Company Announcement

The following is a Company Announcement issued by MIDI p.l.c. ("MIDI" or the "Company") pursuant to the Capital Markets Rules of the Malta Financial Services Authority ("MFSA").

Quote

Update to the Financial Analysis Summary

MIDI p.l.c. announces the publication of the update to the Financial Analysis Summary dated 21st June 2023, prepared by Rizzo Farrugia & Co (Stockbrokers) Ltd., in line with the requirements of the MFSA Policies in relation to the €50 million 4% Secured Bonds 2026 issued by the Company in 2016.

The update to the Financial Analysis Summary is being attached to this announcement. This report is also available on the Company's website via the following link https://www.midimalta.com/en/updatefas.

Unquote

Catherine Formosa

Catherine Formosa
Company Secretary

21st June 2023

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
MIDI plc
North Shore,
Manoel Island,
Limits of Gzira, GZR 3016

21 June 2023

Dear Sirs,

MIDI plc – update to the Financial Analysis Summary (the **"Update FAS"**)

In accordance with your instructions and in line with the requirements of the MFSA Listing Policies, we have compiled the Update FAS set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Update FAS is that of summarising key financial data appertaining to MIDI plc (the "**Company**", "**MIDI**", or "**Issuer**") in relation to the €50 million 4% Secured Bonds 2026 issued by the Company in 2016.

The data in this Update FAS is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2020 to 2022 has been extracted from the Issuer's audited statutory financial statements for the three years in question, as and when appropriate.

(b) The forecast data for the financial year ending 31 December 2023 has been provided by management of the Issuer.

(c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Update FAS.

(e) Relevant financial data in respect of the comparative set as analysed in part D has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Malta Business Registry.

The Update FAS is meant to assist potential investors by summarising the more important financial data of the Issuer. The Update FAS does not contain all data that is relevant to potential investors and is meant to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Update FAS and no representation or warranty is provided in respect of the reliability of the information contained in this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

Update 2023

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013, as revised on 13 August 2021.

21 June 2023

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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Important Information

Purpose of the Document

MIDI plc (the "**Company**", "**MIDI**" or the "**Issuer**") issued €50 million 4% Secured Bonds 2026 pursuant to a prospectus dated 28 June 2016 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the MFSA Listing Policies dated 5 March 2013 and last revised on 13 August 2021. The purpose of this report is to provide an update to the FAS (the **"Update FAS**") on the performance and on the financial position of the Company.

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (www.midimalta.com), the Company's audited financial statements for the years ended 31 December 2020, 2021 and 2022 and forecasts for financial year ending 31 December 2023.

Forecasts that are included in this document have been prepared and approved for publication by the directors of the Company, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st January to 31st December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Previous FAS Issued

The Company has published the following FAS which are available on its website:

FAS dated 28 June 2016 (appended to the prospectus)

FAS dated 19 June 2017

FAS dated 20 June 2018

FAS dated 21 June 2019 *(and addendum dated 21 August 2019)*

FAS dated 23 June 2020

FAS dated 23 June 2021

FAS dated 27 June 2022

PART A BUSINESS & MARKET OVERVIEW UPDATE

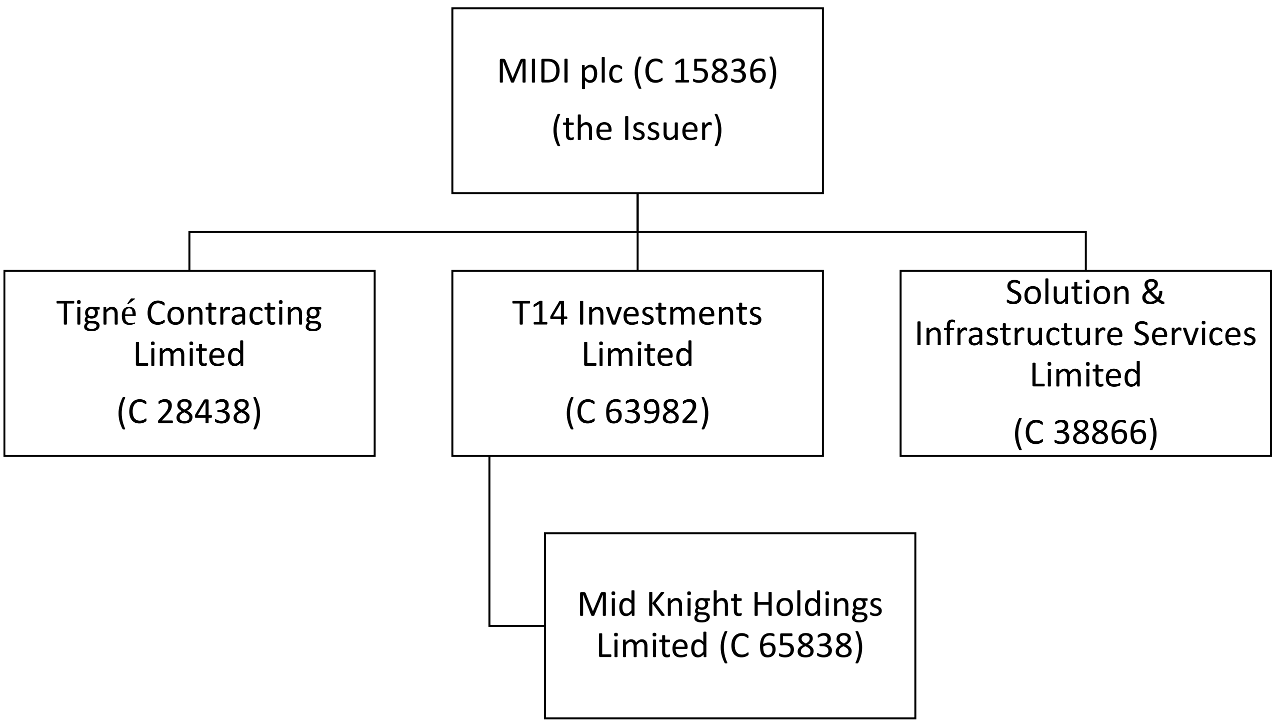
1. INTRODUCTION

MIDI plc was established in 1992 as a private consortium and was admitted to listing on the Malta Stock Exchange in December 2010. In June 2000, MIDI acquired the emphyteutic rights to the land at Tigné Point (Sliema) and Manoel Island (Gzira) from the Government of Malta for a period of 99 years. Tigné Point is one of the largest residential, commercial and leisure property development projects in Malta to date.

The MIDI Group is currently composed of the Issuer which is the holding Company of several subsidiary companies as shown in the organigram below.

MIDI AND ITS SUBSIDIARIES (THE "GROUP")

MIDI is the only shareholder (directly or indirectly) of Tigné Contracting Limited ("**TCL**"), T14 Investments Limited ("**T14L**") and Solutions and Infrastructure Services Limited ("**SIS**").



TCL

TCL was established in Malta on 10 July 2001 as a private limited liability company. TCL serves as the Group's main contractor to execute the construction and development of Tigné Point and Manoel Island. As such, the majority of contracts with third party contractors are entered into through this company.

T14 Investments Limited and Mid Knight Holdings Limited

T14 Investments Limited ("**T14IL**") was established in Malta on 21 February 2014 as a private limited liability company. During that same year, T14IL entered a joint venture with Benny Holdings Limited – Mid Knight Holdings Limited – with a view to develop and manage a business centre (known as The Centre) located at Tigné Point.

Solution & Infrastructure Services Limited

Solution & Infrastructure Services Limited ("**SIS**") was established in Malta on 5 June 2006 as a private limited liability company. The company was initially set up as a joint venture between MIDI and Siemens S.p.A. On 14 September 2015, MIDI acquired the remaining 50% shareholding owned by Siemens S.p.A.

The principal operations of SIS are now focused on the operation of an HVAC centralised system which consists of the provision of heating and cooling to various residential and commercial components at Tigné Point. Apart from HVAC, SIS continues to provide access control services at Tigné Point.

In December 2022, the Company announced that SIS, as part of a corporate restructuring exercise, will be amalgamated with MIDI plc during the current financial year ending 31 December 2023. Therefore, upon this amalgamation taking effect, MIDI plc shall succeed to all the assets, rights, liabilities and obligations of SIS which in turn will cease to exist.

2. Key Assets and Developments

Tigné Point

Tigné Point is a residential, commercial and leisure development located in Sliema. The development comprises 442 residential units (including the upcoming development known as Q3, which will consist of 63 units) complemented by office facilities, a shopping mall, parking facilities and Pjazza Tigné which also includes commercial and leisure outlets. The project places a strong emphasis on the restoration of historic sites including Fort Tigné, the Garden Battery, St. Luke's Garrison Chapel, army barracks and the clock tower. All traffic is routed underground, providing a car-free zone at ground floor level and extensive green areas and public spaces. These attributes make it a unique development for Malta in many respects.

The Centre

The joint venture between MIDI (through T14IL) and a third-party investor in 2014 - Mid Knight Holdings Limited – was established to carry out the construction and development of the T14 Business Centre, now known as *The Centre*, which was completed in 2017. The Centre is fully owned by Mid Knight Holdings Limited save for one floor which was sold during FY2017. The remaining owned floors are rented out to third parties with high occupancy levels maintained throughout the years.

Recent Developments

Q3

Development works on the final development at Tigné Point known as Q3 – Fortress Gardens commenced during the course of 2022. Civil works on the residential block of 63 apartments complimented with underlying car parking have progressed will and are ahead of the projected timelines. Moreover, the Company has now awarded contracts for the finishing works as well as the façade. In January 2023, the Company launched all 63 apartments to the market which were positively received as more than 65% of the units are currently subject to a promise of sale agreement. This development is expected to be completed by mid-2025.

Developments on the Manoel Island Project

During FY2022, the Company continued to focus on the Manoel Island project in connection with the following aspects:

(i) discussion with Government regarding the specific remedies available in the Deed of Emphyteusis entered into 15 June 2000 to mitigate the impact of the reduction in development volumes (from 127,000 square metres to 95,000 square metres) following the discovery of archaeological finds on site;

(ii) the appeal lodged by third-parties at the Court of Appeal objecting to the decision by the Environment and Planning Review Tribunal ("**EPRT**") to reject the appeal to the approval of the Environmental Impact Assessment ("**EIA**") by the Environmental and Resources Authority ("**ERA"**). On 11 May, the Court of Appeal issued its judgement whereby it did not uphold the third party's appeal. As a result, the EIA and Outline Development Permit are now confirmed;

(iii) continuing discussions with AC Enterprises Limited (C 49755) as both parties explore the possibility of establishing a joint venture with regards to the Manoel Island development. As at the date of this report, no transaction has been concluded; and

(iv) continued works on a detailed design process which led to the submission of a full development application for the Manoel Island development (PA/01053/23) in December 2022.

3. Governance and Senior Management

The Board of MIDI consists of nine directors who are entrusted with the overall direction and management of the Company. The Board is currently composed of the following directors:

Board of Directors	Role
Dr Alec A. Mizzi	Chairman & Non-Executive Director
Mr Joseph Bonello	Non-Executive Director
Mr David Demarco	Non-Executive Director
Mr Joseph A. Gasan	Non-Executive Director
Ms Jacqueline Briffa	Non-Executive Director
Mr Joseph Said	Non-Executive Director
Mr Mark Portelli	Executive (Managing) Director, CEO
Mr Gordon Polidano	Non-Executive Director
Mr Alfredo Munoz Perez	Non-Executive Director
Dr Sarah Mamo	Non-Executive Director *(appointed 10 January 2023)*

The Company Secretary is Dr Catherine Formosa.

The Issuer has a number of employees of its own. The executive management of MIDI is composed of the following:

Executive Management	Role
Mr Mark Portelli	Chief Executive Officer
Mr Jesmond Micallef	Chief Financial Officer
Mr Ivan Piccinino	Senior Project Manager

4. MARKET OVERVIEW

THE PROPERTY MARKET

The construction and real estate industries have traditionally been a key driver of growth for the local economy. Moreover, the positive correlation between the performances of the local economy and the construction and real estate industry has been particularly evident in recent years. These have been mainly fuelled by favourable local and external macroeconomic dynamics as well as various initiatives (including fiscal incentives) by the Government of Malta aimed at boosting the overall level of public and private investment, regenerate business/retail and consumer confidence, and increase the participation and relocation of numerous foreigners and foreign companies opting to reside and do business in Malta.

The outbreak of COVID-19 disrupted the momentum that was building in the local economy as all sectors were adversely affected. The construction and real estate industry was no exception although the data indicated that the industry has been relatively resilient. In fact, whilst prices dipped in 2020, they rebounded in 2021.

Moreover, the most recent data issued by the Central Bank of Malta[1] shows that residential property prices in Malta (based on advertised prices) maintained an upward trend in 2022 to close the year at record highs.

COMMERCIAL PROPERTY

Although commercial property is a very important sector of the local property market, available statistics are indeed limited. Nonetheless, the most recent data published by the Central Bank of Malta[2] indicates a continued recovery in the commercial property space following the dip experienced in 2020 with the onset of the COVID-19 pandemic which derailed the sector's momentum built in the previous three years. In fact, the number of commercial development permits (comprising permits related to agriculture, manufacturing, warehousing, retail, offices, tourism as well as restaurant and bars) increased to 1,920 permits in 2022 (compared to 1,705 in 2021 and 1,557 in 2020) thereby moving closer to the record levels of more than 2,000 commercial development permits granted in each of 2017, 2018 and 2019.

ECONOMIC RESULTS

Property remains an important contributor to the country's GDP with economic activity in this sector continuing to grow. In fact, Gross Value Added ("GVA") of the construction sector increased by 5.1% to €670.3 million in 2022 compared to €638.0 million in the previous year. Similarly, the GVA related to real-estate activities expanded by 9.7% to €904.7 million. Over the same period, the percentage share of the construction

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[1] *Central Bank of Malta, 2023, Property Prices Index based on Advertised Prices, available from https://www.centralbankmalta.org/site/Subscriber%20Categories/Real%20Economy%20Indicators/house_prices.xls?rnd=20230505104133&revcount=2130 [Accessed 5 May 2023]*

[2] *Central Bank of Malta, 2023, Development Permits for Commercial, Social and Other Purposes, available from https://www.centralbankmalta.org/site/Subscriber%20Categories/Real%20Economy%20Indicators/dev_permits.xls?rnd=20230505104133&revcount=5246 [Accessed 5 May 2023]*

sector and real estate activities to Malta's GVA remained relatively stable at 10.1% in 2022, compared to 10.7% in 2021[3].

[3] *National Statistics Office, 2023, Gross Domestic Product: 2022, available from: https://nso.gov.mt/gross-domestic-product-2022/ [Accessed 5 May 2023]*

5. REVIEW OF THE INCOME STATEMENT

<u>Note on revenue recognition from sale of property:</u> In terms of accounting standards, revenue arising from the Company's sale of property can only be recognised in its income statement when significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This means that while the Company may enter into a number of promise of sale agreements and receive the relative deposits, such cash flows cannot be recognised as revenue until the deed of sale is published for each of the apartments, i.e. when the ownership of the property is completely transferred from the Company to the new owner.

	ACTUAL FY2020 *€'000*	ACTUAL FY2021 *€'000*	ACTUAL FY2022 *€'000*	FORECASTS FY2023 *€'000*
Revenue	2,816	9,417	3,415	3,269
Cost of Sales	(1,727)	(5,052)	(1,113)	(1,491)
Gross Profit	**1,089**	**4,365**	**2,302**	**1,778**
Other net operating costs	(2,050)	(2,255)	(2,424)	(2,892)
EBITDA	**(961)**	**2,110**	**(122)**	**(1,114)**
Depreciation	(262)	(246)	(235)	(261)
Changes in fair value attributable to investment property	-	-	(1,050)	-
Results from operating activities	**(1,223)**	**1,864**	**(1,407)**	**(1,375)**
Net finance costs	**(2,311)**	**(2,446)**	**(2,701)**	**(2,645)**
Other income	50	50	-	-
Share of profit of joint venture	1,893	2,031	1,984	1,570
(Loss) / Profit before tax	**(1,591)**	**1,499**	**(2,124)**	**(2,450)**
Tax income / (expense)	(525)	(942)	(152)	-
(Loss) / Profit for the period	**(2,116)**	**558**	**(2,276)**	**(2,450)**

FY2022 REVIEW

The Group's revenue streams are divided into two main segments: (a) the development and sale of property, which comprises primarily the construction and sale of residential units within Tigné Point; and (b) rental and management of commercial property, which involves the leasing and management of retail space at Pjazza Tigné and the catering units situated at the foreshore at Tigné Point, income from the carpark (which is managed by a third party but which is subject to a fixed fee and a revenue sharing agreement), income from the Manoel Island Marina which is operated by a third party, as well as the operations of SIS.

Revenue and Other Income Analysis by Operating Segment

	ACTUAL FY2020 €'000	ACTUAL FY2021 €'000	ACTUAL FY2022 €'000
Development and sale of property	213	6,612	229
Rental and management of commercial property	2,603	2,806	3,186
Total Revenue	**2,816**	**9,418**	**3,415**

In FY2022, MIDI had no inventory of residential apartments for sale as such the revenue from 'development and sale of property' fell to just over €0.2 million reflecting sales of garages and storage rooms.

Meanwhile, the 'rental and management of commercial property' segment contributed €3.2 million to the revenue of the Company for FY2022. This was 13.5% higher than the revenue generated by this segment in the previous year largely reflecting the termination of all rent concessions related to the COVID-19 pandemic.

In the absence of any apartment sales, cost of sales also decreased substantially to €1.1 million (FY2021: €5.1 million) leading to a gross profit of €2.3 million compared to €4.4 million in FY2021.

Operating costs also increased by 7.5% to €2.4 million largely reflecting a lower level of capitalised costs. Given the higher declines in revenue than in costs, MIDI incurred a marginal negative EBITDA of €0.1 million in contrast to the positive EBITDA of €2.1 million registered in FY2021.

Depreciation charge for the year stood at €0.2 million (FY2021: €0.2 million).

Moreover, in FY2022, the income statement of MIDI plc was adversely impacted by a reduction of €1 million in the fair value attributable to investment property reflecting current economic circumstances and other developments that materialised over the past year.

Net finance costs increased by 10.4% to €2.7 million, largely reflecting higher effective interest rates on the Group's bank borrowings (the weighted average effective interest rate on bank borrowings increased from 1.9% in FY2021 to 3.1% in FY2022), which also marginally increased, as well as the incidence of higher banking fees.

MIDI's share of profit from the joint venture (Mid Knight Holdings Limited) that operates *The Centre* at Tigné Point was relatively unchanged at just below €2.0 million.

Overall, MIDI plc incurred a pre-tax loss of €2.1 million in 2022 in contrast to the €1.5 million pre-tax profit registered in 2021 mainly reflecting the absence of property sales as well as the fair value reduction in the value of investment property. After deducting a tax charge of €0.2 million (FY2021: €0.9 million), the Group registered a net loss of €2.3 million (FY2021: net profit of €0.6 million).

Forecasts FY2023

Similar to FY2022, the Company will have no stock of properties to deliver to its customers during the current financial year and there is still a considerable lead time in the development projects of Q3 and Manoel Island. The Company launched all 63 apartments forming part of the Q3 development which have been well received as more than 65% of the apartments are subject to a promise of sale agreement. Nonetheless, as explained earlier in this section, given that the Q3 project is only expected to be completed in mid-2025, no revenue will be recorded in the Company's FY2023 income statements as this will only be recognised once the deed of sale is published for each of the apartments following completion. As such, the performance of the Company is expected to remain subdued.

Revenue in FY2023 is expected to further contract to €3.3 million reflecting the expectation that there will be no sale of any property whatsoever as well as a reduction in revenue from 'property rental & management activities'.

On the other hand, cost of sales are expected to increase by 34% to €1.5 million reflecting expenditure related to infrastructural works which were delayed in FY2022 but is now expected to be incurred in FY2023. Similarly, administrative and other expenses are expected to further increase by 19.3% to €2.9 million mainly reflecting an increase in marketing expenditure in connection with the Q3 development and a lower level of capitalised costs.

As a result (primarily reflecting the absence of any property sales coupled with the expected rise in costs), the Group is expecting to register a negative EBITDA of €1.1 million in FY2023 (FY2022: negative EBITDA of €0.1 million). After accounting for a forecasted depreciation charge of €0.3 million (FY2022: €0.2 million), the Group anticipates an operational loss of €1.4 million, similar to that incurred in FY2022.

Finance costs are expected to remain relatively stable at €2.6 million whilst the share of profit from its JV for FY2023 is expected to be in the region of €1.6 million, a 20.8% reduction on the back of a drop in rental revenues as some areas are expected to be vacant for a period of time during the current financial year.

Overall, MIDI is projecting a loss before tax of €2.5 million compared to the €2.1 million pre-tax loss registered in FY2022.

Meanwhile, no tax is expected to be incurred by MIDI plc in FY2023 as the Company will be able to offset any tax due with accumulated tax losses. As such, the Group will end FY2023 in a net loss position of €2.5 million.

6. Review of Cash Flows Statement

	ACTUAL FY2020 €'000	ACTUAL FY2021 €'000	ACTUAL FY2022 €'000	FORECASTS FY2023 €'000
Net cash (used for) operating activities	(11,552)	(2,704)	(9,307)	(5,770)
Net cash from investing activities	1,812	1,393	1,563	1,609
Free Cash Flow	**(9,740)**	**(1,311)**	**(7,745)**	**(4,161)**
Net cash (used for) / from financing activities	(633)	(468)	2,997	570
Net movements in cash and cash equivalents	**(10,372)**	**(1,779)**	**(4,748)**	**(3,591)**
Cash and cash equivalents at beginning of the year	21,901	11,529	9,750	5,002
Cash and cash equivalents at end of year	**11,529**	**9,750**	**5,002**	**1,411**

FY2022 Review

The Company reported a net outflow of cash in respect of operating activities of €9.3 million in FY2022, largely reflecting the payments made with respect to the development of Q3.

On the other hand, the Company registered a cash inflow from investing activities of €1.6 million comprising, in the main, the dividend received from the 50% shareholding in Mid Knight Holdings Limited, which in turn owns and operates The Centre office block.

The Group also registered a cash inflow just short of €3 million from its financing activities on the back of a drawn down of almost €13 million in bank financing which was partially offset by the repayment of bank borrowings amounting to €10 million.

Overall, the Group reported a net cash outflow of €4.7 million and as a result its cash balance dropped from €9.8 million as at the end of FY2021 to €5 million as at the end of FY2022.

Forecasts FY2023

The Company is expected to remain a net utiliser of cash in view of the ongoing development works related to the Q3 project. Nonetheless, the Company is expecting a net cash outflow from its operating activities of €5.8 million in FY2023 which is lower than the outflow reported in FY2022.

Meanwhile, cash flows from investing activities are expected to amount to €1.6 million and largely comprising the projected dividend from the Group's stake in Mid Knight Holdings Limited.

Cash flows from financing activities are expected to largely reflect cash movements related to the Q3 residential development. In this respect, it is important to note that the development is being exclusively financed by a dedicated bank facility as well as the deposits being received for Q3 residential properties (upon signing of the promise of sale agreements and subsequent payments as they fall due in line with certain milestones). In fact, MIDI plc is expected to register a cash inflow from financing activities amounting to €0.6 million, representing the net drawdown (drawdowns expected netted off by initial payments received in connection with the promise of sale agreements entered into in connection with the Q3 development) of €1 million in bank borrowings which are expected to be partially offset by outflows related to Emphyteutical Deed obligations.

Overall, the Group is anticipating a net cash outflow of €3.6 million and as a result its cash balance is expected to drop from €5.0 million as at the end of FY2022 to €1.4 million as at the end of FY2023.

7. Review of Statement of Financial Position

	ACTUAL FY2020 €'000	ACTUAL FY2021 €'000	ACTUAL FY2022 €'000	FORECASTS FY2023 €'000
ASSETS				
Property, plant and equipment	2,429	2,215	2,026	1,938
Right of Use Asset	12,964	12,628	12,485	12,485
Investment property	37,078	37,282	36,232	36,232
Investment in joint ventures	29,903	30,326	31,929	31,890
Available-for-sale financial assets	525	512	447	466
Deferred tax assets	92	59	57	59
Total non-current assets	**82,990**	**83,022**	**83,175**	**83,070**
Inventories - development project	130,287	130,671	140,571	165,736
Trade and other receivables	2,782	2,253	3,102	2,604
Current tax asset	62	-	-	-
Cash and cash equivalents	11,529	9,750	5,002	1,412
Total current assets	**144,659**	**142,674**	**148,675**	**169,752**
Total assets	**227,649**	**225,696**	**231,850**	**252,822**
LIABILITIES				
Borrowings	49,395	49,579	62,667	63,667
Lease Liabilities	13,383	13,784	14,238	15,355
Trade and other payables	13,599	8,734	3,577	25,822
Total non-current liabilities	**76,377**	**72,096**	**80,483**	**104,844**
Borrowings	10,000	10,000	-	-
Lease Liabilities	633	633	1,265	1,265
Trade and other payables	38,706	40,580	48,828	47,889
Total current liabilities	**49,338**	**51,212**	**50,093**	**49,154**
Total liabilities	**125,715**	**123,309**	**130,576**	**153,998**
EQUITY				
Share capital	42,832	42,832	42,832	42,832
Share premium	15,879	15,879	15,879	15,879
Other reserves	1,304	1,291	2,455	2,454
Retained earnings	41,828	42,385	40,109	37,659
Total equity	**101,842**	**102,388**	**101,275**	**98,824**
Total equity and liabilities	**227,557**	**225,696**	**231,850**	**252,822**

FY2022 Review

MIDI's asset base at the end of FY2022 stood at €231.9 million (FY2021: €225.7 million). The split remained largely unchanged. In fact, non-current assets were relatively unchanged at €83 million. Meanwhile, within current assets, cash balances contracted by 48.7% to €5 million as the Group utilised its cash reserves to fund its operations in the absence of any income from the sale of property. Moreover, given the development works undertaken on the Q3 project, 'Inventories – development project' rose by 7.6% to €140.6 million by the end of FY2022.

The most material changes in liabilities relate to the aggregate amount of current and non-current borrowings, which increased by around €3 million as new bank loan drawdowns exceeded loan repayments, 'trade and other payables' which increased by just over €3 million in connection with dues related to the Q3 project and lease liabilities which increased by a total of €1 million. Meanwhile, all other liability elements remained relatively unchanged.

As a result, the Group's equity base was also relatively stable with the only material change relating to retained earnings with a 5.4% decrease to €40.1 million, representing the loss incurred during FY2022 which was partially offset by MIDI's share of a fair value gain amounting to €1.2 million on a hedging instrument held by the MIDI's JV.

Forecasts FY2023

Looking ahead, management is anticipating total assets to increase by 9% to €252.8 million by the end of FY2023, largely reflecting the 17.9% increase in 'Inventories – development project' to €165.7 million as the Q3 development works progress. Meanwhile, the Group's cash balance is expected to contract further to €1.4 million (FY2022: €5 million), as the Group is expected to continue using its cash reserve to fund its day to day operations in the absence of any funds being generated by the sale of other properties, other than deposits being received for Q3 residential properties which in turn are being exclusively used together with the dedicated bank facility to fund the Q3 development itself.

Meanwhile, total liabilities are forecasted to increase by 17.9% to €154.0 million largely reflecting the deposits paid by clients entering into promise of sale agreements for Q3 apartments, evidence of the successful launch of such apartments onto the market. Borrowings are also expected to increase by a further €1 million to €63.7 million as the Company makes use of available bank financing facilities to support the development works related to Q3.

The composition of the equity component is also not expected to be materially different than that of FY2022, with the only material change being that in retained earnings reflecting the net loss for the year.

NET ASSET VALUE

	ACTUAL FY2020	ACTUAL FY2021	ACTUAL FY2022	FORECASTS FY2023
NAV per Share *(Total equity / Number of shares in issue)*	€0.476	€0.478	€0.473	€0.461

The Group's net asset value was largely unchanged in FY2022 at €0.473 as the loss for the year was mostly offset by MIDI's share of a fair value gain amounting to €1.2 million on a hedging instrument held by MIDI's JV. In FY2023, management is forecasting a 2.5% drop in net asset value to €0.461 in line with the aforementioned drop in retained earnings.

8. Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co (Stockbrokers) Ltd using the figures extracted from annual reports and management information.

Note: where the ratios were non-comparable because of a negative return or a negative result, the ratio has been recorded as 'n/a'.

Profitability Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to generate profitable sales from its assets.

	ACTUAL FY2020	ACTUAL FY2021	ACTUAL FY2022	FORECASTS FY2023
Gross Profit margin *(Gross Profit / Revenue)*	38.66%	46.35%	67.41%	54.39%
EBITDA margin *(EBITDA / Revenue)*	n/a	22.41%	n/a	n/a
Operating Profit margin *(Operating Profit / Revenue)*	n/a	19.80%	n/a	n/a
Net Profit margin *(Profit for the period / Revenue)*	n/a	5.92%	n/a	n/a
Return on Equity *(Profit for the period / Average Equity)*	n/a	0.55%	n/a	n/a
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	n/a	0.35%	n/a	n/a
Return on Assets (ROA) *(Profit for the period / Average Assets)*	n/a	0.25%	n/a	n/a

Given that no property sales were executed in FY2022, MIDI plc's performance regressed considerably as explained in section 5. As a result, in FY2022, the Group reported a loss for the year thereby the above ratios could not be estimated. Similarly, given that no property sales are forecasted for FY2023, the Group is anticipating a loss for the current financial year. As such, the majority of the performance-related ratios above could not be computed.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its short-term obligations.

	ACTUAL FY2020	ACTUAL FY2021	ACTUAL FY2022	FORECASTS FY2023
Current Ratio *(Current Assets / Current Liabilities)*	2.93x	2.79x	2.97x	3.45x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.23x	0.19x	0.10x	0.03x

As explained earlier, in FY2022, the Group used up part of its cash balances to further its operations whilst its 'Inventory – Development Project' appreciated value in connection with the Q3 development works currently underway. As a result, whilst cash balances were depleted, the Company's current assets registered an overall increase. In view of these changes the current ratio improved to 2.97 times whilst the cash ratio weakened to 0.10 times.

A similar trend is being anticipated for FY2023 and as a result the current ratio is expected to continue improving whilst the cash ratio is expected to weaken further.

Solvency Ratios

NB – solvency ratios are computed without taking into account the leases as a financing liability.

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its debt obligations.

	ACTUAL FY2020	ACTUAL FY2021	ACTUAL FY2022	FORECASTS FY2023
Interest Coverage ratio *(EBITDA / Net finance costs)*	n/a	0.86x	n/a	n/a
Gearing Ratio *(Net debt / [Net Debt + Total Equity])*	0.32x	0.33x	0.36x	0.39x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	36.84%	36.78%	38.23%	39.18%
Net Debt to EBIDTA *(Net Debt / EBIDTA)*	n/a	23.61x	n/a	n/a

Given that in FY2022 MIDI plc reported a negative EBITDA, the interest coverage ratio as well as the net debt to EBITDA ratio could not be computed. Meanwhile, in view of the additional bank debt drawn down coupled with the contraction in equity during FY2022, the gearing ratio has increased to 38.23% which is still considered an acceptable level of leverage.

Looking ahead, given that MIDI plc is anticipated to once again register a negative EBITDA, both the interest coverage ratio as well as the net debt to EBITDA ratio cannot be computed. Meanwhile, in view of the additional bank debt expected to be drawn down during FY2023 and the further anticipated contraction in the equity base, the gearing ratio is forecasted to increase to 39.18% which is still considered an acceptable level of leverage.

Additional Ratios

The following additional ratios are being computed in relation to the listed shares of the Company:

	ACTUAL FY2020	ACTUAL FY2021	ACTUAL FY2022	FORECASTS FY2023
Earnings per Share (EPS) *(Net profit / No. of shares in issue)*	n/a	€0.0026	n/a	n/a
Dividend Cover *(EPS / Dividend paid per share)*	n/a	n/a	n/a	n/a

The EPS can only be computed for years in which the Group registers a profit. Hence, the ratio was only computed for FY2021. Meanwhile the Dividend Cover ratio could not be computed as the Group did not declare any dividends during the years under review.

9. VARIANCE ANALYSIS

STATEMENT OF COMPREHENSIVE INCOME *for the year ended 31 December*	FORECASTED FY2022 *€'000*	ACTUAL FY2022 *€'000*	
Revenue	3,089	3,415	10.5%
Cost of Sales	(1,840)	(1,113)	39.5%
Gross Profit	**1,249**	**2,302**	**84.3%**
Other net operating costs	(2,361)	(2,424)	-2.7%
EBITDA	**(1,112)**	**(122)**	**89.0%**
Depreciation	(228)	(235)	-3.2%
Changes in fair value attributable to investment property	-	(1,050)	n/a
Results from operating activities	**(1,340)**	**(1,407)**	**-5.0%**
Net finance costs	(2,621)	(2,701)	-3.0%
Other Income	50	-	
Share of (loss)/profit of joint venture	1,950	1,984	1.7%
(Loss) / Profit before tax	**(1,961)**	**(2,124)**	**-8.3%**
Tax income / (expense)	(540)	(152)	71.9%
(Loss) / Profit for the period	**(2,501)**	**(2,276)**	**9.0%**

MIDI's performance in FY2022 was marginally better than expected with the variations mainly related to revenue and cost of sales. In fact, revenue was 10.5% higher than forecasted in the FAS Update for FY2022 as the Company generated €0.23 million in ancillary property sales and slightly higher rental revenues. Moreover, cost of sales came in 39.5% lower than expected given that the costs related to certain works which were originally anticipated to materialise in FY2022 were delayed. As a result, MIDI's EBITDA, although still negative, was much better than the forecasted figure published in the FAS Update for FY2022.

On the other hand, the €1 million drop in fair value attributable to investment property was not envisaged at the time the forecasts for the FAS Update for FY2022 was being drawn up. As such, MIDI's operating loss was only 5% higher than expected.

The only other material variance as indicated in the table above was that related to tax expense which was 71.9% lower than the forecasted figure published in the FAS Update for FY2022. The lower-than-expected tax charge reflects a release of deferred tax following the investment property fair value reduction and the utilisation of tax losses.

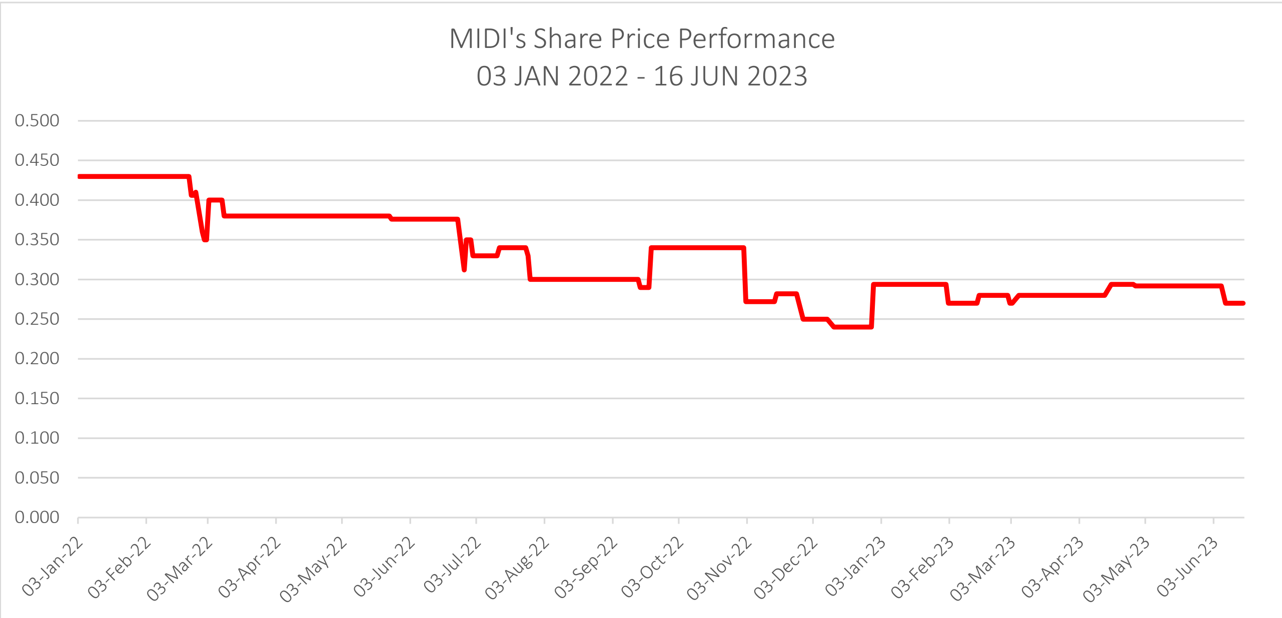
Overall, MIDI plc reported a lower net loss than that envisaged in the FAS Update for FY2022.

PART C LISTED SECURITIES

SHARES

MIDI's shares have been listed on the Official List of the Malta Stock Exchange since the IPO in December 2010.

Issued Share Capital:	214,159,922 ordinary shares with a nominal value of €0.20 per share
ISIN:	MT0000420126
Highest price in 2022:	€0.430
Lowest price in 2022:	€0.240
Closing price in 2022:	€0.294
Current price:	€0.270 *(as at 16 June 2023)*



Enterprise Value (EV)[4]:	€115.5 million
Price to Earnings (P/E) Ratio[5]:	N/A

[4] *Based on the market capitalisation as at 16 June 2023 and the figures extracted from the Statement of Financial Position as at 31 December 2022.*

[5] *Based on the share price as at 16 June 2023 and the earnings per share for the financial year ended 31 December 2022.*

Debt Securities

MIDI's listed debt securities comprise:

Bond:	€50 million 4% Secured Bonds 2026
ISIN:	MT0000421223
Redemption date:	27 July 2026 at par
Prospectus dated:	28 June 2016

PART D COMPARATIVES

The table below compares MIDI's financial metrics to those of other companies which have debt securities listed on the Malta Stock Exchange with a similar maturity as that of the Company.

It is to be noted, however, that there are significant differences in the business models of each of the listed companies being compared below and an exact match to the operations and business of the Issuer is not available. Thus, while the metrics below can be used as a gauge of MIDI's financial strength against other issuers listed locally, they do not capture the quantitative factors such as the differences in business models of each issuer, their competitive position in the market, KPIs, etc.

Bond Details	Outstanding Amount	Gearing Ratio*	Net Debt to EBIDTA	Interest Cover**	YTM^
4.00% MIDI plc 2026 (Secured)	**50,000,000**	**36.3%**	**N/A**	**N/A**	**4.07%**
4.00% Int. Hotel Investments plc 2026 (Secured)	55,000,000	41.4%	11.2x	1.9x	4.17%
4.00% Int. Hotel Investments plc 2026 (Unsecured)	60,000,000	41.4%	11.2x	1.9x	4.15%
3.90% Plaza Centres plc 2026 (Unsecured)	5,695,000	13.3%	2.1x	7.8x	4.06%
3.25% AX Group plc 2026 (Unsecured)	15,000,000	30.0%	14.8x	1.8x	3.55%
3.75% Premier Capital plc 2026 (Unsecured)	65,000,000	26.4%	0.5x	11.1x	5.31%

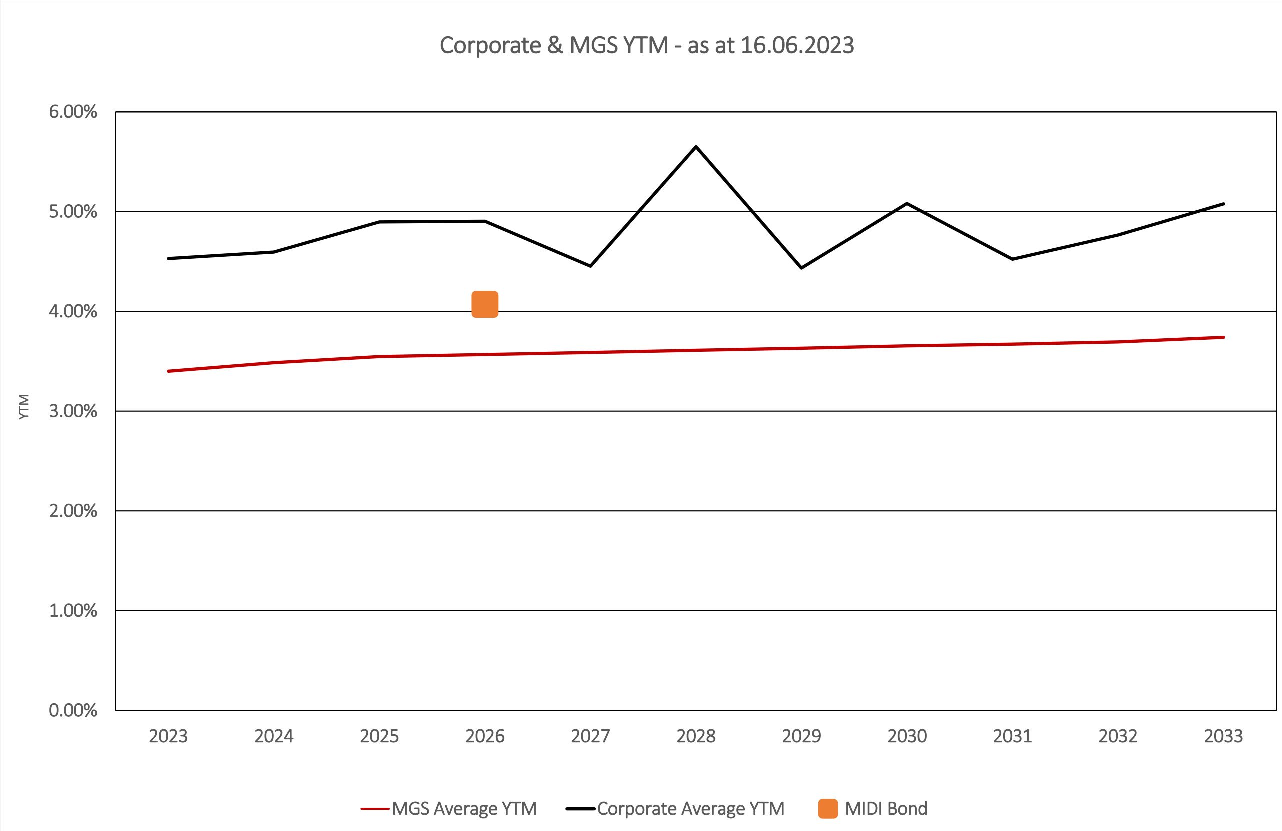
Source: Yield to Maturity from rizzofarrugia.com based on bond prices of 16 June 2023. Ratio workings and financial information quoted have been based on the respective issuers' published financial data (or their guarantors, where and as applicable) available as at 16 June 2023. Where negative, the respective ratios are marked as 'n/a' due to their incomparability.

^Yield to Maturity (YTM) based on bond prices as at 16 June 2023.

**Gearing Ratio: Net Debt / (Net Debt + Equity)*

***Interest Cover: EBITDA / Net Finance Cost*

The chart overleaf shows the average yield to maturity of the MIDI bond compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 16 June 2023.



At a coupon of 4.00% per annum, the MIDI Bond 2026 currently yields 4.07%, which is approximately 50 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2026 and at a discount of approximately 83 basis points over the average yield to maturity of corporate bonds maturing in 2026 (data correct as at 16 June 2023).

PART E GLOSSARY

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortisation, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Free Cash Flow (FCF)	FCF represents the amount of cash remaining from operations after deducting capital expenditure requirements.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-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.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.

Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Profitability Ratios

Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by average shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) measures the rate of return on the assets of the company. This is computed by dividing profit after tax by average total assets.

Liquidity Ratios

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

Other Definitions

Yield to Maturity	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.
Earnings per Share (EPS)	This is calculated by dividing the company's profit by the number of shares in issue.
Dividend Cover	This is calculated by dividing the EPS by the dividend per share.
Enterprise Value (EV)	EV measures the company's total value comprising its market capitalisation and net debt.
Price to Earnings (P/E)	The P/E ratio is a valuation multiple used to compare the company's share price with its EPS.