Company Announcement

The following is a Company Announcement issued by Hili Finance Company plc (the "Company") in terms of the Listing Rules.

QUOTE

The Board of Directors wishes to inform the general public that the 2021 Financial Analysis Summary of the Company has been approved.

A copy of the Financial Analysis Summary is attached herewith and is also available on the Company's website: www.hilifinance.com/financial-statements/

UNQUOTE

BY ORDER OF THE BOARD

Dr. Melanie Miceli Demajo
Company Secretary

28 June 2021

FINANCIAL ANALYSIS SUMMARY
Hili Finance Company p.l.c.
28 June 2021

The Directors
Nineteen Twenty Three,
Valletta Road,
Marsa, MRS3000,
Malta

28 June 2021

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on 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 pertaining to Hili Finance Company p.l.c. (C 85692) (the "**Issuer**"), Hili Ventures Limited (C 57902) (the "**Guarantor**") and related companies within the group as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data concerning the Issuer for the three years ended 31 December 2018, 2019 and 2020 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the financial year ending 2021 has been provided by management.

(c) Our commentary on the Issuer's results and financial position is based on the explanations provided by management

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

(e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of any security of the Issuer and should not be interpreted as a recommendation to invest in the Bonds. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,

____

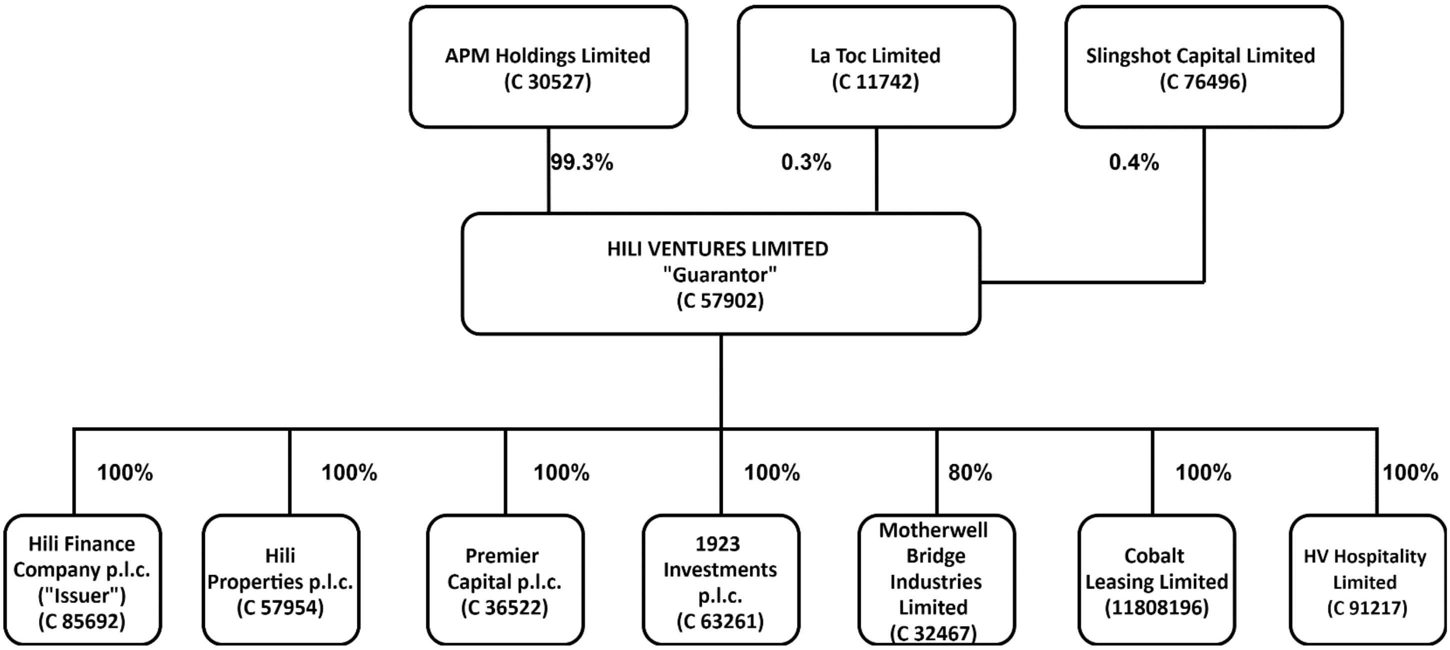
Nick Calamatta
Director

Table of Contents

Part 1 - Information about the Group

1.1 Issuer and Group's Subsidiaries Key Activities and Structure

The Group structure is as follows:



Hili Finance Company p.l.c. (the "Issuer") was incorporated on 6 April 2018 with the purpose of providing financial resources to the Guarantor and its subsidiaries (collectively, the "Group"). The Issuer has an authorised and issued share capital of €2,000,000 divided into 2,000,000 ordinary shares, fully paid up. The Guarantor is the controlling shareholder of the Issuer with the exception of 1 ordinary share which is held by APM Holdings Limited. The principal objective of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets including but not limited to securities and other financial interests.

The Guarantor was incorporated on 17 October 2012 and is the parent company of an international group having operations in a number of industries in Malta and predominantly in the EU. The Guarantor has an authorised share capital of €95,000,000 divided into 16,000,000 ordinary shares and 79,000,000 redeemable preference shares of €1 each, 100% paid up. The issued share capital of the Guarantor is of €69,400,000 divided into 1,000,000 ordinary shares and 68,400,000 redeemable preference shares of €1 each, which shares are subscribed to and allotted as fully paid up shares as follows:

Shareholders	
APM Holdings Limited	500,000 Ordinary Shares 68,400,000 Redeemable Preference Shares
La Toc Limited	224,241 Ordinary Shares
Slingshot Capital Limited	275,759 Ordinary Shares

Hili Ventures Limited is the Guarantor for two bond issues on the Official List of the Malta Stock Exchange, i.e. 3.85% Hili Finance Company plc 2028 and 3.8% Hili Finance Company plc 2029. An overview of the Guarantor's operating subsidiaries is set out below:

- **Hili Properties p.l.c. ("Hili Properties"):** Hili Properties is the parent company of the property division of the Guarantor, owning and managing commercial real estate and industrial land in Malta, Latvia, Lithuania, Estonia and Romania.

- **Premier Capital p.l.c. ("Premier")**: Owns and operates the Development Licensee for McDonald's Corporation in Estonia, Greece, Latvia, Lithuania, Malta and Romania.

- **1923 Investments p.l.c. ("1923 Investments"):** Is an investment company that holds a majority stake in Harvest Technologies plc, a listed entity on the Malta Stock Exchange. The company also holds operating subsidiaries engaged in the sale of Apple products and third-party electronic products as an Apple Premium Reseller, and a logistics division which is engaged in warehousing and distribution, freight forwarding, ship agency and the provision of ship-to-ship transfer services.

- **Motherwell Bridge Industries Limited ("Motherwell Bridge"):** Involved in the provision of providing specialised engineering services related to port handling equipment and crane assembly in Malta and Morocco.

- **Cobalt Leasing Ltd ("Cobalt Leasing"):** Established in the United Kingdom on 5 February 2019 and is at present not operating.

- **HV Hospitality Limited (HV Hospitality):** Acts as the holding company of Kemmuna Limited, a company acquired in 2019 which operated the hotel and bungalows on the island of Comino. The redevelopment of the hotel and bungalows is currently at the design stage and awaiting a building permit. The acquisition of the aforementioned Comino properties is part of a strategy to establish a presence in the European hospitality market.

1.2 Directors and Key Employees

Board of Directors – Issuer

As at the date of this Analysis, the Board of Directors of the Issuer is constituted by the following persons:

Name	Office Designation
Mr Geoffrey Camilleri	Chairman
Mr Dorian Desira	Executive Director
Mr Carmelo sive Melo Hili	Non-executive Director
Mr Mario Vella	Independent Non-Executive Director
Mr Jacqueline Camilleri	Independent Non-Executive Director

The business address of all the directors is the registered office of the Issuer. Dr Melanie Miceli Demajo is the company secretary of the Issuer.

The Board is responsible for the overall long-term direction of the Issuer and oversees the systems of control and financial reporting as well as the external communication of the Issuer.

