Calamatta Cuschieri

The Directors
Tum Finance p.l.c.
Tum Invest Head Office,
Zentrum Business Centre
Mdina Road,
Qormi, QRM 9010
Malta

Re: Financial Analysis Summary – 2022

16 June 2022

Dear Sirs,

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 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 appertaining to Tum Finance plc (the "**Issuer**") and Easysell Ltd (the "**Guarantor**"). The data is derived from various sources, including the prospectus dated 3 June 2019 published by the Issuer (the "**Prospectus**"), or is based on our own computations as follows:

a) Historical financial data for the three years ending 31 December 2019, 2020 and 2021 have been extracted from the audited financial statements of the Issuer and the Guarantor.

b) The forecast data for the financial year ending 31 December 2022 has been provided by management.

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

d) The ratios quoted in the Analysis 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.

The Analysis is meant to assist investors in the Issuer'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 Issuer and should not be interpreted as a recommendation to invest in any of the Issuer'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 Issuer's securities.

Yours sincerely,

____

Nick Calamatta
Director

FINANCIAL ANALYSIS SUMMARY 2022

Tum Finance p.l.c.

16 June 2022

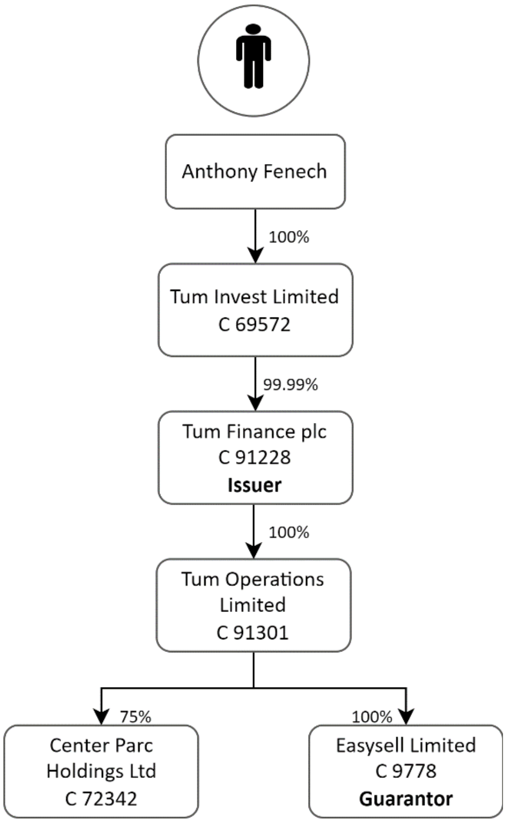
Prepared by Calamatta Cuschieri Investment Services Ltd

Table of Contents

Part 1 - Information about the Group

1.1 Issuer's Key Activities and Structure

The Group's summarised structure is as follows:



The "**Group**" of companies consists of Tum Finance plc ("**TFP**"), being the Issuer acting as the finance and holding company of the Group, Tum Operations Limited ("**TOL**"), Center Parc Holdings Ltd ("**CPL**"), of which the Group owns 75%, and Easysell Limited ("**ESL**"), being the Guarantor. Tum Invest Limited ("**TIL**") is the ultimate "**Parent**" company of the Group. The objective of the Group is to manage investment property held for rental income, in addition to acquiring and developing new properties to enhance the Group's existing revenues.

The Issuer was incorporated on 26 March 2019 and registered under Maltese law as a public liability company with its registered office at Tum Invest Head Office, Zentrum Business Centre, Mdina Road, Qormi and company registration number C 91228. The Issuer is, except for two ordinary shares held by Anthony Fenech, a wholly owned subsidiary of Tum Invest Limited. The Issuer, which was set up and established to act as a finance vehicle, has an authorised share capital of €20,000,000 divided into 20,000,000 shares of one Euro (€1) each. The issued share capital is of €17,693,000 divided into 17,693,000 shares of one Euro (€1) each, all fully paid up.

The Guarantor was incorporated on 5 July 1988 and registered under Maltese law as a private limited liability company with the same registered office as the Issuer and company registration number C 9778. The Guarantor, through Tum Operations Limited, is a wholly owned subsidiary of the Issuer. The authorised and issued share capital of the Guarantor is €1,164,686.50 divided into 500,000 ordinary shares of €2.329373 each, all fully paid up. The principal objective of the Guarantor is to acquire, develop and manage property primarily for commercial purposes.

Tum Operations Limited, a wholly owned subsidiary of the Issuer, is a private limited liability company registered under the laws of Malta on 1 April 2019 with the same registered office as TFP and company registration number C 91301. TOL has an authorised share capital of €12,000,000 divided into 2,000,000 ordinary shares and 10,000,000 redeemable preference shares of €1 each. The issued share capital of TOL is of €6,351,200 divided into 1,200 ordinary shares of one Euro (€1) each and 6,350,000 redeemable preference shares of one Euro (€1) each, all fully paid up. TOL holds the investments in the special purpose vehicles owning the investment property assets and does not have any daily operations.

Center Parc Holdings Ltd is a private limited liability company registered under the laws of Malta on 23 September 2015. The Issuer holds seventy-five per cent (75%) of the shares and voting rights in CPL. The remaining twenty-five per cent (25%) are held by another shareholder, independent of the Group. CPL was set up primarily to acquire, develop and manage property for commercial purposes and owns the Center Parc Property, details of which can be found in section 1.3 below.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of this Analysis, the following persons constitute the board of directors of the Issuer:

Name	Designation
Mr Anthony Fenech	Chairman and executive director
Mr Silvan Fenech	Executive director
Mr Matthew Fenech	Executive director
Dr Stanley Portelli	Independent non-executive director
Mr Mario Vella	Independent non-executive director
Mr William Wait	Independent non-executive director

The business address of all of the directors of the Issuer is the registered office of the Issuer. Dr Malcolm Falzon is the company secretary of the Issuer.

