) on cash in banks	3	(4)	(3)	4
Cash and cash equivalents at beginning of year	407	(1,386)	(1,340)	90
Cash and cash equivalents at end of year	**(1,386)**	**(1,340)**	**90**	**147**

Statement of Cash Flows

The consolidated cash flow statement shows that in FY2021, the Group generated cash inflows from operating activities of €12.0 million compared to €8.6 million in FY2020. The material variance from one year to another is mainly attributable to an increase in operating profit coupled with favourable working capital movements. In FY2022, the Group generated €18.7 million in net cash from operating activities compared to €12.0 million in the prior year, which is reflective of the material y-o-y increase in operating profits. In the forecast year (FY2023), the Group expects to generate net cash of €24.7 million from operating activities, an increase of €6.0 million when compared to a year earlier.

Net cash used in investing activities amounted to €8.8 million in FY2021 (FY2020: €12.3 million) and largely related to the expansion of the Group's property portfolio through acquisitions and development. In FY2022, cash outflows for investing purposes amounted to €18.3 million and related to ongoing development works on various properties, particularly ST Tower and ST Alavits Hotel described in section 4.2 of this report, and new acquisitions. In FY2023, expenditure relating to the various projects of the Group, new property acquisitions and payments to acquire property, plant and equipment is expected to amount to €13.6 million (in aggregate).

Net cash outflows from financing activities amounted to €3.2 million in FY2021 compared to inflows of €2.0 million in FY2020. In FY2022, advances from bank loans and related parties amounted to €4.9 million (FY2021: €2.1 million), while interest payments amounted to €3.7 million in FY2022 compared to €5.0 million in FY2021. In the forecast year, net bank loan drawdowns are estimated to amount to €7.6 million while interest payments are expected to amount to €3.4 million.

Stivala Group Finance p.l.c. Consolidated Statement of Financial Position as at 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000
ASSETS				
Non-current assets				
Intangible assets	27	6	5	4
Right-of-use asset	816	607	382	108
Investment property	34,338	178,713	200,374	201,624
Property, plant & equipment	230,620	152,491	158,600	168,910
Loans and receivables	-	-	-	-
Investment in associates	355	308	274	1
Deferred taxation	4,959	10,574	12,692	10,582
	271,115	342,699	372,327	381,229
Current assets				
Inventory, trade and other receivables	6,661	9,873	11,866	835
Property held-for-sale	-	2,179	2,452	-
Assets held for distribution to owner	59,948	-	-	-
Other financial assets	15,753	8,004	8,320	14,538
Cash and cash equivalents	592	200	1,588	1,735
	82,954	20,256	24,226	17,108
Total assets	**354,069**	**362,955**	**396,553**	**398,337**
EQUITY				
Capital and reserves				
Share capital	300	255	255	255
Incentives and benefits reserve	-	-	-	-
Revaluation and other reserves	205,498	229,843	237,789	237,789
Retained earnings	25,639	5,294	11,211	31,826
	231,437	**235,392**	**249,255**	**269,870**
LIABILITIES				
Non-current liabilities				
Long-term borrowings & debt securities	79,614	80,290	85,479	87,662
Lease liabilities	646	395	225	298
Other non-current liabilities	25,881	25,514	28,603	14,881
	106,141	106,199	114,307	102,841
Current liabilities				
Bank overdraft	1,978	1,540	1,498	1,588
Borrowings	1,766	3,329	15,867	6,869
Lease liabilities	195	233	170	1,142
Trade and other payables	9,571	12,807	12,808	14,637
Other current liabilities	2,981	3,455	2,648	1,390
	16,491	21,364	32,991	25,626
	122,632	**127,563**	**147,298**	**128,467**
Total equity and liabilities	**354,069**	**362,955**	**396,553**	**398,337**
Total debt	*84,199*	*85,787*	*103,239*	*97,559*
Net debt	*83,607*	*85,587*	*101,651*	*95,824*
Invested capital (total equity plus net debt)	*315,044*	*320,979*	*350,906*	*365,694*