The Board meets regularly, with a minimum of four times annually, and is currently composed of six members, two of which are independent of the Issuer

Board of Directors – Guarantor

As at the date of this Analysis, the board of directors of the Guarantor is constituted by the following persons:

Name	Office designation
Mr Steve Tarr	Chairman
Mr Carmelo *sive* Melo Hili	Executive Director
Mr Victor Tedesco	Non-executive Director
Dr Annabel Hili	Executive Director
Mr Jesmond Mizzi	Independent Non-Executive Director

Listed below are the function leads and the CEOs of the main subsidiaries which together make up the Group management team:

Name	Office designation
Mr Carmelo *sive* Melo Hili	Chief Executive Officer
Mr Dorian Desira	Chief Financial Officer
Mr David Vella	Chief People Officer
Ms Joanna Ripard	Director of Communications
Mr Eddy Vermeir	Senior Director of Business Transformation
Mr Valentin Truta	General Counsel
Ms Arzu Bilgic	Commercial Director
Mr Victor Tedesco	Chief Executive Officer – Premier Capital plc
Mr Keith Busuttil	Chief Executive Officer – 1923 Investments plc
Mr George Kakouras	Chief Executive Officer – Hili Properties plc
Ms Petra Deuter	Chief Executive Officer – HV Hospitality Limited

The business address of all the directors is the registered office of the Guarantor. Dr Melanie Miceli Demajo is the company secretary of the Guarantor.

As in the case of the Issuer, the Board is responsible for the overall long-term direction of the Guarantor and is involved in overseeing its systems of control and financial reporting. The board meetings are attended by the Chief Financial Officer of the Guarantor to support the Group's oversight of its financial operations.

As at the date of this Analysis, the Issuer does not have any employees of its own, apart from two independent directors on its books. The Guarantor currently has approximately 9,556 employees, with an average ratio of 95:5 between operational employees and administrational employees.

1.3 Major Assets owned by the Group

The Issuer acts as a financing company solely for the needs of the Guarantor and its assets are intended to consist primarily of loans issued to the Group's fellow subsidiaries.

The Guarantor's major assets are composed of:

- Property, plant and equipment
- Right of use assets
- Goodwill
- Intangible Assets
- Investment property
- Property held for sale

As noted in the charts presented below, the Guarantor's assets are mainly composed of property, plant and equipment, right of use assets, investment property and goodwill, and collectively represent 91% of total assets (FY19: 93%) amounting to €473.8m during FY20 (FY19: €457.6m). A detailed assessment of the major assets owned by the Guarantor's subsidiary companies is set out in detail in the Financial Analysis Summaries of companies within the Group with outstanding debt securities as per section 1.6 below.

1.4 Operational Developments

1.4.1 Strategy

The Guarantor's business strategy focuses on two principal elements as set out below:

- **Directional Strategy:** the oversight and evaluation undertaken by the Board of Directors of each of the businesses owned by Hili Ventures Limited, with the intention of achieving the Group's strategic objectives. The Guarantor monitors and supports the Group by, *inter alia:*

  i. Regularly monitoring financial and operational performance of the companies within the Group to effectively ensure that set goals and organic growth strategies are achieved; and

  ii. Forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.

- **Acquisition Strategy:** the acquisition of businesses that are expected to produce positive earnings and cash flow, and have high growth potential. In this respect, the Guarantor may acquire companies operating in sectors other than those in which the Guarantor currently operates if the directors believe an acquisition target presents an attractive opportunity.

1.4.2 Business Overview and latest operational developments

1.4.2.1 Restaurant Operations

The Guarantor's restaurant business segment relates to the activities conducted by Premier which operates 159 McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania under a Development Licensee Agreement.

During the past three financial periods (FY18-FY20), the number of restaurants increased by 19; 15 in Romania, 3 in Lithuania, and 1 in Latvia. Over the last three financial years, the Group has invested a total of €30.8m on new stores and spent €3.9m on the remodelling of old stores. The Group has also spent a total of approximately €19.8m on capital expenditure relating to the maintenance of existing stores from FY18 to FY20.

During FY20, Premier added 3 more restaurants, bringing the number of stores to 159 as at 31 December 2020 and acquired the minority shares in its Romania business to own a 100% stake.

Premier Capital plc projects to add an additional 8 restaurants in FY21, with a planned total capex of €20.7m to be incurred in FY21. As noted in section 2.4 of this Analysis, revenue specifically generated under this business segment during FY20 represented 66% of the Guarantor's total revenue (FY19: 69.6%).

1.4.2.2 Sale of Apple Products

This operation comprises the iSpot Poland Sp. z.o.o. and its subsidiary company ("**iSpot**") and iCentre Hungary, which are engaged in the sale and distribution of Apple products and third-party electronic products in Poland and Hungary as an Apple Premium Reseller ("**APR**").

iSpot, which is a subsidiary of 1923 Investments p.l.c., is the largest APR in Poland and offers the full range of Apple products in the country together with broad range of third-party products and software services. In FY20, iSpot operated 25 stores under the iSpot brand (same as in FY19), together with a well-developed online store which enabled iSpot to achieve encouraging financial results throughout the COVID-19 pandemic. In FY21, iSpot opened 2 more outlets in Poland and at present, iSpot has a total of 27 outlets in Poland. Under this division, the Guarantor also operates 4 stores in Hungary under the iCentre brand through a joint venture. As per FY20 results, revenue generated under this revenue stream amounted to *circa* €106.5m, representing 22% of the Guarantor's total revenue (FY19: 20.7%).

1.4.2.3 IT Solutions and Security Systems

The IT business segment of the Guarantor relates to the activities conducted by Harvest Technology p.l.c. ("**Harvest**") which primarily consist of delivering business solutions and e-commerce systems to its clients. Harvest's operating companies include; PTL Limited ("**PTL**"), Apco Systems Limited ("**APCO Systems**"), and Apco Limited ("**APCO**").

Notwithstanding the current distressed economic environment, Harvest, reported strong FY20 results, with total revenues increasing by circa 20% over the prior year, and profit before tax exceeding IPO expectations by 44%.

Revenue generated under this business segment during FY20 amounted to circa €19.1m, representing 3.9% of the Guarantor's total revenue (FY19: 3.5%).

1.4.2.4 Logistics and Transport Services

This revenue stream relates to the business conducted by Hili Logistics Limited ("**Hili Logistics**"), and its subsidiary companies. Hili Logistics is mainly involved in air, road and sea logistics services, customs brokerage, warehousing, ship agency, ship-to-ship operations and project cargo.

In April 2020, the Board of Directors of 1923 Investments p.l.c. approved and concluded the purchase of a ship-to-ship transfer services business from Teekay Tankers Limited for $26m. For the purpose of this Analysis, this acquired business is referred to as "**STS Marine Solutions**".

Acknowledging the synergies between Carmelo Caruana Company Limited and the newly acquired business, 1923 Investments p.l.c. resolved to transfer STS Marine Solutions Limited and Carmelo Caruana Marine Limited to Hili Logistics Limited. This transaction was concluded in Q4 2020. In terms of other operational developments occurring during FY20, 1923 Investments p.l.c. also discontinued the freight forwarding business in Q3 2020 to focus primarily on ship-to-ship services and warehousing in Malta.

Total revenue generated under the logistics and transport services arm of the Guarantor amounted to €24.2m during FY20, representing 5% of the Guarantor's total revenue.

1.4.2.5 Real Estate Operations

The Guarantor's real estate operations are conducted by Hili Properties p.l.c. ("Hili Properties"). The principal objective of Hili Properties is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, both locally and overseas. As at the date of this Analysis, the property portfolio of Hili Properties consists of 24 properties valued at circa €113m.

During FY20, Hili Properties disposed of its shareholding in SIA Tukuma Projekts for a total consideration of circa €1.8m. In terms of acquisitions, Hili Properties acquired a plot of land measuring 2,070m^2 located in Romania.

Total rental income generated during FY20 amounted to €5.3m, representing 1.1% of the Guarantor's total revenue (FY19: 1.3%).

1.4.2.6 Engineering Services

Engineering services mainly relate to revenue derived from the operations of Motherwell Bridge and its subsidiary. Operating through a facility in Hal Far Industrial Park, Malta, Motherwell Bridge provides customised engineering services and maintenance of port handling equipment and crane assembly.