Board of Directors - Guarantor

As at the date of this Analysis, the following persons constitute the board of directors of the Guarantor:

Name	Designation
Mr Anthony Fenech	Chairman and executive director
Mr Silvan Fenech	Executive director
Mr Matthew Fenech	Executive director

For calendar year 2021, there was an additional member on the board of directors, namely Mr Mario Vella, who resigned from the board effective from 30 April 2022.

The business address of all of the directors of the Guarantor is the registered office of the Issuer. Mr Matthew Fenech is the company secretary of the Guarantor.

The board of the Issuer is composed of six directors who are responsible for its overall direction and management. The three executive directors are entrusted with the Issuer's day-to-day management whereas the three non-executive directors, all of whom are independent of the Issuer, provide direction and strategy, monitoring and supervision of company performance while ensuring that controls and risk management systems are adequately in place. The Issuer does not have any employees of its own and, thus, the day-to-day business of the Issuer has been delegated to the Parent and its employees.

The board of the Guarantor is composed of four directors, three of which also sit on the board of the Issuer. Management confirmed that the Guarantor had two employees on its payroll during 2021, and that the day-to-day business was still being handled by the delegated employees of the Parent.

1.3 Major Assets owned by the Group

The Issuer's assets consist of the investments in its subsidiaries together with the loans granted to the said subsidiaries, given that it is essentially a special purpose vehicle set up to act as a holding and financing company of the Group.

The Group, through the Guarantor, owns Zentrum Business Centre situated at Mdina Road, Qormi. Prior to the 2019 bond issue of the Issuer (the "**Bond Issue**"), this property consisted of an underground level, a showroom at ground level, and offices on level 1.

Following refurbishment in 2019, this property was developed and now includes another building comprising of six basement levels, a showroom at ground level, and offices on levels 1 and 2. The development of the said property was completed during Q3 2019. The leasable area of the entire property amounts to 16,173m^2[1] and 156 car spaces occupied by the tenants and other 6 for the Parent against no rent.

Lease agreements concerning the new building are now fully concluded and the entire property is currently fully tenanted. Amongst said tenants, Motors Inc. Limited

[1] This was erroneously quoted in the previous Analysis

currently leases two showrooms within a total of six floors in Zentrum Business Centre.

Movements of tenants throughout the year under review was made up of the addition of the Ministry for Education and the Commission on Gender-based Violence and Domestic Violence. Management explained that, as at May 2022, this building was almost fully occupied with tenants, with the exception of a small part which is currently being refurbished (details can be found in section 1.4 below), after which management expects full occupancy.

The Guarantor also owns land adjacent to the Zentrum Business Centre. This land is accessible from Sqaq ta' Barnaw, Qormi, measuring approximately 1,634m^2. The Guarantor also owns a field measuring approximately 2,069m^2, accessible from the same Sqaq Ta' Barnaw. These properties are further explained in the Prospectus.

Furthermore, the Guarantor owns property at 66, Saint Rita Street, Sliema. This property consists of a two-bedroom townhouse purchased in 1999. It has a footprint of approximately 100m^2 across two floors. Management confirmed that this property is currently rented out to third parties.

Another major asset owned by the Group (through CPL) is the Center Parc Property situated in Qormi, limits of Marsa, in the district known as Ta' Stabal, forming part of the land known as Ta' L-Erbgha Qaddisin, having an area of approximately 9,560m^2. The Center Parc Retail Hub, being a major retail destination in Qormi which includes Pavi and Lidl, was opened on 4 October 2019. Management confirmed that the premises is fully occupied with the exception of 100m^2, which is still available for rent as at today.

Tenants within the Center Parc Retail Hub operate in various lines of business including clothing, electronics and catering. The different units have been rented out for fixed periods ranging between three to five years and include progressive increases in rent on a fixed basis.

Management explained that the Group is in the process of developing the second phase of the Center Parc Retail Hub as set out in section 1.4 below.

1.4 Operational Developments

Zentrum Business Centre

A showroom on the ground floor of Zentrum Business Centre, which is currently rented out to Motors Inc. Limited, is currently undergoing refurbishment. The Group's plan is to upgrade the current setup to a state-of-the-art showroom. Management further noted that the throughout the course of the said refurbishment, the Group continued to receive rental income on the said showroom. This refurbishment is expected to be completed by Q4 2022 and will incur a total cost of *circa* €120k.

Management confirmed that a number of small offices on level 1 of the first building are also currently being refurbished in order to utilise part of said offices which were not being made use of before.

The Center Parc Retail Hub

Center Parc Retail Hub is currently undergoing a second phase of expansion, consisting of an extension to the existing built-up footprint of the current Center Parc, as well as the development of an additional two floors covering a total area of approximately 8,000m^2. The relevant permits have been approved and management expects this development to commence in Q3 2022. Management explained that there were delays in the approval of permits due to administrative reasons and delays following the general election held in the current year.

This extension is expected to result in an estimated 6,530m^2 of additional leasable retail space. It will primarily consist of an extension for a drive thru and a take-away restaurant on level 1, another retail outlet and additional parking (40 spaces) on level 2, retail and additional parking (40 spaces) on level 3, and a recreational and activity area on level 4.

Total project development cost is estimated at €6.5m, of which €0.5m was already incurred during the first phase of development. This project is expected to be funded mainly through the undertaking of additional bank loans as well as through internally generated funds.

While preliminary discussions have been held with a number of prospective tenants to gain an initial reaction concerning the project, some rental agreements have already been secured with third party tenants.

Joint Venture

TOL and CPL, together with the other shareholder of CPL, have entered negotiations with third parties in connection with a possible joint venture whose principal activity will be the development and operation of properties already owned by each of the parties as well as investment in further properties for the development and, or operation thereof. The Issuer has already issued a company announcement informing the market of this potential transaction and will be keeping the market informed of developments. It is pertinent to point out that the 2022 projections only reflect the current business and operations and do not factor in any potential effect of the joint venture agreement. It is still too early to project, with any degree of accuracy and reasonableness, how the joint venture may affect the 2022 financial results of the group.

1.5 Assessment of the COVID-19 pandemic

The Directors are confident that the worst effect on the business of the COVID-19 pandemic has passed.

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally other payables, and other financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash outflows over a twelve-month period and over a long-term period in relation to the development and completion of the shopping mall and office block extension. This approach ensures that the project is adequately financed and that no additional financing facilities are expected to be required over the coming year.

Cost control is also a top priority for management, and operations are geared towards minimising costs and operating in the most efficient way possible.

1.6 Subsequent events after the reporting period: Conflict in Ukraine

The directors of the Group assessed that there were no significant effects to the Group's operation as a result of the conflict between Russia and Ukraine. Nevertheless, they will continue to monitor the situation as events continue to evolve.

Part 2 - Historical Performance and Forecasts

The Guarantor's (Easysell Limited) historical financial information for the three years ending 31 December 2019, 2020 and 2021, as set out in the audited financial statements of the Guarantor may be found in section 2.1 to 2.3 of this Analysis. These sections also include the projected performance of the Guarantor for the period ending 31 December 2022. Moreover, the Group's historical financial information for the three years ending 31 December 2019, 2020 and 2021, together with the Group's projected performance for the period ending 31 December 2022 are set out in section 2.4 to section 2.6.

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Company 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 Guarantor's Income Statement

Income Statement for the year ended 31 December	**2019A**	**2020A**	**2021A**	**2022F**
	€000s	**€000s**	**€000s**	**€000s**
Rental income	643	1,359	1,504	1,521
Other operating income	67	115	128	128
Total revenue	**710**	**1,474**	**1,632**	**1,649**
Administrative expenses	(175)	(325)	(312)	(333)
EBITDA	**535**	**1,149**	**1,320**	**1,316**
Depreciation and amortisation	-	-	-	-
EBIT	**535**	**1,149**	**1,320**	**1,316**
Change in fair value of investment property	4,139	370	-	-
Finance costs	(79)	(127)	(126)	(120)
Profit / (loss) before taxation	**4,595**	**1,392**	**1,194**	**1,196**
Taxation	(791)	(505)	(304)	(307)
Profit / (loss) after taxation	**3,804**	**887**	**890**	**889**

Ratio Analysis[2]	**2019A**	**2020A**	**2021A**	**2022F**
Profitability				
Revenue Growth (YoY Revenue Growth)	50.1%	107.6%	10.7%	1.0%
EBITDA Margin (EBITDA / Revenue)	83.2%	84.5%	87.8%	86.5%
Net Margin (Profit after tax / Revenue)	591.6%	65.3%	59.2%	58.4%

The Guarantor generates revenue through rental income derived from the Zentrum Business Centre. Revenue generated during FY21 increased by 10.7% from the previous year, to *circa* €1.63m. This increase was a result of yearly contractual increases included in the tenants' respective contracts. Said increases were slightly higher than anticipated last year since the Group needed to provide less pandemic-related discounts than it anticipated.

Upon management's confirmation that the property is currently fully tenanted, together with the assumption that this property is expected to remain fully occupied during FY22, the Guarantor's revenue is projected to remain fairly stable in the current year.

Administrative expenses incurred by the Guarantor during FY21 amounted to €0.3m. These are mostly composed of wages and salaries, social security costs, management fees, advertisement fees, audit fees and water and electricity related expenses. These were slightly higher in FY21 than what was forecast in the previous Analysis, primarily due to increases in utilities and advertisement expenses. These are expected to increase further in FY22 by 6.7%.

Property that is held by the Guarantor for long-term rental yields or for capital appreciation (or both) is classified as investment property and is measured at fair value. Therefore, as illustrated in the Guarantor's historical

[2] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance

performance presented above, no depreciation costs are incurred by the Guarantor.

During FY21, the Guarantor's finance costs remained stable, as was forecast last year, and are expected to marginally taper down during FY22.

The Guarantor is taxed at a final tax rate of 15% on gross rental income from third parties and at a 35% on rental income generated from related party tenants after allowing for a 20% maintenance allowance in accordance with existing tax legislation.

As a result of the above, the Guarantor reported a profit after taxation figure amounting to €0.9m during FY21 and is projecting a similar profit after taxation for FY22.

2.2 Guarantor's Statement of Financial Position

Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Investment property	28,308	30,299	30,411	30,591
Property, plant and equipment	-	-	45	70
Total non-current assets	**28,308**	**30,299**	**30,456**	**30,661**
Current assets				
Trade and other receivables	254	195	251	251
Due from related parties	182	486	549	549
Cash and cash equivalents	125	90	197	300
Total current assets	**561**	**771**	**997**	**1,100**
Total assets	**28,869**	**31,070**	**31,453**	**31,761**
Equity and liabilities				
Capital and reserves				
Share capital	1,165	1,165	1,165	1,165
Other equity	6,300	6,300	6,300	6,300
Retained earnings	14,066	14,753	15,343	16,232
Total equity	**21,531**	**22,218**	**22,808**	**23,697**
Non-current liabilities				
Lease liabilities	192	192	192	192
Loans from related parties	3,143	3,175	3,130	3,130
Deferred tax liabilities	2,831	3,029	3,030	3,030
Total non-current liabilities	**6,166**	**6,396**	**6,352**	**6,352**
Current liabilities				
Trade and other payables	822	1,633	611	371
Due to related parties	260	523	1,271	931
Tax payable	90	300	411	410
Total current liabilities	**1,172**	**2,456**	**2,293**	**1,712**
Total liabilities	**7,338**	**8,852**	**8,645**	**8,064**
Total equity and liabilities	**28,869**	**31,070**	**31,453**	**31,761**

Total assets as at end of FY21 mainly comprised of investment property which accounted for 96.7% of the Guarantor's total assets. This was slightly higher than the previous year due to ongoing developments to the showroom and the offices as explained in section 1.4 of the Analysis. This is expected to increase further in the coming year as such development works are still ongoing.

During FY21, the Guarantor purchased a generator and hence reported €45k worth of property, plant and equipment for the year. This is expected to increase during FY22 following the refurbishment and purchase of furnishing to the offices as mentioned above.