Key Financial Ratios	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Actual**	**FY2023 Forecast**
Net debt-to-EBITDA *(times)* *(Net debt / EBITDA)*	11.53	8.19	4.81	3.54
Net debt-to-equity *(times)* *(Net debt / total equity)*	0.36	0.36	0.41	0.36
Net gearing *(%)* *(Net debt / net debt and total equity)*	26.54	26.66	28.97	26.20
Debt-to-asset *(times)* *(Total debt / total assets)*	0.24	0.24	0.26	0.24
Leverage *(times)* *(Total assets / total equity)*	1.53	1.54	1.59	1.48
Current ratio *(times)* *(Current assets / current liabilities)*	5.03	0.95	0.73	0.67

Statement of Financial Position

In the consolidated statement of financial position, the Group's total assets as at 31 December 2022 amounted to €396.6 million (2021: €363.0 million), predominantly composed of investment property and property, plant & equipment. The y-o-y increase of €33.6 million mainly included additions to investment property and property, plant & equipment (+€15.6 million) and increases in fair value of property (+€15.8 million).

Non-current liabilities as at 31 December 2022 amounted to €114.3 million (2021: €106.2 million), comprising debt securities of €59.7 million (2021: €59.7 million), bank loans of €25.7 million (2021: €20.6 million) and other non-current liabilities (primarily deferred taxation) of €28.6 million (2021: €25.5 million).

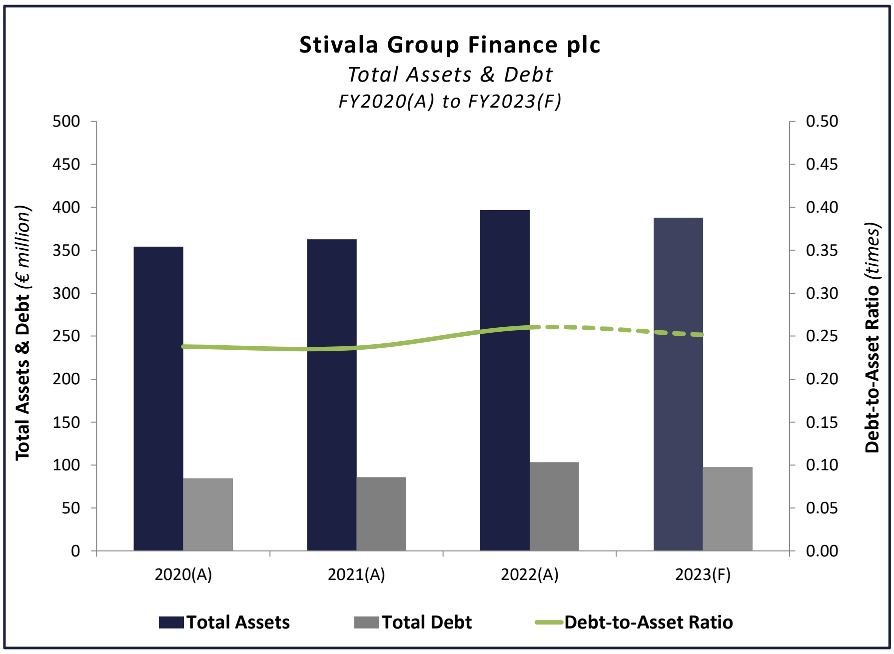
Current liabilities amounted to €33.0 million (2021: €21.4 million) and include trade and other payable, current portion of bank, other borrowings and lease liabilities, overdraft facilities and other liabilities. The y-o-y increase of €11.6 million primarily emanated from an increase in borrowings. During the year, the Group distributed a dividend of €12 million which was not paid to shareholders but retained as short term borrowings at nil interest and repayable on demand.