In FY20, revenue generated by Motherwell Bridge amounted to €9.1m, reflecting an improvement of 30.1% when compared to FY19. FY20 was an exceptional year for Motherwell Bridge as it executed a number of projects in the Middle East.

1.5 COVID-19 impact on the Group's operational and financial performance

In view of the developments pertaining to the COVID-19 pandemic, the directors of the Guarantor are evaluating on an ongoing basis the performance and projections of the various subsidiaries and the effect that similar business disruption might have on the profitability, liquidity of the Guarantor in the future.

During FY20, the pandemic-related disruptions have had a significant impact on the general economy. However, operating and forecasted results show that the Guarantor's operations have shown resilience to any negative impact being experienced by the general economy.

The performance of the Group for the year ending 31 December 2021 is expected to persevere through the ongoing operations and the projected investment across its divisions.

Liquidity Measures

Notwithstanding the fact that the COVID-19 situation still remains relatively fluid and unclear, management explained that the Group's capital and liquidity position remains adequate to satisfy the Group's obligations when they fall due.

Costs Containment Measures

During 2020 the Group kept a watchful eye on its operating costs and capital expenditure and this outlook is reflected in the projections for 2021.

Assumptions undertaken in projections utilised for the purpose of this document

In arriving at its projections management have reviewed the budget of 2021 prepared late last year together with the performance seen in the first 6 months of 2021.

Concluding remarks

In view of the aforementioned projections, the directors have assessed the reserves and financing available to the Guarantor and are confident that these are adequate to support the Guarantor in the foreseeable future. Management confirmed that the Issuer has sufficient resources at its disposal to honour its existing bond interest payment obligations.

1.6 Related Party Debt Securities

Hili Finance Company p.l.c. is part of the Hili Ventures Group. Within the same group, 1923 Investments p.l.c,, Premier Capital p.l.c. and Hili Properties p.l.c. (all sister companies of Hili Finance Company p.l.c.), have the following outstanding debt securities. The below table also includes the Issuer's outstanding bond:

Security ISIN	Security name	Amount Listed	Currency
MT0001891200	3.85% Hili Finance Company plc Unsecured 2028	40,000,000	EUR
MT0001891218	3.8% Hili Finance Company plc Unsecured 2029	80,000,000	EUR
MT0000941204	4.5% Hili Properties plc Unsecured 2025	37,000,000	EUR
MT0000841206	5.1% 1923 Investments plc Unsecured 2024	36,000,000	EUR
MT0000511213	3.75% Premier Capital plc Unsecured 2026	65,000,000	EUR

1.7 Impact of increased monitoring imposed by the Financial Action Task Force (FATF)

At FATF plenary held between 21 June and 25 June it was decided that Malta should be put under increased monitoring. The financial projections in this Analysis do not take into consideration any effect that this might potentially have on the operations of the Guarantor.

Part 2 - Historical Performance and Forecasts

The financial information in sections 2.1 to 2.3 is extracted from the audited financial statements of Hili Finance Company p.l.c. for the financial years ended 31 December 2018, 2019 and 2020. The financial information in section 2.4 to 2.6 is extracted from the audited financial statements of Hili Ventures Limited for the financial years ended 31 December 2018, 2019 and 2020.

The projected financial information for the year ending 31 December 2021 has been provided by the Group's management. This financial information relates to events in the future and are based on assumptions which the Group 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.

2.1 Issuer's Statement of Comprehensive Income

Hili Finance Company p.l.c. Statement of Comprehensive Income For the year ended 31 December	2018A	2019A	2020A	2021P
	€'000s	€'000s	€'000s	€'000s
Finance income	817	3,057	5,496	5,509
Finance costs	(686)	(2,631)	(4,682)	(4,673)
Net finance income	**131**	**426**	**814**	**836**
Administrative expenses	(30)	(42)	(41)	(48)
Profit before tax	**101**	**384**	**773**	**788**
Taxation	(46)	(145)	(282)	(289)
Total profit and other comprehensive income	**55**	**239**	**491**	**499**

Ratio Analysis	2018A	2019A	2020A	2021P
Profitability				
Gross Margin (Net finance income / Finance income)	16.0%	13.9%	14.8%	15.2%
Net Margin (Profit for the year / Finance income)	6.7%	7.8%	8.9%	9.1%

In the audited financial statements for FY20, the Issuer reported finance income levels slightly above those projected for the same year, an increase of 0.16%. However, when compared to the FY19, finance income jumped by just below 80% or circa €2.4m, as the Issuer reported an increase in interest receivable on a loan it advanced to the parent company.

Expectedly, for the same year, finance costs increased by just over €2m or 78%, reflecting a full year of interest on the newly issued 3.8% Hili Finance Company 2029 bond back in July 2019.

The said increase is in line with the projections provided by the Issuer in its 2020 Financial Analysis Summary. Overall, gross profit margins increased by just below 1%, when compared to FY19, while when compared to the projected period this was marginally lower by 0.36%. The said margins reflect net finance income of €0.8m and €0.4m for FY20 and FY19, respectively. Administrative expenses remained flat, while total comprehensive income increased to €491K, merely below the projected €499K, reflecting the increase in finance income.

For FY21 the issuer is not foreseeing any material changes in its statement of comprehensive to the figures reported in FY20.

2.2 Issuer's Statement of Financial Position

Hili Finance Company p.l.c. Statement of Financial Position For the year ended 31 December	2018A	2019A	2020A	2021P
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Loans owed by parent company	41,931	121,931	122,481	122,411
Total non-current assets	**41,931**	**121,931**	**122,481**	**122,411**
Current assets				
Trade and other receivables	829	2,405	2,299	2,407
Cash and cash equivalents	60	18	3	374
Total current assets	**889**	**2,423**	**2,302**	**2,781**
Total assets	**42,820**	**124,354**	**124,783**	**125,192**
Equity				
Equity and reserves	2,055	2,294	2,785	3,284
Liabilities				
Non-current liabilities				
Debt securities	40,000	120,000	120,000	120,000
Current liabilities				
Trade and other payables	765	2,060	1,998	1,908
Total liabilities	**40,765**	**122,060**	**121,998**	**121,908**
Total equity and liabilities	**42,820**	**124,354**	**124,783**	**125,192**

The Issuer's statement of financial position as at FY20 is comparable to FY19, and to the projections shared with the investing public in FY20 through the Issuer's FAS. The company's assets are comprised of interest-bearing securities loaned to the parent company, while liabilities reflect predominately the issued bond securities of €40,000,000 and €80,000,000 offered to the public in 2018 and 2019, respectively. To date, no material changes are envisaged for FY21.

2.3 Issuer's Statement of Cash Flows

Hili Finance Company p.l.c. Statement of Cash Flows For the year ended 31 December	2018A	2019A	2020A	2021P
	€'000s	**€'000s**	**€'000s**	**€'000s**
Operating profit before working capital movement	101	384	773	788
Adjustments for:				
Interest income	(816)	(3,057)	(5,496)	(5,509)
Interest expenses on debt securities issued	667	2,589	4,580	4,580
Opening loss before working capital movement	**(48)**	**(84)**	**(143)**	**(141)**
Movement in working capital	39	(23)	20	6.2
Income tax paid	-	(166)	(180)	(384)
Net cash flows generated used in operating activities	**(9)**	**(273)**	**(303)**	(519)
Net cash flows generated from / (used in) investing activities	**(41,931)**	**(78,355)**	**4,858**	**5,470**
Net cash flows generated from / (used in) financing activities	**42,000**	**78,586**	**(4,570)**	**(4,580)**
Movement in cash and cash equivalents	**60**	**(42)**	**(15)**	**371**
Cash and cash equivalents at start of year	-	60	18	3
Cash and cash equivalents at end of year	**60**	**18**	**3**	**374**

Given the purpose of the Issuer, that of acting as a financing vehicle for the Guarantor, looking at cash flows from investing activities would be more appropriate. Indeed, FY19 reflects the issuance of the aforementioned €80m 3.8% Hili Finance Company 2029 bond, as an investment in the parent company, while when looking at the same comparable period in FY20, a loan of €0.6m was credited to the parent company, thus relatively to FY19, loan advances were minimal. As expected, the Issuer reported a jump in interest received, that of €3.8m reflecting namely interest on the €40m bond issuance in 2018, and a year of full interest on the €80m announced in July 2019.