Current assets in FY21 comprised only 3.2% of the Guarantor's total assets. Trade and other receivables represent the principal component of current assets, and consist of trade receivables, advance payments and vat recoverable amounts. Current assets are forecast to increase to *circa* €1.1m during FY22 following a projected increase in cash.

Non-current liabilities represented 73.5% of the Guarantor's total liabilities. Non-current liabilities comprise of loans and borrowings, lease liabilities, loans from related parties and deferred tax liabilities. Loans from related parties are due from Easysell Limited to Tum Operations Ltd and, in turn, to the Issuer, and is repayable by way of dividends. Non-current liabilities are projected to remain at the same level during FY22.

The current liabilities of the Guarantor comprise of trade and other payables, amounts due to related parties, together with tax payable amounts. Dues to related parties were approximately double than what was projected last year as a result of a) dividend declared by the Guarantor to TOL; and b) settlement of a third party creditor funded by the Parent. These dues are expected to decrease to *circa* €0.9m in FY22 as the Guarantor is planning to pay off part of the aforementioned dues. In line with what was forecast last year, trade and other payables during the period decreased to €0.6m during FY21 (FY20: €1.6) as the majority of such trade creditor amounts were paid off during the year. The Guarantor plans on paying off more creditors in FY22, so this amount is expected to decrease further. As a result of the above decreases, current liabilities for FY22 are expected to decline to *circa* €1.7m.

2.3 Guarantor's Statement of Cash Flows

Cash Flow Statement for the year ended 31 December	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
Profit before taxation	**4,595**	**1,392**	**1,194**	**1,196**
Adjustments for:				
Interest expense	79	127	126	120
Fair value gain on investment property	(4,139)	(370)	-	-
Depreciation	-	-	15	39
Operating profit before working capital movement	**535**	**1,149**	**1,335**	**1,355**
Movement in trade and other receivables	207	59	(55)	-
Movement in due from related parties	56	(304)	(63)	-
Movement in due to related parties	395	64	(1,022)	(340)
Movement in trade and other payables	(157)	810	447	(240)
	1,036	**1,778**	**642**	**775**
Tax paid	(84)	(96)	(194)	(307)
Net cash flows generated from operating activities	**952**	**1,682**	**448**	**468**
Cash flows from investing activities				
Additions to investment property	(2,169)	(1,621)	(111)	(185)
Additions to property, plant and equipment	-	-	(59)	(60)
Net cash flows used in investing activities	**(2,169)**	**(1,621)**	**(170)**	**(245)**
Cash flows from financing activities				
Repayment of bank loans	(3,685)	-	-	-
Interest paid	(71)	-	-	(120)
Loans from related parties	4,500	(85)	(160)	-
Proceeds from additional contribution	583	-	-	-
Repayment of lease liabilities	(10)	(11)	(11)	-
Net cash flows generated from / (used in) financing activities	**1,317**	**(96)**	**(171)**	**(120)**
Movement in cash and cash equivalents	**100**	**(35)**	**107**	**103**
Cash and cash equivalents at start of year	25	125	90	197
Cash and cash equivalents at end of year	**125**	**90**	**197**	**300**

Following the slight decrease in the Guarantor's profit before taxation before working capital movements, and the settlement of dues to related parties, the Guarantor reported a net cash flow from operating activities of *circa* €0.4m for FY21. This is projected to increase slightly in FY22 to *circa* €0.5m.

Capital expenditure amounting to €0.1m during FY21 listed under investing activities reflects the amounts required to fund the refurbishments taking place. The Guarantor is projecting an amount of *circa* €0.2m concerned the refurbishments planned during FY22. Net financing activities were negligible, and minimal financing activities are anticipated for FY22.

2.4 Group's Income Statement

Income Statement for the year ended 31 December	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Revenue	963	3,207	3,533	3,663
Administrative expenses	(363)	(850)	(850)	(831)
EBITDA	**600**	**2,357**	**2,683**	**2,832**
Depreciation and amortisation	(15)	(15)	(15)	(32)
EBIT	**585**	**2,342**	**2,668**	**2,800**
Fair value movement on property	9,736	4,855	-	-
Finance income	-	-	112	112
Finance expense	(277)	(801)	(802)	(793)
Profit / (loss) before taxation	**10,044**	**6,396**	**1,978**	**2,119**
Taxation	(1,382)	(1,043)	(529)	(551)
Profit / (loss) after taxation	**8,662**	**5,353**	**1,449**	**1,568**

Ratio Analysis[3]	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Profitability				
Growth in Revenue (YoY Revenue Growth)	N/A	233.0%	10.2%	3.7%
EBITDA Margin (EBITDA / Revenue)	62.3%	73.5%	75.5%	77.3%
Operating (EBIT) Margin (EBIT / Revenue)	60.7%	73.0%	75.5%	76.4%
Net Margin (Profit after taxation / Revenue)	899.5%	166.9%	41.0%	41.0%
Return on Common Equity (Profit after taxation / Average Equity)	28.3%	16.1%	4.4%	4.1%
Return on Assets (Profit after taxation / Average Assets)	14.5%	8.5%	2.2%	2.2%

Consolidated revenue for FY21 amounted to *circa* €3.5m (FY20: €3.2m) and reflects revenue generated from the Group's properties, namely Zentrum Business Centre and the Center Parc Retail Hub.

The Group continued to receive rental income from the tenants occupying the aforementioned properties, with yearly contractual increases included in the tenants' respective contracts. This resulted in an approximate 10.2% YoY Revenue Growth. Revenue is anticipated to further improve by 3.7% for FY22.

Management confirmed that, up to the date of this Analysis, no tenant within the Group's properties has defaulted, and further confirmed that there is no indication of any tenant defaulting moving forward. Specifically, management explained that it remained using a cautious approach despite not experiencing material adverse effects from the pandemic to date.

Administrative expenses include maintenance, utility, common area expenses and other similar expenses, whereby part of these costs are recovered through the service charge recognised. Same as FY20, these amounted to *circa* €0.9m in FY21 results. These were slightly higher than anticipated last year, mainly due to higher marketing expenditure to promote the Center Parc Retail Hub. These are anticipated to remain stable in the coming year.

As explained in section 2.1 above, there will be no depreciation costs incurred by the Guarantor. Therefore, the aforementioned depreciation costs incurred by the Group were incurred by CPL on property, plant and equipment upon the initiation of operations of the Center Parc Retail Hub.

Same as FY20, finance costs incurred during FY21 amounted to *circa* €0.8m, and are expected to remain as such for FY22. The Group reported €112k finance income in FY21, representing interest income on amounts due from related parties.

Tax incurred by the Group during FY21 amounted to *circa* €0.5m, as previously projected. The lower tax charge incurred during the year relates to the fact that no movement in the fair value of the Group's investment properties were recorded during the year.

[3] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance

2.4.1 Variance Analysis

Income Statement for the year ended 31 December	Dec-2021F	Dec-2021A	Variance
	€000s	€000s	€000s
Revenue	3,405	3,533	128
Administrative expenses	(585)	(833)	(248)
EBITDA	**2,820**	**2,700**	**(120)**
Depreciation and amortisation	(15)	(15)	-
EBIT	**2,805**	**2,668**	**(137)**
Finance income	-	112	112
Finance costs	(750)	(802)	(52)
Profit / (loss) before taxation	**2,055**	**1,978**	**(77)**
Taxation	(490)	(529)	(39)
Profit / (loss) after taxation	**1,565**	**1,449**	**(116)**

As noted above, revenue for FY21 amounted higher when compared to previous expectations.

In addition, the Group also registered a negative variance in terms of administrative expenses of €0.2m, with this being mainly related to higher marketing fees incurred throughout the year.

The higher increase in expenses as opposed to revenue resulted in a slightly lower-than-anticipated EBITDA and EBIT.

Other variances include an increase in finance costs of €52k with this being mainly attributable to an increase in amounts due to related parties, resulting in the Group incurring a higher interest payment during the year.

2.5 Group's Statement of Financial Position

Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Investment property	57,554	64,363	64,954	65,188
Property, plant and equipment	45	31	73	40
Total non-current assets	**57,599**	**64,394**	**65,027**	**65,228**
Current assets				
Due from related parties	510	1,488	1,722	2,791
Trade and other receivables	392	353	349	431
Cash and cash equivalents	1,085	231	616	1,041
Tax recoverable	35	111	160	160
Total current assets	**2,022**	**2,183**	**2,847**	**4,423**
Total assets	**59,621**	**66,577**	**67,874**	**69,651**
Equity and liabilities				
Capital and reserves				
Share capital	17,693	17,693	17,693	17,693
Retained earnings	7,244	11,481	12,796	14,104
Capital contribution	2,456	2,456	2,456	2,456
Other reserves	543	543	543	543
Non-controlling interest	2,655	3,771	3,909	4,120
Total equity	**30,591**	**35,944**	**37,397**	**38,916**
Non-current liabilities				
Deferred tax liability	5,122	5,742	5,755	5,742
Lease liabilities	192	192	192	192
Debt securities in issue	19,534	19,575	19,616	19,657
Total non-current liabilities	**24,848**	**25,509**	**25,563**	**25,591**
Current liabilities				
Trade and other payables	2,881	2,660	1,513	1,961
Debt securities in issue	390	390	390	390
Debt to related parties	818	1,580	2,183	1,909
Tax payable	93	494	828	884
Total current liabilities	**4,182**	**5,124**	**4,914**	**5,144**
Total liabilities	**29,030**	**30,633**	**30,477**	**30,735**
Total equity and liabilities	**59,621**	**66,577**	**67,874**	**69,651**

Ratio Analysis[4]	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	39.4%	37.4%	36.8%	35.2%
Gearing 2 (Total Liabilities / Total Assets)	48.7%	46.0%	47.1%	45.2%
Gearing 3 (Net Debt / Total Equity)	64.9%	59.8%	58.2%	54.2%
Net Debt / EBITDA	33.1x	9.1x	8.1x	7.5x
Current Ratio (Current Assets / Current Liabilities)	0.5	0.4	0.6	0.9
Net Debt / Net cash from operations	6.47x	7.38x	12.04x	8.93x
Interest Coverage 1 (EBITDA / Cash interest paid)	2.2x	2.9x	3.3x	3.6x
Interest Coverage 2 (EBITDA / finance costs)	2.2x	2.9x	3.3x	3.6x

Non-current assets in FY21, mainly consisted of investment property, amount of which was slightly lower than was anticipated due to delays in the approval of permits due to administrative reasons and delays following the general election held in the current year. This is expected to increase slightly during FY22 as the Center Park Retail Hub development commences in Q3 2022.

Current assets amounted to €2.8m during FY21 and mainly consisted of amounts due from related parties, trade and other receivables, cash and cash equivalents, and tax recoverable amounts. Cash and cash equivalents during the year under review amounted to €0.6m. Moving into FY22, current assets are projected to increase to €4.4m during the year, with this being mainly attributable to further increases in dues from a related party, more specifically Tum Invest Limited.

Total equity during FY21 amounted to *circa* €37.4m and is composed of share capital, retained earnings, capital contribution amounts, other reserves and non-controlling interest. This is projected to increase to €38.9m in FY22, mainly due to the positive projected financial performance which is expected to boost the Group's retained earnings.

Total non-current liabilities for FY21 represented 83.9% of the Group's total liabilities and amounted to €25.6m during the period. These are composed of deferred tax liabilities, lease liabilities and debt securities in issue. While deferred tax liabilities refer to tax liabilities recognised as a result of the revaluation of the Easysell Limited and Center Parc Holding Limited properties, the debt securities in issue figure relates to the net bond proceeds.

In line with previous expectations, the Group was envisaged to get additional bank financing for the development of the Center Parc Retail Hub second phase as explained in section 1.4. However, following the previously mentioned administrative delays concerning this project, such financing was no longer required and, given that the development will commence in late 2022, it is not being projected that the Group will require any bank financing throughout the year. In this regard, non-current liabilities are expected to remain stable in FY22.

Current liabilities during FY21 represented 16.1% of the Group's total liabilities and are made up of trade and other payables, debt securities in issue, debt to related parties, and tax payable. Debt to related parties relate to amounts owed to the Parent, the Group, and other related companies and are unsecured, interest free and repayable on demand. As previously projected, the Group settled several payable amounts during FY21 and as such trade payables declined to €1.5m. These are projected to increase in FY22 due to increase in creditors for amounts expected to be incurred upon commencement of development of the Center Park Retail Hub in Q3 2022 as explained in section 1.4.

[4] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology (refer to section 4 of this Analysis) or due to rounding differences variance

2.6 Group's Statement of Cash Flows

Cash Flow Statement for the year ended 31 December	2019A	2020A	2021A	2022F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
Profit before taxation	10,044	6,396	1,978	2,119
Adjustments for:				
Depreciation	15	15	32	32
Provision for doubtful debts	-	46	-	-
Finance costs	277	801	802	793
Finance income	-	-	(112)	(112)
Gain on change in fair value of investment property	(9,736)	(4,855)	-	-
Operating profit before working capital movement	**600**	**2,403**	**2,700**	**2,832**
Movement in trade and other receivables	302	(5)	4	(83)
Movement in dues to related parties	-	(221)	(122)	(274)
Movement in dues from related parties	211	71	602	-
Movement in trade and other payables	1,995	764	(1,147)	452
	3,108	**3,012**	**2,037**	**2,927**
Tax paid	(38)	(99)	(230)	(563)
Net cash flows generated from operating activities	**3,070**	**2,913**	**1,807**	**2,364**
Cash flows from investing activities				
Purchase of property, plant and equipment	(59)	(1)	(74)	-
Purchase of investment property	(5,582)	(1,954)	(591)	(233)
Loans advanced to related parties	(300)	-	300	(1,068)
Loans to parent	-	(1,050)	(300)	-
Net cash flows used in investing activities	**(5,941)**	**(3,005)**	**(665)**	**(1,301)**
Cash flows from financing activities				
Proceeds from incorporation of subsidiary	-	-	4	-
Proceeds from capital issued	49	-	-	-
Proceeds from debt securities issued	19,534	-	-	-
Repayment of bank loans	(15,620)	-	-	-
Repayment of lease liabilities	(7)	(11)	(11)	-
Finance income	-	-	-	112
Finance costs	-	(1)	-	-
Bond interest paid	-	(750)	(750)	(750)
Net cash flows generated from / (used in) financing activities	**3,956**	**(762)**	**(757)**	**(638)**
Movement in cash and cash equivalents	**1,085**	**(854)**	**385**	**425**
Cash and cash equivalents at start of year	-	1,085	231	616
Cash and cash equivalents at end of year	**1,085**	**231**	**616**	**1,041**

Ratio Analysis[5]	**2019A**	**2020A**	**2021A**	**2022F**
	€000s	**€000s**	**€000s**	**€000s**
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	€(2,571)	€958	€1,142	€2,131

The Group reported a net cash flow generated from operating activities of €1.8m during FY21, with this being approximately in line with previous projections. Following a projected positive financial performance during FY22, net cash generated from operating activities is expected to amount higher to €2.4m during the year.

As in the case of the Guarantor, capital expenditure incurred during FY21 was minimal during the year, with total cash used in investing activities amounting to *circa* €0.7m. Total net cash outflow from investing activities is expected to amount to €1.3m, particularly as a result of movements in loan advances to related parties as explained in prior sections of this Analysis.

Net financing activities during FY21 mainly take into account the bond interest payments. These are expected to amount lower to €0.6m during FY22.

[5] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance

Part 3 - Key Market and Competitor Data

3.1 General Market Conditions

The Group is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget and their profitable operation. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Group's planning during development, this shall have an adverse impact on the financial condition of the Group and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

3.2 Economic Update[6]

The Central Bank's Business Conditions Index indicates that annual growth in business activity remains above its long-term average, In April, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased when compared with March. This decrease in uncertainty was largely driven by developments in industry and to a smaller degree, in the construction and retail sectors.

In March, industrial production contracted again in annual terms, though at a slower rate when compared with February. The volume of retail trade rose at a faster pace. The unemployment rate was marginally lower than that recorded in February and well below last year's rate. Commercial and residential permits increased in March relative to their year-ago levels.

However, in April, the number of final deeds of sale and promise-of-sale agreements fell on a year-on-year basis. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 5.4% in April, up from 4.5% in the previous month.

Inflation based on the Retail Price Index (RPI) rose to 5.7% in April, from 4.4% a month earlier. Maltese residents' deposits expanded at an annual rate of 10.1% in March following an increase of 8.4% in the previous month, while annual growth in credit to Maltese residents stood at 7.7%, below the rate of 8.2% recorded a month earlier. The Consolidated Fund deficit in March 2022 widened compared with a year earlier as expenditure increased at a faster pace than revenue.

3.3 Economic Outlook[7]

The Central Bank of Malta (the Bank) expects Malta's Gross Domestic Product (GDP), to grow by 6.0% in 2022, by 5.3% in 2023, and by 3.8% in 2024. In comparison to the projections published in December 2021, GDP growth is being revised upwards for 2021 and 2022 due to due to an estimated 1.2 percentage point higher growth in 2021. Pre-pandemic economic activity levels would thus have been attained earlier than projected in the Bank's previous projections exercise. Consequently, the GDP growth rate for 2022 is being revised down by 0.5 percentage points. No substantial revisions have been made to the subsequent two years.

In 2022, domestic demand is expected to be the main driver of growth, reflecting strong growth in private and government consumption. In addition, net exports are projected to also contribute strongly this year, as exports accelerate, while imports are projected to grow at a slower pace. The slowdown in imports in turn mirrors the expected drop in investment in 2022, following exceptional outlays in certain sectors in 2021. In the following years, domestic demand is envisaged to continue leading the expansion in economic activity, reflecting especially a foreseen strong contribution from private consumption.

At the same time, the contribution of net exports is projected to remain positive, reflecting the gradual normalisation of tourism activity and continued growth in foreign demand generally.

Employment growth is set to accelerate to 2.6% in 2022 in view of the continued growth in economic activity. It is then set to slow down in the following two years. The unemployment rate is set to stand at 3.5% by 2022 before returning to 3.6% in 2023 and 2024. At the same time, labour market tightness is expected to gradually moderate as net migration flows pick up over the projection horizon. This is expected to alleviate wage pressures.

[6] Central Bank of Malta – Economic Update 5/2022

[7] Central Bank of Malta – Economic Projections 2021 – 2024 (2022:2)

Annual inflation based on the Harmonised Index of Consumer Prices is set to rise to 2.7% in 2022, up from 0.7% in 2021, largely reflecting the impact of import price pressures on all subcomponents of inflation except energy. Import price pressures are then envisaged to ease somewhat and hence, inflation is set to decelerate to 1.8% by 2024.

The general government deficit is expected to narrow substantially over the remainder of the forecast horizon as COVID-19 measures unwind and macroeconomic conditions improve further. By 2024, it is forecast to narrow to 3.3% of GDP. On its part the general government debt-to-GDP ratio is projected to stand at 60.9% of GDP in 2024.

On balance, risks to economic activity over the medium term are judged to be balanced, with some downside risks in the short-term, when the pandemic could further weaken tourism exports more than anticipated in the baseline. Moreover, a prolongation of supply bottlenecks could adversely affect manufacturing activity and domestic demand, with higher than projected inflation. On the other hand, a faster decline in the saving ratio could lead to faster than expected growth in economic activity over the medium term.

With regards to inflation, risks are on the upside during the entire projection horizon. In particular, if supply bottlenecks and disequilibria between demand and supply persist, more firms might be constrained to raise selling prices, which in turn could trigger higher wage demands.

Risks to public finances mainly affect 2022 and are deemed to be deficit-increasing. In particular, these risks relate to the likelihood of additional COVID-related support and the impact of Air Malta's restructuring on the likelihood of State aid to the airline.

3.4 The retail sector

Following the implementation of confinement measures by both local and international governments, retail stores had to close their doors in mid-March 2020. As the first wave of COVID-19 cases started to be controlled, retail stores were allowed to reopen in early May 2020. This enabled retailers to start crystallising some of their lost sales as consumer demand started to pick up. The recovery for certain retailers was short-lived after governments reintroduced restrictions on mass events such as prohibiting weddings, concerts, parties, and other large events.

Restrictions continued to be tightened and as from 11 March 2021, Malta re-entered in a quasi-lockdown state, which amongst other restrictions, resulted in the closure of non-essential shops, with these being allowed to re-open their respective doors in June-July 2021.

To alleviate liquidity challenges, the government of Malta launched the Malta Development Bank (MDB) COVID-19 Guarantee Scheme (CGS) for the purpose of guaranteeing new loans granted by commercial banks for working capital purposes to businesses facing liquidity shortfalls as a result of the pandemic. In terms of the number of facilities, the sector comprising wholesale and retail activities applied for the largest number of facilities and had the largest value of sanctioned loans.

Moving into 2022, according to latest data issued by the Central Bank of Malta, business activity over the past couple of months, improved considerably compared to the past 2 years. Confidence within the local retail sector more than doubled in February 2022. Specifically, it edged up to 21.1 from 6.5 in January 2022. Although the indicator dropped down to 8.4 and 6.7 for March and April respectively, these figures are still significantly above 2020 and 2021 averages. In this respect, confidence expectations concerning the local retail industry over the next couple of months also improved.

From a macroeconomic perspective, despite a year of economic uncertainty, retail appears to be on an upward trajectory in the early months of 2022, with innovation in digital technology and sustainability as the main exciting prospects in the face of the disruption brought about by the pandemic. Unfortunately, churn is expected to remain in the short to medium term, so anticipating consumer needs has never been more imperative and critical in the retail industry. Those retailers who have lately adjusted their business model and are able to address consumers' needs at any time irrespective of their geographical location, are the ones that continue to win additional market share within the industry.

3.5 Commercial property market

Recent tough business conditions, have exerted a sizeable amount of pressure on many businesses, inevitably forcing companies to place their respective business plans on hold. The movement in the local office segment for example, caused a reorganisation of this business segment with some relocating, others downsizing and others taking the unprecedented downtime as an opportunity to strategise.

While some have opted to retain an element of home-working, most businesses have eventually returned to their normal operations as there is nothing that works as well as an office environment.

Indeed, 2021 saw a rebound in the rental commercial market when compared to 2020 as many workers returned to their offices. Although the situation is expected to continue improving over time, the real long term effects of COVID-19 on the rental commercial market are still uncertain. The reason for this is two-fold. Employers want to take advantage of the lower costs associated with remote work in the form of either lower rent costs or reduced investments in office space whilst employees have found comfort in the flexibility associated with the working from home flexibility. The housing sector for instance, has also been affected by the pandemic. Property owners are now more comfortable accepting longer term rental agreements even if it means accepting lower overall income when compared to more frequent but shorter term rentals.

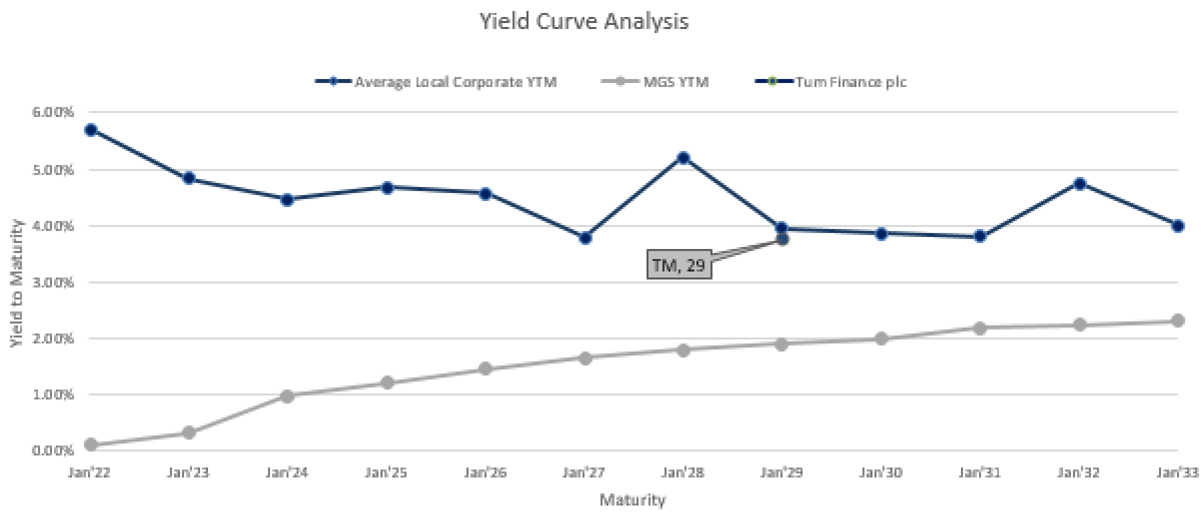
Nevertheless, in line with latest statistical data issued by Eurostat[8], the index reflecting office building permits within the European Union, indicated a marked increase throughout 2021, further strengthening the argument that a recovery was underway following the depressed levels in 2020. In Q1 2021 the index seemed to have bottomed at 106.7 from 138.5 in the previous quarter. Following this drop, the index showed consistent quarterly increases for Q2, Q3 and Q4 of 115, 129.3 and 136.1 respectively.

[8] https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do

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)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
6% Pendergardens Developments plc Secured € 2022 Series II	19,757	5.71%	(2.3)x	59.5	30.7	48.4%	35.5%	4.6x	0.7x	3.91%	10.19%	-9.54%
4.25% GAP Group plc Secured € 2023	8,350	4.23%	7.8x	112.2	21.6	80.8%	66.3%	3.5x	6.2x	48.3%	17.7%	110.7%
5.8% International Hotel Investments plc 2023	10,000	4.67%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
6% AX Investments Plc € 2024	40,000	5.97%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
6% International Hotel Investments plc € 2024	35,000	4.83%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
5% Tumas Investments plc Unsecured € 2024	25,000	4.75%	4.9x	232.1	139.2	40.0%	19.7%	2.6x	4.4x	2.8%	11.6%	-1.4%
5% Hal Mann Vella Group plc Secured € 2024	30,000	3.67%	3.1x	123.8	48.5	60.8%	53.1%	9.0x	1.4x	2.5%	4.7%	7.7%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	4.72%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
4.5% Hili Properties plc Unsecured € 2025	37,000	4.01%	1.5x	208.7	110.9	46.9%	32.3%	10.6x	4.7x	3.7%	38.5%	6.5%
5.25% Central Business Centres plc Unsecured € 2025 S2T1 (xd)	3,000	4.94%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%	227.7%	19.1%
4% MIDI plc Secured € 2026	50,000	3.94%	0.9x	225.7	102.4	54.6%	38.6%	30.5x	2.8x	0.5%	5.9%	234.4%
4% International Hotel Investments plc Secured € 2026	55,000	3.84%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
4% International Hotel Investments plc Unsecured € 2026	60,000	3.99%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.27%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.75%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	4.40%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%	227.7%	19.1%
3.75% Tumas Investments plc Unsecured € 2027	25,000	3.75%	4.9x	232.1	139.2	40.0%	19.7%	2.6x	4.4x	2.8%	11.6%	-1.4%
4% Stivala Group Finance plc Secured € 2027	45,000	3.58%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
4% Exalco Finance plc Secured € 2028	15,000	3.63%	4.8x	70.0	44.3	36.7%	23.8%	3.6x	1.1x	5.7%	49.3%	3.9%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.49%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
3.75% TUM Finance plc Secured € 2029 (xd)	20,000	3.75%	3.6x	67.9	37.4	44.9%	34.4%	7.3x	0.6x	4.0%	41.0%	10.0%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
4% Cablenet Communication Systems plc Unsecured € 2030	40,000	3.85%	7.4x	88.3	8.4	90.5%	82.6%	2.6x	0.5x	-42.5%	-8.5%	13.9%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	3.97%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.23%	1.2x	32.6	13.1	59.8%	51.6%	20.9x	2.4x	-2.1%	-9.9%	8.8%
3.5% GO plc Unsecured € Bonds 2031	60,000	3.50%	27.6x	368.6	109.9	70.2%	52.6%	1.7x	1.0x	8.8%	5.4%	4.6%
3.9% Browns Pharma Holdings plc Unsec Call € Bonds 2027-2031	13,000	3.70%	6.4x	67.3	26.9	60.0%	40.9%	3.7x	1.1x	9.3%	6.8%	26.7%
4.25% Central Business Centres plc Unsecured € 2033	21,000	2.89%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%	292.6%	15.3%

Source: Latest available audited financial statements
* Last closing price as at 06/06/2022
**Average figures do not capture the financial analysis of the Issue

Calamatta Cuschieri



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 plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of comparable issuers having a maturity between 6-10 years (Peers YTM).

As at 6th June 2022, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 6-10 years was 179 basis points. The 3.75% TUM Finance plc 2029 is currently trading at a YTM of 3.75%, meaning a spread of 185 basis points over the equivalent MGS. This means that this bond is trading at a premium of 5 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.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
EBIT (Operating Profit)	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.
Profit After Taxation	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 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 less any interest incurred on debt.
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)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de 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.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

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 de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within 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.

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	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	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.

Calamatta Cuschieri

Calamatta Cuschieri Investment Services Ltd

Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR9034, Malta
www.cc.com.mt.