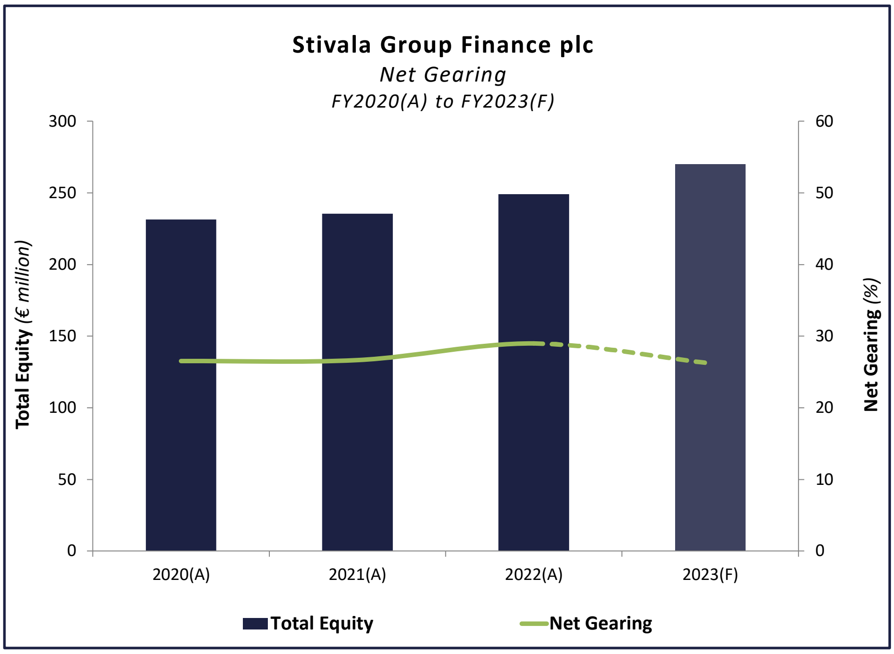
The gearing ratio of the Group increased y-o-y by 2 percentage points to 28.97%. An alternative to assessing leverage is the net debt to EBITDA ratio, which strengthened from 8.19 times in 2021 to 4.81 times in 2022 pursuant to an improvement in EBITDA.

Total assets as at 31 December **2023** are expected to amount to €398.3 million, an increase of €1.7 million from the comparable period. It is anticipated that planned capital expenditure for the forecast year will add €10.3 million (net of depreciation charge) to property, plant and equipment, while other financial assets are expected to increase by €6.2 million. On the other hand, inventory is projected to decrease y-o-y by €11 million on account of the disposal of all residential units held in stock.

Total liabilities are projected to decrease by €18.8 million mainly on account of a decrease in non-current liabilities (comprising deferred taxation) and borrowings of €13.7 million and €9.0 million respectively.

The gearing ratio of the Group is anticipated to decrease by 3 percentage points from 29% in FY2022 to 26% in FY2023, while the liquidity ratio is expected to remain relatively low at 0.67 times (FY2022: 0.73 times).





7. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the projected financial information for the year ended 31 December 2022 included in the prior year's Financial Analysis Summary dated 27 June 2022 and the audited consolidated financial statements for the year ended 31 December 2022.

Stivala Group Finance p.l.c. **Consolidated Statement of Total Comprehensive Income** **for the financial year ended 31 December 2022**	**Actual** **€'000**	**Projection** **€'000**	**Variance** **€'000**	
Revenue	28,843	27,584	1,259	
Cost of sales	(6,138)	(6,806)	668	
Gross profit	**22,705**	**20,778**	**1,927**	
Net operating costs	(1,574)	(1,859)	285	
EBITDA	**21,131**	**18,919**	**2,212**	
Depreciation & amortisation	(4,002)	(2,927)	(1,075)	
Provision for expected credit losses (ECL)	(2,917)	-	(2,917)	*(1)*
Operating profit (loss)	**14,212**	**15,992**	**(1,780)**	
Gain on disposal of subsidiaries	7,302	-	7,302	*(2)*
Dividends receivable	202	-	202	
Movement in revaluation of property	9,119	-	9,119	*(3)*
Share in profit (loss) of associates	(34)	-	(34)	
Net finance costs	(3,766)	(3,330)	(436)	
Profit before tax	**27,035**	**12,662**	**14,373**	
Taxation	(728)	(2,325)	1,597	
Profit for the year	**26,307**	**10,337**	**15,970**	
Other comprehensive income:				
Movement in revaluation of property, net of tax	4,382	-	4,382	*(4)*
Total comprehensive income	**30,689**	**10,337**	**20,352**	

The material variances between the actual and projected statement of total comprehensive income are as follows:

(1) In FY2022, the Group provided for expected credit losses on loans to other related undertakings of €2.9 million which was not reflected in the projections.

(2) Two non-operating subsidiary companies were transferred to the UBOs which resulted in a gain on disposal of €7.3 million.

(3) Being an uplift in the carrying values of property which was not anticipated at the time of preparing the forecast financials.