Looking at financing activities within the cash flow statement, no financing activities were noted in FY20, while in FY19 the noticeable moves were the €80m bond issue. In the former year (FY20), the Issuer reported a remarkable increase of €3.1m in interest paid-the increase predominately reflecting the uptick in debt issuance as a source of funding, in the Issuer's capital structure.

2.4 Guarantor's Statement of Comprehensive Income

Hili Ventures Limited Consolidated Statement of Comprehensive Income For the year ended 31 December	2018A	2019A	2020A	2021F
	€'000s	€'000s	€'000s	€'000s
Revenue	427,410	490,567	483,237	568,938
Cost of sales	(343,430)	(384,443)	(385,090)	(429,072)
Gross profit	**83,980**	**106,124**	**98,147**	**139,866**
Net operating expenses[1]	(40,935)	(41,147)	(30,575)	(61,515)
EBITDA	**43,045**	**64,977**	**67,572**	**78,350**
Depreciation and amortisation	(15,731)	(27,210)	(29,935)	(30,775)
EBIT	**27,123**	**37,767**	**37,637**	**47,575**
Net investment income/ (loss)[1]	644	5,765	913	717
Net finance costs	(12,187)	(17,055)	(19,476)	(19,520)
Profit before tax	**15,771**	**26,477**	**19,074**	**28,773**
Taxation	(3,959)	(3,887)	(3,825)	(6,899)
Profit/ (loss) after tax from continuing operations	**11,812**	**22,590**	**15,249**	**21,874**
Loss for the year from discontinued operations	-	-	-	-
Profit/ (loss) for the year	**11,812**	**22,590**	**15,249**	**21,874**
Other comprehensive income				
Movement on available-for-sale investments	(39)	(16)	(21)	7
Exchange differences - foreign operations	(2,311)	(793)	(5,758)	(252)
Gain on revaluation of assets	4,244	8,176	4,200	635
	1,894	**7,367**	**(1,579)**	**390**
Total Comprehensive income	**13,706**	**29,957**	**13,670**	**22,264**

Ratio Analysis[2]	2018A	2019A	2020A	2021F
Profitability				
Growth in Revenue (YoY Revenue Growth)	7.8%	14.8%	-1.5%	17.7%
EBITDA Margin (EBITDA / Revenue)	10.0%	13.2%	14.0%	13.8%
Operating (EBIT) Margin (EBIT / Revenue)	6.4%	7.7%	7.8%	8.4%
Net Margin (Profit for the year / Revenue)	2.8%	4.6%	3.2%	3.8%
Return on Common Equity (Net Income / Average Equity)	14.0%	23.0%	14.1%	19.3%
Return on Assets (Net Income / Average Assets)	2.7%	4.2%	2.4%	3.3%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	11.9%	12.6%	13.0%	13.2%

The above presented 2021 consolidated projections are based on information provided by management. However, the 2021 financial projections concerning Harvest Technology plc are based on information available to the public issued via a Company announcement issued on 9 December 2020 titled 'Review of 2020 performance and outlook for 2021'. These projections were further reiterated by Harvest through another Company announcement issued on 6 May 2021, titled 'Q1 2021 financial update'.

As noted from the above financial data, the Guarantor's consolidated turnover during FY20 amounted to €483.2m, which represents a decline of 1.5% when compared to FY19 (€490.6m). Management noted that this drop in revenue is mainly attributable to the business disruptions brought about by the pandemic, namely in relation to the Guarantor's restaurant operations.

During FY20, revenue derived from 'restaurant operations' declined by 6.5% or €22.3m, from €341.3m in FY19 to €319m in FY20. In view of the constantly changing restrictions imposed by national authorities to contain the virus spread, dine-in service was suspended across most restaurants, whereby customers were mainly served through McDrive and

[1] The Group management measures its performance based on EBITDA which includes the results of Joint Ventures

[2] Ratio analysis may not agree to prior FASs, due to a change in the calculation methodology or rounding of figures

McDelivery. Delivery charges had a significant impact on the cost structure of the McDonald's business. Although the Guarantor's restaurants increased to 159 stores during FY20, the implications brought about by the pandemic resulted in a decline in average revenue per restaurant generated during the year.

Revenue from the Apple Reseller network, increased by €5.1m or 5% to €106.5m in FY20 (FY19: €101.5m). As the COVID-19 pandemic accelerated a structural shift in demand towards digital commerce, the Guarantor, through iSpot, shifted its offering online to mitigate the impact of non-physical store movement. Inevitably, this resulted in an increase in e-commerce business during FY20, with management attributing this surge in online sales to the effective marketing strategies implemented by iSpot throughout the year.

The strong financial performance registered by Harvest was primarily derived by the commencement of a project in Mauritius, increased proliferation of products and an increase in demand for online payments particularly since the onset of COVID-19.

The logistics segment has also been impacted by the pandemic. Inevitably, the restrictions imposed by countries on movement and flow of goods have resulted into consequent supply chain disruptions during the year. Similarly, the drop in demand and consumption of non-essential goods has also reduced manufacturing output thereby impacting volumes of cargo. As a result of temporary closure of factories in China, an initial slowdown was noted in 2020 which was compensated by increases in volumes in the later part of the year at favourable container rates. This brought about positive results for the segment. Furthermore, the FY20 results include an amount of EUR9.8M representing eight months of revenue derived from the newly acquired business in STS Marine Solutions. This operation suffered a slowdown in FY2020 primarily due to the restriction of worldwide travel.

In terms of the Guarantor's real estate operations segment, FY20 revenue amounted to €5.3m (FY19: €6.6m). This drop in revenue is mainly attributable to the disposal of an office building in Malta during FY19. No further acquisitions of a similar size were made during the course of the year.

Revenue form engineering services improved to €9.1m during FY20, mainly as a result of two major projects in the Middle East as explained earlier on in this Analysis.

The Guarantor is expecting revenue to improve to €568.9m for FY21, illustrating an overall anticipated improvement of 17.7% over FY20. Apart from the fact that these projections are based on an anticipated improvement across all subsidiaries and an expected gradual recovery from the COVID-19 pandemic, the main revenue assumptions concerning each of the Guarantor's operating business lines are set out below:

- **Restaurant operations:** Revenue from restaurant operations is expected to grow to €393m during FY21, representing an anticipated increase of 23.1% based on the actual performance of the first four months of FY21.

- **Sale of Apple products:** Moving into FY21, revenue specifically derived from this segment is projected to increase to €111.1m, reflecting an overall improvement of 4.2% over FY20. Management explained that throughout the first half of FY21, iSpot experienced a sustained increase in demand for its products, both through online sales as well as increased in-store movement. The appetite for technology-related products and services is expected to remain in place throughout theremaining months of FY21. This projected performance is also attributable to the opening of two outlets occurring in the first half of the current financial year.

- **IT Solutions and security systems:** Revenue derived from this segment is expected to increase to around €19.5mduring FY21. Harvest management intends to obtain such results through an increase in its international presence and diversify in industries it services, extending its partner networks and introducing new onlinepayment products and services.

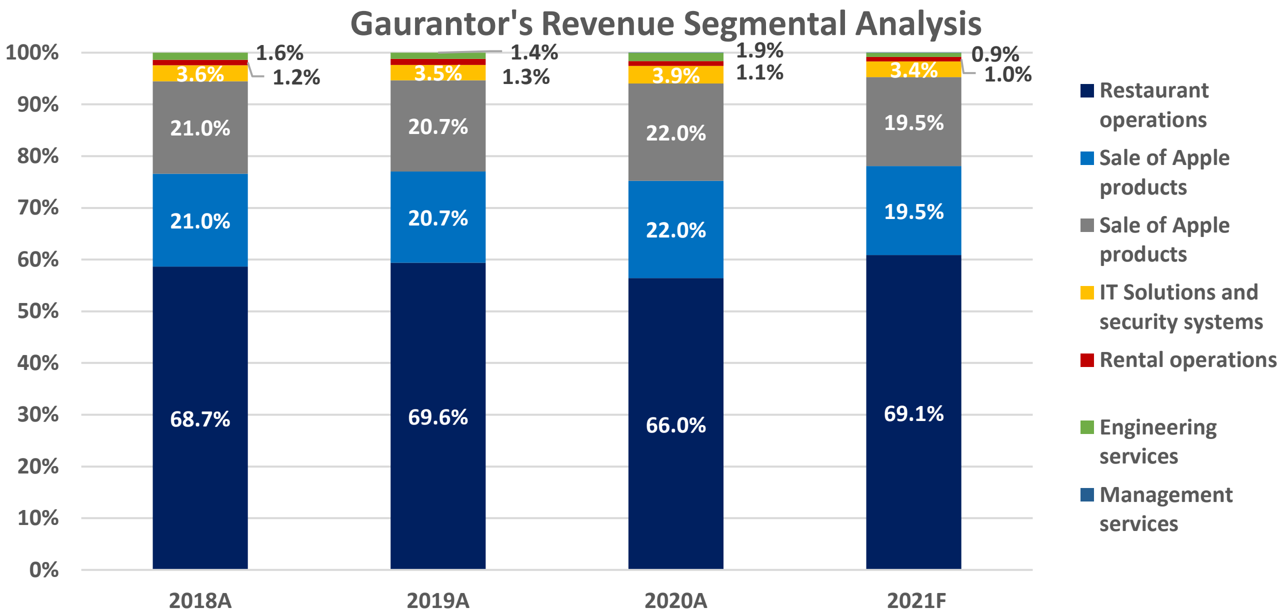
- **Logistics and transport services:** Revenue from the logistics and transport division is anticipated to amount to €34.4m. Apart from the expected gradual pandemic related recovery, this improvement is attributable to a full year of operations of STS Marine Solutions.

- **Real estate operations:** Rental income from properties is projected on the basis of the contractual rental agreements that the Group currently has in place with its tenants.

- **Engineering services:** Projected results for this division assumes no additional international contracts during FY21.

In view of marginal decline in revenue discussed above, the Guarantor's cost of sales amounted to €385m during FY20, which is relatively in line with that incurred in FY19. This is expected to amount higher to €429.1m during FY21, reflecting the aforementioned expected overall improvement in revenue.

Revenue Segmental Analysis	2018A	2019A	2020A	2021F
	€'000s	€'000s	€'000s	€'000s
Restaurant operations	293,650	341,281	318,955	392,874
Sale of Apple products	89,793	101,469	106,524	111,101
IT Solutions and security systems	15,482	16,999	19,083	19,500
Logistics and transport services	16,397	17,279	24,177	34,433
Rental operations	5,250	6,547	5,278	5,744
Engineering services	6,838	6,992	9,100	5,166
Management services	-	-	120	120
Total	**427,410**	**490,567**	**483,237**	**568,938**



Contrarily, the Guarantor's net operating expenditure during the year under review decreased to €30.6m (FY19: €41.5m). Management noted that this drop in operating expenditure is mainly attributable to a cost mitigation exercise implemented throughout the pandemic across all subsidiaries, with the aim of safeguarding the Guarantor's liquidity and profitability.

The efforts made by the Group during 2020 resulted in an improvement in EBITDA of 4.6% amounting to €67.6m (FY19: €64.6m). The majority of the Group's EBITDA during FY20, more specifically 76%, was generated by Premier through its McDonald's restaurants.

Pursuant to an anticipated improvement across all subsidiaries from continuing operations, the Group's EBITDA is expected to increase to €78.4m in FY21.

The depreciation and amortisation charge during FY20 increased to €29.9m (FY19: 27.2m), mainly on account of the opening of new stores concerning the Guarantor's restaurant operations. . This is expected to increase to €30.8m in FY21, primarily due to a full year of depreciation at STS Marine Solutions as well as capital expenditure in new equipment at STS. This increase is also attributable to the capital expenditure undertaken in the first half of 2021 regarding the opening of the new outlets at iSpot level in Poland as well as the opening of new stores concerning the retail operation of the Guarantor.

Finance costs mainly consist of interest incurred on Issuer's bond currently in issue, in addition to finance costs on bank borrowings and finance lease liabilities (IFRS 16). Net finance costs increased from €16.7m in FY19 to €19.5m in FY20, with this increase also being attributable the full year of interest on the newly issued 3.8% Hili Finance 2029 bond issued in July 2019. Finance costs are expected to remain at this level in FY21.

Although the Guarantor registered an improvement in EBITDA during FY20, the increase in depreciation charge during the year, in addition to the aforementioned elevated level of finance costs, profit before tax amounted to €15.2m during FY20 (FY19: €22.6m).

Profit before tax is expected to improve to €21.9m during FY21, with management noting that this anticipated improvement is predominantly related to the expected recovery at Premier, a full year contribution from STS Marine Solutions, and an overall expected improvement across the majority of the Guarantor's subsidiaries. In conclusion, total comprehensive income is projected to increase from €13.7m in FY20 to €22.3m in FY21.

2.4.1 Variance Analysis

Hili Ventures Limited Consolidated Statement of Comprehensive Income For the year ended 31 December	**Dec-20 Forecast**	**Dec-20 Audited**	**Variance**
	€'000s	**€'000s**	**€'000s**
Revenue	503,750	483,237	(20,513)
Cost of sales	(384,298)	(385,090)	(792)
Gross profit	**119,452**	**98,147**	**(21,305)**
Net operating expenses	(57,617)	(30,575)	27,042
EBITDA	**61,835**	**67,572**	**5,737**
Depreciation and amortisation	(33,582)	(29,935)	3,647
EBIT	**28,253**	**37,157**	**9,384**
Net investment income/ (loss)	840	913	73
Net finance costs	(15,759)	(19,476)	(3,717)
Profit before tax	**13,334**	**19,074**	5,740
Taxation	(3,230)	(3,825)	(595)
Profit/ (loss) after tax from continuing operations	**10,104**	**15,249**	**5,145**
Loss for the year from discontinued operations	-	-	-
Profit/ (loss) for the year	**10,104**	**15,249**	**5,145**
Other comprehensive income			
Movement on available-for-sale investments	-	**(21)**	**(21)**
Exchange differences - foreign operations	**(3,225)**	**(5,758)**	**(2,533)**
Gain on revaluation of assets	**981**	**4,200**	**3,219**
	(2,244)	**(1,579)**	**665**
Total Comprehensive income	**7,860**	**13,670**	**5,810**

Actual revenue was lower when compared to previous expectations by €20.5m. Management noted that the drop in revenue is attributable to the constant changing restrictions imposed across markets and jurisdictions where the Guarantor's subsidiary companies operate, thus presenting the respective subsidiaries with significant operational challenges. The hardest hit subsidiary was Premier, with markets having to deal with various restrictions leading to temporary restaurant closures and a consequent loss in revenue.

As discussed in section 2.4 above, the Guarantor implemented a cost-cutting exercise throughout the pandemic across all subsidiaries. This resulted into material overheads savings, which has assisted the Guarantor to register an overall improvement in EBITDA of €5.7m.

Finance costs amounted to €19.5m in FY20, which is higher when compared to previous projections by €3.7m. Management attribute this increase in finance cots predominantly to the full year effect of the bond issued late in FY19 by the Issuer. Furthermore, actual tax charge amounted to €3.8m compared to forecast amount of €3.2m, resulting in a negative variance of €0.6m. The main variance in relation to gain on revaluation of assets is attributable to the fact that property valuations were not factored in whilst preparing previous projections. Accordingly, the positive variance between actual and projected total comprehensive income amounted to €5.8m.

2.5 Guarantor's Statement of Financial Position

Hili Ventures Limited Statement of Financial Position For the year ended 31 December	2018A	2019A	2020A	2021P
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Goodwill and other intangibles	101,432	98,174	106,330	105,443
Property, plant and equipment	124,760	202,171	214,445	226,334
Investment property	86,132	76,379	72,462	82,525
Right-of-use assets	-	80,918	80,582	78,032
Investments and financial assets	1,840	2,049	2,310	4,275
Deposit on acquisition of investments	26,800	24,500	24,500	24,500
Loans and receivables	13,928	5,113	16,322	24,175
Deferred tax asset and restricted cash	3,546	4,364	5,295	6,624
Total non-current assets	**358,438**	**493,668**	**522,246**	**551,908**
Current assets				
Inventory	22,684	19,040	17,714	19,566
Trade and other receivables	20,751	22,929	23,508	22,540
Other assets	12,885	27,041	13,158	6,155
Cash and cash equivalents	40,354	66,238	47,596	90,001
Total current assets	**96,674**	**135,248**	**101,976**	**138,262**
Total assets	**455,112**	**628,916**	**624,222**	**690,170**
Equity				
Equity and reserves	86,390	110,128	106,811	119,733
Total equity	**86,390**	**110,128**	**106,811**	**119,733**
Liabilities				
Non-current liabilities				
Borrowings and bonds	265,937	327,619	329,544	389,424
Lease liabilities	-	71,948	74,883	72,206
Other non-current liabilities	8,399	6,863	9,552	11,893
Total non-current liabilities	**274,336**	**406,430**	**413,979**	**473,613**
Current liabilities				
Bank overdrafts	6,522	6,793	5,707	6,113
Borrowings	13,491	19,663	17,806	10,359
Lease liabilities	-	11,111	9,472	9,540
Other current liabilities	74,373	74,791	70,447	70,811
Total current liabilities	**94,386**	**112,358**	**103,432**	**96,824**
Total liabilities	**368,722**	**518,788**	**517,411**	**570,437**
Total equity and liabilities	**455,112**	**628,916**	**624,222**	**690,170**

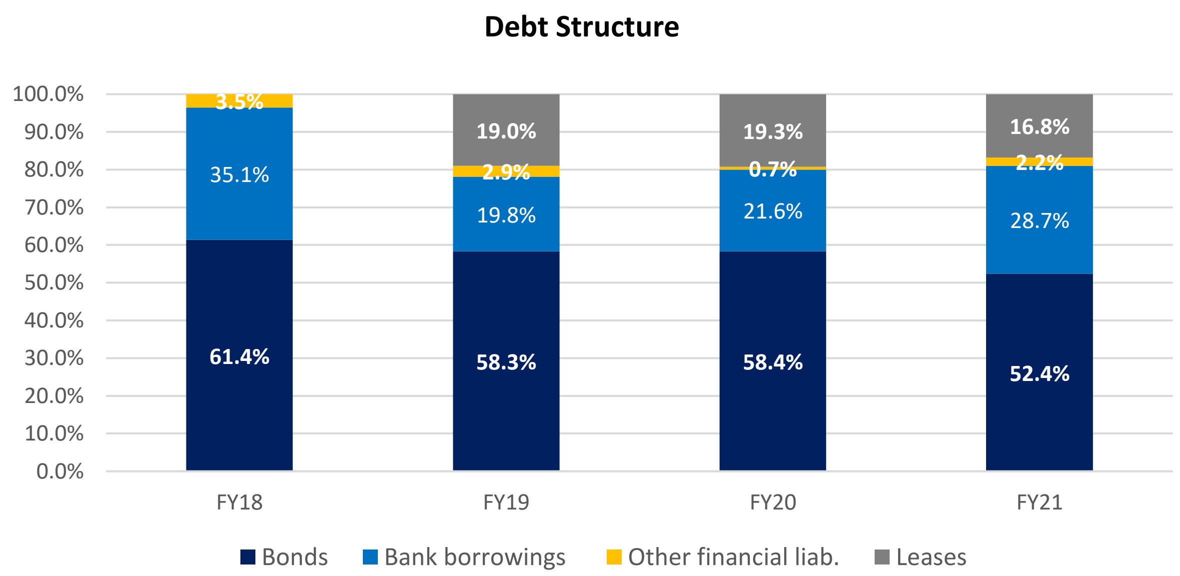
Ratio Analysis[3]	2018A	2019A	2020A	2021F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	74.0%	77.1%	78.5%	76.9%
Gearing 2 (Total Liabilities / Total Assets)	81.0%	82.5%	82.9%	82.6%
Net Debt / EBITDA	5.7x	5.7x	5.8x	5.1x[4]
Current Ratio (Current Assets / Current Liabilities)	1.0x	1.2x	1.0x	1.4x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.3x	0.3x	0.2x	0.3x
Interest Coverage 1 (EBITDA / Cash interest paid)	4.0x	5.0x	4.7x	5.0x
Interest Coverage 1 (EBITDA / Finance Costs)	3.6x	3.9x	3.5x	4.0x

Total non-current assets as at 31 December 2020 amounted to €522.2m (FY19: €493.6m), and principally comprise goodwill and intangible assets at €106.3m, property, plant and equipment at €214.4m, investment property at €72.5m and right of use assets amounting to €80.6m. While the increase in the Guarantor's goodwill during FY20 primarily relates to the acquisition of STS Marine Solutions in April 2020, the increase in loans and receivables of €11.2m, is mainly as a result of a reclassification between current and non-current portions of loans and receivables occurring during FY20. In addition, the increase in property plant and equipment over the review period (FY19-FY20), is attributable to the capital expenditure incurred in relation to the opening of new stores at Premier.

Total non-current assets in FY21 are projected to amount higher to €551.9m. Management confirmed that this anticipated increase is mainly due to projected capital expenditure and acquisition of investment property.

Additionally, current assets which mainly comprise inventory, trade and other receivables, as well as cash and cash equivalents, amounted to €102m during FY20 (FY19: 135.2m). Management attribute this decline in current assets to the utilisation of cash resources to fund the acquisition of the minority share in the McDonald's business in Romania. The Guarantor's cash reserves are anticipated to increase to €90m during FY21 as a result of proceeds from additional borrowings in hand. Total assets are projected to amount to €690.2m in FY21.

Total financial debt, which is primarily composed of debt securities, borrowings, other financial liabilities and lease liabilities, amounted to €437.4m during FY20, which is relatively at the same level of the prior year. The Guarantor's total debt is expected to increase to €487.6m in FY21 as a result of additional borrowings to finance further growth. An overview of the Guarantor's debt structure is set out the chart presented below. Furthermore, total liabilities are



[3] Ratio analysis may not agree to prior FASs, due to a change in the calculation methodology or rounding of figures
[4] The decline in Net Debt/ EBITDA in comparison to previous years is attributable to additional borrowings undertaken by the Guarantor which is at present not being backed up by returns.

projected to amount to €570.4m during FY21, compared to €517.4m in the previous year. This increase in liabilities reflects additional borrowings expected to be secured by the Guarantor during FY21.

2.5.1 Variance Analysis

Hili Ventures Limited Statement of Financial Position For the year ended 31 December	Dec-20 Forecast	Dec-20 Audited	Variance
	€'000s	€'000s	€'000s
Assets			
Non-current assets			
Goodwill and other intangibles	108,557	106,330	(2,227)
Property, plant and equipment	215,576	214,445	(1,131)
Investment property	75,254	72,462	(2,792)
Right-of-use assets	76,360	80,582	4,222
Investments and financial assets	2,493	2,310	(183)
Deposit on acquisition of investments	24,500	24,500	-
Loans and receivables	5,945	16,322	10,377
Deferred tax asset and restricted cash	4,984	5,295	311
Total non-current assets	**513,669**	**522,246**	**8,577**
Current assets			
Inventory	20,092	17,714	(2,378)
Trade and other receivables	30,126	23,508	(6,618)
Other assets	23,801	13,158	(10,643)
Cash and cash equivalents	58,594	47,596	(10,998)
Total current assets	**132,613**	**101,976**	**(30,637)**
Total assets	**646,282**	**624,222**	**(22,060)**
Equity			
Equity and reserves	104,706	106,811	2,105
Total equity			
Liabilities			
Non-current liabilities			
Borrowings and bonds	358,930	329,544	(29,386)
Lease liabilities	69,901	74,883	4,982
Other non-current liabilities	5,614	9,552	3,938
Total non-current liabilities	**434,445**	**413,979**	**(20,466)**
Current liabilities			
Bank overdrafts	11,726	5,707	(6,019)
Borrowings	17,900	17,806	(94)
Lease liabilities	11,310	9,472	(1,838)
Other current liabilities	66,195	70,447	4,252
Total current liabilities	**107,131**	**103,432**	**(3,699)**
Total liabilities	**541,576**	**517,411**	**(24,165)**
Total equity and liabilities	**646,282**	**624,222**	**(22,060)**

The main variances arising within the Guarantor's total assets during FY20 relate to a decline in other assets as well as a decline in cash and cash equivalents. As noted in section 2.5 above, the difference in cash relates to the funding of the acquisition of the minority share in the McD business in Romania. More specifically, the original intention was to fund this transaction through a new bond issue of €20m which did not materialise. As a result, this is the principal reason as to why total borrowings and bonds listed under non-current assets amounted lower in comparison to previous expectations.

Furthermore, the variance in other assets relates to the reclassification between other assets and loans and receivables within non-current assets.

2.6 Guarantor's Statement of Cash Flows

Hili Ventures Limited Statement of Cash Flows For the year ended 31 December	2018A	2019A	2020A	2021F
	€'000s	€'000s	€'000s	€'000s
Net cash flows from continuing operations	43,887	66,020	65,937	77,962
Net movement in working capital	6,955	1,128	(2,873)	8,017
Interest paid	(10,788)	(12,897)	(14,496)	(15,755)
Income tax paid	1,143	1,153	2,521	1,974
Tax refund	(4,936)	(6,759)	(6,204)	(12,018)
Net cash flows generated from operating activities	**36,261**	**48,645**	**44,885**	**60,180**
Net cash flows generated from/(used in) investing activities	**(34,516)**	**(65,911)**	**(48,617)**	**(44,748)**
Net cash flows generated from / (used in) financing activities	**8,484**	**42,152**	**(14,172)**	**26,570**
Movement in cash and cash equivalents	**10,229**	**24,886**	**(17,904)**	**42,001**
Cash and cash equivalents at start of year	23,707	33,832	59,445	41,887
Effects of movements in exchange	(104)	727	346	-
Cash and cash equivalents at end of year	**33,832**	**59,445**	**41,887**	**83,888**

Ratio Analysis	2018A	2019A	2020A	2021F
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	€18,325	€(26,036)	€79,413	€38,115

Gross cash flows from operations show a 6% decline or €4m when compared to FY19. The decline was predominately brought about by the movements in working capital which were a consequence of the interruptions to operations during FY20 together with timing of contractual revenues derived by Harvest. The Group's working capital was also impacted by a reduction in payables of €3.7m, as the company reduced its dues with counterparties. In addition, contracted liabilities were lower by just over €1m in 2020, a contrasting figure relative to 2019 in which the company reported a positive number.

Looking at the other components forming part of net cash flows from operating activities, interest paid increased by just below €1.6m, an increase which reflects the first interest paid on the bond issued by Hili Finance plc in 2019.

In 2020, cash flows from investing activities decreased by €17.3m when compared to 2019, as the Group acquired a non-controlling interest in subsidiaries amounting to €11.5m, while it paid €24.7m for the acquisition of the STS business within 1923 Investments.

Net cash flows from financing activities in period under review were negative €14.1m reflecting the payment of bank loans, lease obligations and amounts related to third parties.

2.6.1 Variance Analysis

Hili Ventures Limited Statement of Cash Flows For the year ended 31 December	Dec-20 Forecast	Dec-20 Audited	Variance
	€'000s	**€'000s**	**€'000s**
Net cash flows from continuing operations	61,447	65,937	4,490
Net movement in working capital	2,195	(2,873)	(5,068)
Interest paid	(13,756)	(14,496)	(740)
Income tax paid	2,944	2,521	(423)
Tax refund	(9,433)	(6,204)	3,229
Net cash flows generated from operating activities	**43,397**	**44,885**	**1,488**
Net cash flows generated from/(used in) investing activities	**(44,707)**	**(48,617)**	**(3,910)**
Net cash flows generated from / (used in) financing activities	**(11,267)**	**(14,172)**	**(2,905)**
Movement in cash and cash equivalents	**(12,577)**	**(17,904)**	**(5,327)**
Cash and cash equivalents at start of year	59,445	59,445	-
Effects of movements in exchange	-	346	**346**
Cash and cash equivalents at end of year	**46,868**	**41,887**	**(4,981)**

In 2020, when compared to the projected net cash flow from operating activities, the group reported a net positive variance of €1.5m, while Investing activities were higher by €3.9m. Net cash flows used in financing activities during FY20 were €2.9m when compared to previous expectations.

Part 3 - Key Market and Competitor Data

3.1 General Market Conditions

European Economic Update[5]

After the historic drop in activity recorded in the first part of 2020 and the rebound in the summer, the EU economy faced another setback in late 2020 as the resurgence of the pandemic prompted a new round of containment measures. With output falling again in the last quarter of 2020 and the first of 2021, by a cumulative 0.9%, the EU was pushed back into recession.

However, considering the stringency of the restrictions, the decline in activity was far milder than the downturn in the first half of 2020. Better adaptation of firms and households to the constraints of the pandemic environment, stronger support from global growth and trade, and continued strong policy support helped economic agents cope with the economic challenges.

Economic developments in 2021 and 2022 will be largely determined by how successfully vaccination programmes will tame the pandemic and how quickly governments will lift restrictions. For the EU, the forecast assumes that following a marginal easing of restrictions in the course of the second quarter, progress in vaccinations will enable a more marked easing of restrictions in the second half of the year. In 2022, COVID-19 will remain a public health concern, despite the high share of the population being vaccinated (including refreshed protection when needed, for example due to new variants). It is therefore assumed that some limited containment measures will be in place as needed.

All in all, the EU economy is forecast to grow by 4.2% in 2021 and to strengthen to around 4.4% in 2022 (4.3% and 4.4%, respectively, in the euro area). A stronger-than-previously expected rebound in global activity and trade, help to explain the brighter outlook for all countries compared to previous expectations. However, differences across countries in the pace of the recovery from the crisis remain substantial.

The risks surrounding the GDP forecast are high and will remain so as long as the pandemic hangs over the economy. On the epidemiological front, developments concerning the pandemic and the efficiency and effectiveness of vaccination programmes could turn out better or worse than assumed in the central scenario of this forecast. On the economic side, this forecast may underestimate the propensity of households to spend, or, on the opposite, consumers' desire to maintain high levels of precautionary savings. The impact of alternative paths for the evolution of household savings is assessed in the model-based analysis presented in this publication. Another risk to the outlook is the timing of policy support withdrawal, which if premature could jeopardise the recovery. On the downside, the impact of corporate distress on the labour market and the financial sector could prove worse than anticipated.

On the upside, stronger than projected global growth, particularly in the US, could have a more positive impact on the European economy than expected. Stronger US growth, however, risks pushing up US sovereign bond yields, which could interact with the materialisation of idiosyncratic risks (stemming from e.g. the slow vaccination rollout) in highly indebted emerging market economies with high foreign currency debts, causing disorderly adjustments in financial markets. Inflation in EU could turn out higher if the rebound in the European and global economies is stronger than expected, or if current supply constraints turn out more persistent. Overall, the risks surrounding the outlook are broadly balanced.

Malta Economic Update[6]

In April, business conditions improved significantly with respect to the previous month. However, economic activity levels remained low, reflecting the weak economic conditions triggered by COVID-19. European Commission data show that economic sentiment rose significantly in April and reached the highest level recorded since January 2018. It also stood above its long-term average for the first time since the onset of the pandemic. In April, confidence turned positive in

[5] European Economic Forecast – Spring 2021
[6] CBM – Economic Update 5/2021

industry, the construction and services sectors as well as among consumers. However, sentiment declined significantly – and remained negative – in the retail sector.

In March, industrial production and the volume of retail trade contracted at a slower pace in annual terms. The number of registered unemployed fell compared with February, while the unemployment rate edged down from a month earlier. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) remained unchanged at 0.1% in March, while inflation based on the Retail Price Index (RPI) rose to 0.4%. Maltese residents' deposits expanded at an annual rate of 7.0% in March, following an increase of 8.0% in the previous month, while annual growth in credit to Maltese residents rose to 11.8%, from 11.1% a month earlier. In March, the deficit on the cash-based Consolidated Fund widened when compared with a year earlier, mainly as a result of higher expenditure which continued to be affected by COVID-19 related support to the private sector.

3.2 Comparative Analysis

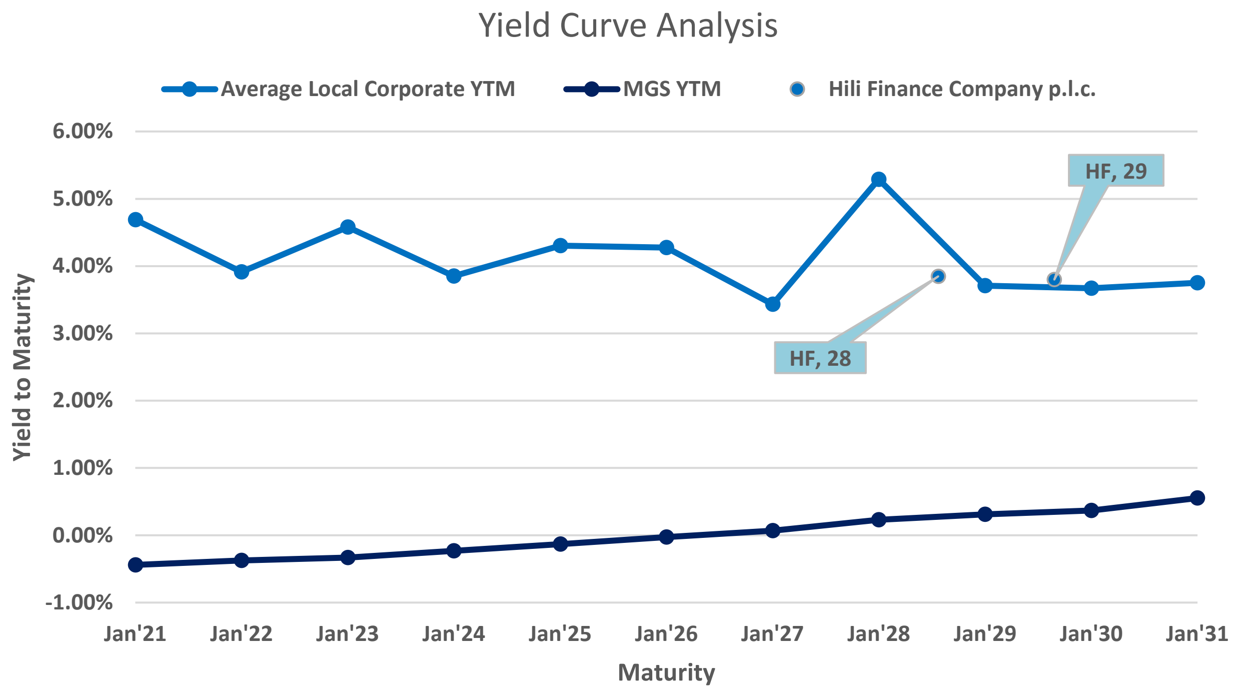
The purpose of the table below compares the proposed debt issuance of the Group to other debt instruments. For consistency purposes we opted to maintain the same peers as per last year's Financial Analysis Summary. More importantly, we have included different issuers with similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)	Last Closing Price *
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)	
5.8% International Hotel Investments plc 2021	20,000	5.80%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	100.00
3.65% GAP Group plc Secured € 2022	36,737	3.65%	2.2x	103.9	15.1	85.4%	81.1%	7.2x	7.2x	31.2%	17.2%	-15.9%	101.50
6% Pendergardens Developments plc Secured € 2022 Series II	26,781	6.00%	1.6x	60.6	29.5	51.3%	36.4%	5.2x	2.2x	0.0x	0.0x	(.4)x	101.52
4.25% GAP Group plc Secured € 2023	19,394	4.25%	2.2x	103.9	15.1	85.4%	81.1%	7.2x	7.2x	31.2%	17.2%	-15.9%	103.55
5.8% International Hotel Investments plc 2023	10,000	5.80%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	101.50
6% AX Investments Plc € 2024	40,000	6.00%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%	104.10
6% International Hotel Investments plc € 2024	35,000	6.00%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	102.00
5.3% Mariner Finance plc Unsecured € 2024 (xd)	35,000	5.30%	3.6x	100.4	50.3	49.9%	48.1%	5.8x	0.6x	6.6%	20.2%	-4.7%	109.50
5% Hal Mann Vella Group plc Secured € 2024	30,000	5.00%	2.4x	122.4	47.3	61.3%	52.9%	10.8x	1.2x	3.1%	6.1%	4.8%	103.80
5.1% 1923 Investments plc Unsecured € 2024	36,000	5.10%	4.8x	135.5	45.6	66.4%	52.1%	3.8x	1.2x	7.5%	2.3%	11.0%	101.50
4.25% Best Deal Properties Holding plc Secured € 2024	16,000	4.25%	14.7x	27.5	4.1	85.0%	82.4%	13.1x	3.7x	20.3%	7.0%	1140.2%	104.00
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.75%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	102.75
5.1% 6PM Holdings plc Unsecured € 2025	13,000	5.10%	(.7)x	0.5	(19.3)	-5156.2%	38.8%	12.2x	(.1)x	0.6%	-3.1%	-48.3%	102.00
4.5% Hili Properties plc Unsecured € 2025	37,000	4.50%	1.6x	149.6	62.7	58.1%	54.9%	14.6x	0.5x	6.8%	52.9%	-11.5%	100.01
4.35% Hudson Malta plc Unsecured € 2026	12,000	4.35%	4.9x	43.4	5.5	87.3%	81.6%	8.3x	1.3x	-14.8%	-2.9%	-29.6%	101.50
4.25% Corinthia Finance plc Unsecured € 2026	40,000	4.25%	2.7x	1,784.7	908.9	49.1%	40.3%	8.7x	1.0x	2.2%	6.5%	3.9%	101.15
4% International Hotel Investments plc Secured € 2026	55,000	4.00%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	102.00
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.25%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%	105.00
4.35% SD Finance plc Unsecured € 2027	65,000	4.35%	6.8x	324.4	137.6	57.6%	43.3%	4.1x	1.4x	9.0%	20.5%	5.7%	101.50
4% Eden Finance plc Unsecured € 2027	40,000	4.00%	(.5)x	190.5	108.5	43.1%	31.8%	(51.4)x	0.9x	-4.3%	-39.2%	-73.1%	100.30
4% Stivala Group Finance plc Secured € 2027	45,000	4.00%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%	102.50
3.85% Hili Finance Company plc Unsecured € 2028	40,000	3.85%	4.7x	624.2	106.8	82.9%	78.5%	5.8x	1.0x	14.1%	3.2%	-1.5%	100.01
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.65%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%	101.00
3.8% Hili Finance Company plc Unsecured € 2029	80,000	3.80%	4.7x	624.2	106.8x	82.9%	78.5%	5.8x	1.0x	14.1%	3.2%	-1.5%	100.00
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%	106.00
**Average		4.70%											

Source: Latest available audited financial statements

*** Last closing price as at 24/06/2021**

****Average figures do not capture the financial analysis of the Issuer**



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Estimates

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph also illustrates on a stand-alone basis, the yield of Hili Finance plc bonds.

As at 24 June 2020, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 5 to 8 years was 343 basis points. The 3.85% Hili Finance Company plc Unsecured 2028 is currently trading at a YTM of 3.85%, translating into a spread of 362 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 19 basis points in comparison to the market.

As at 24 June 2020, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 6 to 8 years was 309 basis points. The 3.8% Hili Finance Company plc Unsecured 2029 is currently trading at a YTM of 3.80%, translating into a spread of 349 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 40 basis points in comparison to the market.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Income (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by the average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	Free cash flow (FCF) represents the cash a Group/Company generates after accounting for cash outflows to support operations and maintain its capital assets. It is calculated by taking Cash Flow from Operating Activities (before the payment of interest) less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.

Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio Interest Coverage Level 1 Interest Coverage Level 2	The interest coverage ratio measures how many times a Group/Company can cover its current interest payment with its available earnings. Is calculated by dividing EBITDA by Cash Interest Paid. Is calculated by dividing EBITDA by Finance Costs.
Gearing Ratio Gearing Ratio Level 1 Gearing Ratio Level 2 Gearing Ratio Level 3	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets. Is calculated by dividing Net Debt by Net Debt and Total Equity. Is calculated by dividing Total Liabilities by Total Assets. Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.