(4) Being an uplift in the carrying values of property which was not anticipated when the forecast financials were prepared.

Stivala Group Finance p.l.c.
Consolidated Statement of Cash Flows
for the financial year ended 31 December 2022

	Actual	Projection	Variance
	€'000	€'000	€'000
Net cash from operating activities	18,716	14,937	3,779
Net cash from investing activities	(18,272)	(9,523)	(8,749)
Net cash from financing activities	989	(1,222)	2,211
Net movement in cash and cash equivalents	**1,433**	**4,192**	**(2,759)**
Expected credit loss (ECL) on cash in banks	(3)	5	(8)
Cash and cash equivalents at beginning of year	(1,340)	(1,340)	-
Cash and cash equivalents at end of year	**90**	**2,857**	**(2,767)**

Actual net movement in cash and cash equivalents was lower than projected by €2.8 million. This resulted from a €3.8 million positive variance in net cash from operating activities, mainly on account of higher-than-expected operating profit and favourable working capital movements, and a positive difference of €2.2 million in financing activities. On the other hand, cash outflows to acquire property, plant and equipment and investment property (investing activities) were higher than expected by €8.7 million.

Stivala Group Finance p.l.c.
Consolidated Statement of Financial Position
as at 31 December 2022

	Actual	Projection	Variance	
	€'000	**€'000**	**€'000**	
ASSETS				
Non-current assets				
Intangible assets	5	6	(1)	
Right-of-use asset	382	604	(222)	
Investment property	200,374	184,826	15,548	*(1)*
Property, plant & equipment	158,600	152,624	5,976	*(1)*
Investment in associates	274	505	(231)	
Deferred taxation	12,692	10,574	2,118	
	372,327	349,139	23,188	
Current assets				
Inventory, trade and other receivables	11,866	7,507	4,359	*(1)*
Property held-for-sale	2,452	1,675	777	
Other financial assets	8,320	9,481	(1,161)	
Cash and cash equivalents	1,588	2,857	(1,269)	
	24,226	21,520	2,706	
Total assets	**396,553**	**370,659**	**25,894**	
EQUITY				
Capital and reserves				
Share capital	255	255	-	
Revaluation and other reserves	237,789	231,793	5,996	*(2)*
Retained earnings	11,211	15,631	(4,420)	
	249,255	**247,679**	**1,576**	
LIABILITIES				
Non-current liabilities				
Long-term borrowings & debt securities	85,479	83,370	2,109	
Lease liabilities	225	400	(175)	
Other non-current liabilities	28,603	27,690	913	
	114,307	111,460	2,847	
Current liabilities				
Bank overdraft	1,498	-	1,498	
Borrowings	15,867	1,416	14,451	*(3)*
Lease liabilities	170	263	(93)	
Trade and other payables	12,808	4,165	8,643	
Other current liabilities	2,648	5,676	(3,028)	
	32,991	11,520	21,471	
	147,298	**122,980**	**24,318**	
Total equity and liabilities	**396,553**	**370,659**	**25,894**	

The material variances between the actual and projected statement of financial position are as follows:

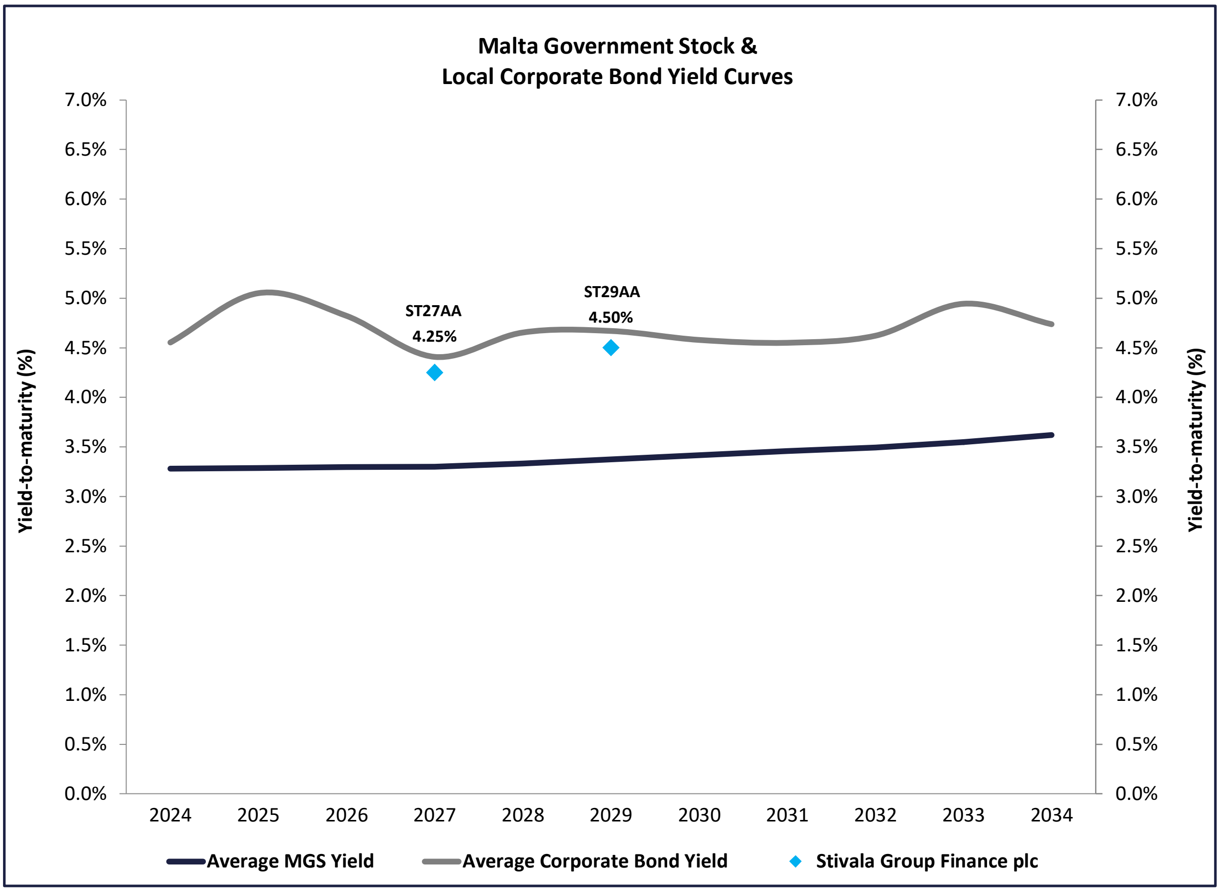
(1) Uplifts in the carrying values of investment property and property, plant and equipment were not anticipated at the time of preparation of the projections. Furthermore, the Group capital expenditure was higher than expected.

(2) The positive variance mainly reflects fair value gains on property.

(3) Borrowings were higher than expected by €14.5 million, mainly due to the declaration of a €12 million dividend which was unpaid.

PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Company and its bonds with other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis serves as an indication of the financial performance and strength of the Group.



Comparative Analysis*	Amount Issued	Yield-to-Maturity	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
6.00% AX Investments plc Unsecured & Guaranteed 2024	40,000	5.92	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2024	35,000	4.89	1.87	11.42	41.92	0.40
5.30% Mariner Finance plc Unsecured 2024	17,684	4.34	4.72	5.95	49.91	0.49
5.00% Hal Mann Vella Group plc Secured 2024	30,000	4.98	2.42	9.45	51.80	0.44
5.10% 1923 Investments plc Unsecured 2024	36,000	5.08	4.81	2.94	47.79	0.40
4.25% Best Deal Properties Holding plc Secured & Guaranteed 2024	6,465	2.55	13.29	4.71	63.61	0.65
5.75% International Hotel Investments plc Unsecured 2025	45,000	5.46	1.87	11.42	41.92	0.40
5.10% 6PM Holdings plc Unsecured 2025	13,000	5.09	10.95	0.38	11.16	0.17
4.50% Hili Properties plc Unsecured & Guaranteed 2025	37,000	4.90	1.80	12.53	45.87	0.46
3.70% Gap Group plc Secured & Guaranteed 2023/2025	16,618	4.97	33.21	4.85	56.20	0.69
4.35% Hudson Malta plc Unsecured & Guaranteed 2026	12,000	4.54	6.11	4.89	71.67	0.57
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	4.63	1.66	12.42	42.46	0.40
4.00% International Hotel Investments plc Secured 2026	55,000	3.66	1.87	11.42	41.92	0.40
5.00% Dizz Finance plc Unsecured & Guaranteed 2026	8,000	5.02	1.91	10.70	79.93	0.59
3.75% Premier Capital plc Unsecured 2026	65,000	4.38	11.25	2.09	61.67	0.56
4.00% International Hotel Investments plc Unsecured 2026	60,000	4.15	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	3.55	1.75	14.74	30.01	0.28
3.90% Gap Group plc Secured & Guaranteed 2024/2026	21,000	4.05	33.21	4.85	56.20	0.69
4.00% Hili Finance Company plc Unsecured & Guaranteed 2027	50,000	4.29	4.64	4.84	69.79	0.63
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	4.35	4.60	2.66	27.22	0.27
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	4.42	4.24	5.37	25.33	0.23
5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed 2027	30,000	4.73	3.79	3.30	22.75	0.21
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	4.25	4.84	5.58	28.97	0.26
4.75% Best Deal Properties Holding Plc Secured & Guaranteed 2025/2027	15,000	4.62	13.29	4.71	63.61	0.65
4.75% Gap Group plc Secured & Guaranteed 2025/2027	23,000	4.62	33.21	4.85	56.20	0.69
3.85% Hili Finance Company plc Unsecured & Guaranteed 2028	40,000	4.40	4.64	4.84	69.79	0.63
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	4.50	4.84	5.58	28.97	0.26
3.80% Hili Finance Company plc Unsecured & Guaranteed 2029	80,000	5.96	4.64	4.84	69.79	0.63
3.75% AX Group plc Unsecured 2029	10,000	4.11	1.75	14.74	30.01	0.28
6.25% GPH Malta Finance plc Unsecured & Guaranteed 2030	18,144	5.79	1.56	11.27	94.67	0.83
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.81	1.87	11.42	41.92	0.40
3.50% AX Real Estate plc Unsecured 2032	40,000	4.56	2.31	13.83	42.36	0.41
5.00% Mariner Finance plc Unsecured 2032	36,930	4.73	4.72	5.95	49.91	0.49
4.50% The Ona plc Secured & Guaranteed 2028/2034	16,000	4.74	44.17	9.76	64.11	0.59

As at 31 May 2023

Sources: Malta Stock Exchange
M.Z. Investment Services Limited
Most recent audited annual financial statements except for GPH Malta Finance plc (FY2022/2023 - forecast)

At present, there are no local corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has been included as it is widely considered as the benchmark 'risk-free' rate for Malta.

The 4.00% Stivala Group Finance plc secured and guaranteed bonds 2027 are currently trading at a yield-to-maturity ("YTM") of 4.25% which is 16 basis points lower than the average YTM of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity is 95 basis points.

The 3.65% Stivala Group Finance plc secured and guaranteed bonds 2029 are currently trading at a yield-to-maturity ("YTM") of 4.50% which is 17 basis points lower than the average YTM of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity is 113 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. It is a metric used for gauging a company's operating performance, excluding the impact of its capital structure, and is usually interpreted as a loose proxy for operating cash flow generation.
Operating profit / (loss)	Profit or loss from operating activities including movements in the fair value of investment property but excluding the share of results of associated undertakings, net finance costs, and taxation.
Profit / (loss) after tax	Net profit or loss recorded from all business activities.

Profitability Ratios	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit or loss as a percentage of total revenue.
Net profit margin	Profit or loss after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on the company's net assets and is computed by dividing the net profit or loss by average equity.
Return on assets	Measures the rate of return on the company's assets and is computed by dividing the net profit or loss by average assets.
Return on invested capital	Measures the rate of return from core operations and is computed by dividing operating profit or loss by the average amount of equity and net debt.

Cash Flow Statement	
Net cash flow from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Cash flow from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Cash flow from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the company's capital structure and thus result in changes to share capital and borrowings.

Statement of Financial Position	
Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company amortises the cost of the asset over the number of years for which the asset will be in use instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

Financial Strength/Credit Ratios	
Interest cover	Measures the extent of how many times a company can pay its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity.
Debt-to-asset	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets.
Leverage	Shows how much equity a company is using to finance its assets.
Current ratio	Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets.