FINANCIAL ANALYSIS SUMMARY

28 June 2024

ISSUER

HAL MANN VELLA GROUP P.L.C.

Prepared by:

MZ INVESTMENTS

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The Board of Directors
Hal Mann Vella Group p.l.c.
The Factory
Mosta Road
Lija LJA 9016

28 June 2024

Dear Board Members,

Financial Analysis Summary

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

The purpose of this Analysis is that of summarising key financial information appertaining to Hal Mann Vella Group p.l.c. (the "**Issuer**", "**Group**", or "**HMVG**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical information for the most recent three financial years ended 31 December 2021, 31 December 2022, and 31 December 2023 has been extracted from the respective audited consolidated annual financial statements.

(b) The forecast and projected financial information for the years ending 31 December 2024 and 31 December 2025 has been provided by the Issuer.

(c) Our commentary on the financial performance, cash flows, and financial position of HMVG is based on explanations provided by the Group.

(d) The ratios quoted in this Analysis have been computed by applying the definitions set out in Part 4 – Explanatory Definitions of this report.

(e) Relevant financial data in respect of the companies included in Part 3 – Comparative Analysis of this Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Malta Business Registry, as well as other sources providing financial information.

This Analysis is meant to assist existing and potential investors in the Issuer's securities by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. This 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 or not invest in any of the Issuer's securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, existing and potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

Hal Mann Vella Group p.l.c. acts as a holding and financing company for a number of entities which are principally engaged in the manufacture and importation of stones and building materials, general contracting services, as well as property development and letting (as further described in Sections 1.1 and 1.2 below). Accordingly, HMVG is dependent on the operations and performance of its various subsidiaries.

The Group traces its origins in 1954 and grew extensively over the years to become one of the leading local players in its field. During this period, HMVG worked with some of the most renowned and established firms and was also heavily involved in public as well as private sector landmark projects including high-rise commercial and residential edifices, mixed-use complexes, industrial premises, upscale hotels, as well as buildings of national importance.

1.1 MANUFACTURING & GENERAL CONTRACTING SERVICES

The Group operates from two manufacturing plants located in Lija and Ħal Far, utilising state-of-the-art technology and advanced equipment, and a purposely built stores, logistics, and distribution hub. Adjacent to its factory in Lija, HMVG has its flagship showroom and retail outlet situated next to the Group's head office and other property which is leased to independent third parties.

The activities carried out by the 'manufacturing and general contracting services' involve the Group's business in the supply of a vast selection of natural and composite stones as well as pre-cast elements[1], the distribution of top-tier ceramic brands and sanitary ware, the supply of kitchen tops, as well as the provision of services, tendering for contracts, and subcontracting work related to interior and exterior design, finishings, installation, laying, logistics, and maintenance.[2]

In Ħal Far, the Group is currently extending its manufacturing and operational capabilities with a view of strengthening its core operations by introducing to the market a new range of products in the natural stone and terrazzo segments, niche screed and concrete supplies, landscaping products, as well as an innovative range of environmentally friendly solutions including reconstituted stone (the "**Ħal Far Extension**").[3] The *circa* €7 million project is now expected to be completed in Q3 2024, with operations ramping up within a period of 18 months, resulting in an increase in the size of the Group's manufacturing hub in Ħal Far to nearly 22,500 sqm from just over 14,300 sqm at present.

1.2 PROPERTY DEVELOPMENT & LETTING

The Group is directly involved in real estate activities through the development of property for resale, and the ownership of a diversified portfolio of property held for the generation of rental income. The latter includes a mix of offices, hotels, restaurants, retail outlets, residential units, and storage space. Further information in this regard is provided in Section 4 – Principal Property Assets.

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[1] These include ceramic tiles, granite, marble, onyx, porphyry, quartz, terrazzo, and travertine amongst others.

[2] Projects requiring elements of non-core products and services are typically sub-contracted or bought in through the Group's extensive network of suppliers and contractors. These include joinery works, furniture, metal works, plastering, and painting works.

[3] In FY2015 and FY2021, the Group entered into long-term agreements with Indis Malta Ltd (previously Malta Industrial Parks Limited) for the lease on the basis of temporary emphyteusis the two adjacent sites and factories located in Ħal Far.

2. DIRECTORS AND SENIOR MANAGEMENT

The Group's Board of Directors comprises the following six individuals who are entrusted with the overall development, direction, and strategy management of HMVG:

Martin Vella	Chairman & Executive Director
Joseph Vella	Executive Director
Mark Vella	Executive Director
Miriam Schembri	Non-Executive Director
Mario P. Galea	Independent Non-Executive Director
Arthur Galea Salomone	Independent Non-Executive Director

The Board of Directors is assisted by a Senior Management team, comprising the following four individuals, who are responsible for the execution of the Group's business strategy:

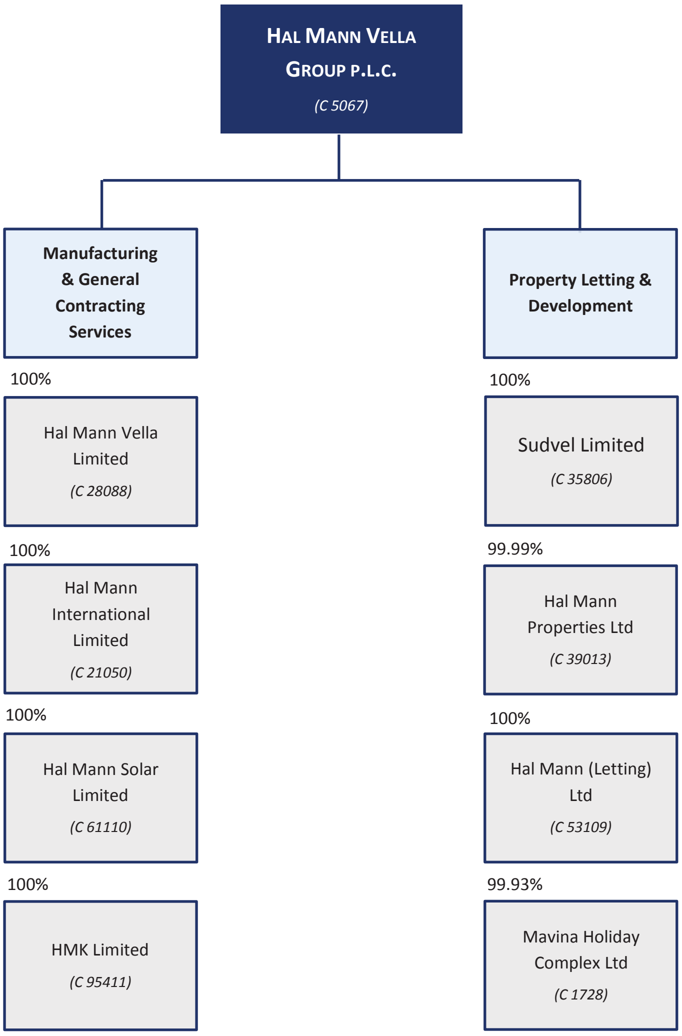
Kevin Rapinett	Chief Executive Officer
Chris Tonna	Chief Financial Officer
Owen Farrugia	Chief Commercial Officer – Retail
Hugh Vella	Chief Commercial Officer – Contracts

The Executive Directors and the Senior Management team are entrusted with the day-to-day running of the Group. Moreover, they are responsible for the identification and execution of new investment opportunities, as well as for the funding of the Group's capital expenditure requirements.

The principal role of the Non-Executive Directors is to monitor the operations of the Group and the performance of the Executive Directors, as well as to review any initiatives recommended by the Executive Directors. In addition, the Non-Executive Directors act as an important check on the possible conflicts of interest of the Executive Directors in view of their dual role as Executive Directors and members of the Senior Management team.

3. ORGANISATIONAL STRUCTURE

The chart below illustrates the organisational structure of the Group:



In addition to the operating companies above, the Issuer has a 50% shareholding in Hal Mann Holdings Ltd (C 2215) and a 12.5% shareholding in Klikk Finance p.l.c. (C 52833). The latter company is engaged in the sale, maintenance, and installation of computer software, as well as hardware and related ancillary products, through the operation of two retail outlets located in Birkirkara and Żejtun.

The Group also holds a 50% shareholding in each of HMK International Limited (C 46978) and Zokrija Limited (C 77908) and owns 20% of Hal Mann Projects Limited (C 11022). These companies are non-trading entities and are in the process of being liquidated. Furthermore, the Group holds a small nominal share in other non-operating companies namely, Baik Limited (C 19917) and Hal Mann Qawra Towers Limited (C 38517) and Hal Mann Construction Ltd (C 9762).

The average number of persons employed by the Group during FY2023 stood at 191 (FY2022: 185).

4. PRINCIPAL PROPERTY ASSETS

HMVG is the owner of various properties which are included in the Statement of Financial Position line items 'Property, plant and equipment' ("**PPE**"), 'Investment property', and 'Property held-for-sale'. The following is a list of the major property assets of the Group:

Hal Mann Vella Group p.l.c. **Principal Property Assets** **As at 31 December**		**2021** **€'000**	**2022** **€'000**	**2023** **€'000**
Commercial property & manufacturing facilities in Lija:	▪ Hal Mann factory & offices	28,289	28,944	28,944
	▪ E-Pantar office block	24,201	24,460	24,460
	▪ NAVI Building - offices & warehouse (50% ownership)	2,455	2,530	2,642
		54,945	**55,934**	**56,046**
Collective accomodation in Qawra:	▪ Mavina Holiday Complex	4,950	5,800	5,800
	▪ Huli Aparthotel	2,625	2,625	2,634
		7,575	**8,425**	**8,434**
Commercial property situated in Valletta:	▪ Offices	2,579	4,015	4,015
	▪ Retail outlet	1,850	1,800	1,800
		4,429	**5,815**	**5,815**
Residential property situated in:	▪ Madliena	2,500	2,500	2,500
	▪ St Julian's	925	983	985
	▪ Tas-Sellum, Mellieħa	675	705	705
	▪ Mġarr, Malta	840	890	890
	▪ Xagħra, Gozo	295	310	310
		5,235	**5,388**	**5,390**
Land situated in:	▪ Mġarr, Malta	1,000	1,054	1,438
	▪ Lija	975	1,031	1,031
		1,975	**2,085**	**2,469**
Property held-for-sale:	▪ Residential property in various locations in Malta & Gozo	6,307	4,746	5,334
		80,466	**82,393**	**83,488**

The **E-Pantar** office block is the major contributor to the Group's property rental division. Built on a footprint measuring 5,256 sqm, the building includes: (i) circa 14,000 sqm of office space spread over three levels; (ii) common areas and external space which, in aggregate, measure approximately 5,000 sqm; and (iii) an underlying basement with around 250 car spaces. Most of the property is currently leased to Transport Malta for a 10-year period expiring on 30 September 2027, albeit the tenant has the option to extend the agreement by a further 5 years.

Built on a footprint of circa 1,200 sqm, the **NAVI Building** consists of a two-storey building and two underground levels of car spaces and storage area. The ground floor is used for warehousing whilst the first floor is utilised as office space. A new mezzanine floor within the ground floor level of the building was recently introduced to increase the available rental area and thus improve the value of the property. Works on this mezzanine floor were completed during 2024. Most of building is currently leased to a number of independent third parties for the long term, with the earliest terminating lease agreement expiring on 30 April 2029.

The **Mavina Holiday Complex** is subject to a Promise of Sale ("**PoS**") agreement with an independent third party which expires on 31 August 2024. The sale, amounting to €7 million, is subject to a number of conditions including the issuance of the relevant Planning Authority permits for the redevelopment of the property.

The **Huli Aparthotel**, including the Lovage Bistro, is currently leased to independent third parties. The lease agreement covering most of the building expires in mid-July 2028.

The Group's commercial properties located in **Valletta** comprise: (i) a leased retail outlet which is sub-leased for the long term (sub-lease agreement expiring on 30 April 2031) to an independent third party; and (ii) an office building situated in Old Bakery Street offering almost 700 sqm of lease space currently occupied by the Ministry for Heritage for a term expiring on 31 July 2031. In Valletta, the Group also sub-leases the Merchant Suites boutique hotel which, in turn, is leased from independent third parties by title of temporary emphyteusis for a period of 20 years from 2018.

OTHER PROPERTIES

HMVG owns a number of plots and tracts of land situated in various locations around Malta and Gozo. Of these, a site in **Mġarr** measuring circa 855 sqm may be developed into a residential complex comprising 27 units. The Group is also currently developing six terraced houses on a plot of land in **Għajnsielem**, Gozo, of which two terraced houses shall be assigned to the vendors as part of the purchase consideration of the site. The other four residential units are expected to be finished by the end of FY2024 with sales to be accounted for in FY2025.

In addition, the Issuer is currently developing a residential building in **Attard** comprising one maisonette, three apartments, one penthouse, and two garages which are expected to be completed in Q1 2025. Elsewhere, a villa located in **Madliena** is soon expected to be disposed of as it subject to a PoS agreement which expires in June 2024. Meanwhile, in **Santa Venera**, the Group owns a plot of land and entered into a PoS agreement for the purchase of an adjacent site which expires in March 2025. Both sites are earmarked for a mixed-use development that will also include 44 residential units, and the entire project is scheduled to be completed by the end of 2027.

5. THE 2024 BONDS COLLATERAL

In terms of the Prospectus relating to the issuance of €23 million 5.35% secured bonds redeemable between 2031 and 2034 (the "**2024 Bonds**"), the Issuer will secure its obligations by virtue of:

(1) A first-ranking special hypothec for the full nominal value of the 2024 Bonds and interest thereon, over the following property and any developments and constructions thereon (in aggregate valued at €24.52 million):

   (a) Vacant plot of land situated in Mġarr located within development zone and having a total developable area of 855 sqm. Based on schematic designs, the site may be developed into three residential blocks accommodating four maisonettes, eighteen apartments, and five penthouses together with a number of car parking spaces and lock-up garages. The Group has not submitted an application with the Planning Authority for this site to be developed. The estimated value of the land in its existing state has been attributed at €2.55 million.

   (b) A developed site with a footprint of circa 760 sqm located behind the main Hal Mann showroom in Lija which includes around 1,200 sqm of office space which is rented to independent third parties, and a basement and a ground-floor storage area which are used by the Group for its own operations. The value of the property has been estimated at €4.47 million.

   (c) Plots of land, in aggregate having a total footprint of approximately 18,300 sqm, located in an area within, and adjacent to, the Group's factory and offices in Lija. Around 48% of the property is within an 'Area of Containment' on which existing industrial properties are located (covering a total area of around 6,500 sqm), whilst the remaining part of the land, measuring circa 9,450 sqm, lies outside the 'Area of Containment'. The estimated value of the property has been attributed at €17.50 million.

(2) A second-ranking general hypothec for the full nominal value of the 2024 Bonds and interest thereon, over all the present and future property of the Issuer.

(3) Pledge on insurance policies relating to the hypothecated property as are of an insurable nature.

6. MARKET OVERVIEW

6.1 ECONOMIC UPDATE[5]

The Maltese economy continues to grow robustly driven by strong exports and domestic demand. Tourism flows bounced back to well above pre-pandemic levels and the strong inflow of workers is boosting domestic demand. After reaching 5.60% GDP growth in 2023, the Maltese economy is expected to achieve a growth rate of 4.60% in 2024 and 4.30% in 2025. The government deficit stood at 4.90% of GDP in 2023, and it is expected to only gradually decrease in 2024 and 2025. Thanks to robust nominal GDP growth, the public debt-to-GDP ratio is forecast to increase only slightly despite the still high primary deficit.

In 2023, real GDP growth reached 5.60%, 1.6 percentage points higher than projected in autumn. Both private consumption and exports came much stronger than expected, resulting from significantly higher immigration and tourism flows. Besides exceptionally strong immigration, Malta's economy continues to benefit from a low pass-through of monetary policy to retail interest rates and from government measures that have kept energy prices stable at 2020 levels.

Tourism reached pre-pandemic levels in 2023. The number of tourist arrivals increased by more than 26% in the first two months of 2024, although tourism expenditure grew at a slightly slower pace. Strong growth is also forecast in exports of electronics and entertainment, professional and financial services.

Construction investment is expected to stabilise and recover moderately after a sharp fall in 2023, growing at 2.50% in 2024 and 3.90% in 2025. The increase of private consumption and activity in the service sector is expected to lead to higher imports of goods and services. Overall, the forecast for GDP growth was revised upward to 4.60% in 2024 and 4.30% in 2025.

With employment growth at 6.50% in 2023, Malta's labour market exceeded expectations. Employment growth is set to remain strong at 40% also in 2024 and 2025 as the country continues to attract foreign workers. Labour and skills shortages are still mentioned as the main limiting factors for the Maltese economy.

The unemployment rate was revised upwards from 2.90% to 3.50% in 2022 due to an updated demographic survey. In 2023, the unemployment rate fell to 3.10% and it is expected to drop marginally to 3% and 2.90% in 2024 and 2025. Nominal wages were, however, still growing at relatively weak rates in 2023 as employment expanded in the low wage sectors, resulting in negative real wage growth per head.

HICP inflation in 2023 reached 5.60% despite the government intervention to keep energy prices at 2020 levels. The Maltese authorities confirmed their commitment to limiting energy inflation in 2024 and 2025. Inflation in Malta slowed down in the first quarter of 2024 mainly due to lower services inflation. Headline inflation is forecast at 2.80% in 2024 and 2.30% in 2025, with food prices set to remain the fastest growing component.

In 2023, the debt-to-GDP ratio fell by 1.2 percentage points to 50.40% due to strong nominal growth and despite the high primary deficit. A positive stock-flow adjustment related to the equity injection in the national airline is expected to drive the increase of the public debt to 52% of GDP in 2024. For 2025, a smaller primary deficit and a favourable interest growth differential will lead to a smaller increase of public debt to 52.60% of GDP.

[1] Source: European Commission, '*European Economic Forecast Spring 2024*', 15 May 2024.

Key Economic Indicators [1]	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast	2025 Projection
Malta					
Real GDP growth *(%, year-on-year)*	12.50	8.10	5.60	4.60	4.30
Real GDP growth per capita *(%, year-on-year)*	11.90	5.30	2.40	1.90	1.70
Inflation *(%, year-on-year)* [2]	0.70	6.10	5.60	2.80	2.30
Unemployment (%)	3.80	3.50	3.10	3.00	2.90
Primary balance *(% of GDP)*	(6.50)	(4.60)	(3.80)	(3.10)	(2.60)
General balance *(% of GDP)*	(7.60)	(5.50)	(4.90)	(4.30)	(3.90)
Gross public debt *(% of GDP)*	53.90	51.60	50.40	52.00	52.60
Current account balance *(% of GDP)*	5.70	0.60	4.20	3.40	3.60
Euro area (20)					
Real GDP growth *(%, year-on-year)*	5.90	3.40	0.40	0.80	1.40
Real GDP growth per capita *(%, year-on-year)*	5.90	2.90	(0.20)	0.50	1.10
Inflation *(%, year-on-year)* [2]	2.60	8.40	5.40	2.50	2.10
Unemployment (%)	7.80	6.80	6.60	6.60	6.50
Primary balance *(% of GDP)*	(3.80)	(2.00)	(1.90)	(1.10)	(0.90)
General balance *(% of GDP)*	(5.20)	(3.70)	(3.60)	(3.00)	(2.80)
Gross public debt *(% of GDP)*	96.60	92.40	90.00	90.00	90.40
Current account balance *(% of GDP)*	3.70	1.00	2.90	3.20	3.20
EU					
Real GDP growth *(%, year-on-year)*	6.00	3.50	0.40	1.00	1.60
Real GDP growth per capita *(%, year-on-year)*	6.10	3.30	0.00	0.80	1.50
Inflation *(%, year-on-year)* [2]	2.90	9.20	6.40	2.70	2.20
Unemployment (%)	7.10	6.20	6.10	6.10	6.00
Primary balance *(% of GDP)*	(3.40)	(1.80)	(1.80)	(1.20)	(0.90)
General balance *(% of GDP)*	(4.70)	(3.40)	(3.50)	(3.00)	(2.90)
Gross public debt *(% of GDP)*	89.00	84.80	82.90	82.90	83.40
Current account balance *(% of GDP)*	3.30	0.90	2.90	3.10	3.10

[1] **Source:** *European Commission, 'European Economic Forecast Spring 2024, 15 May 2024.*

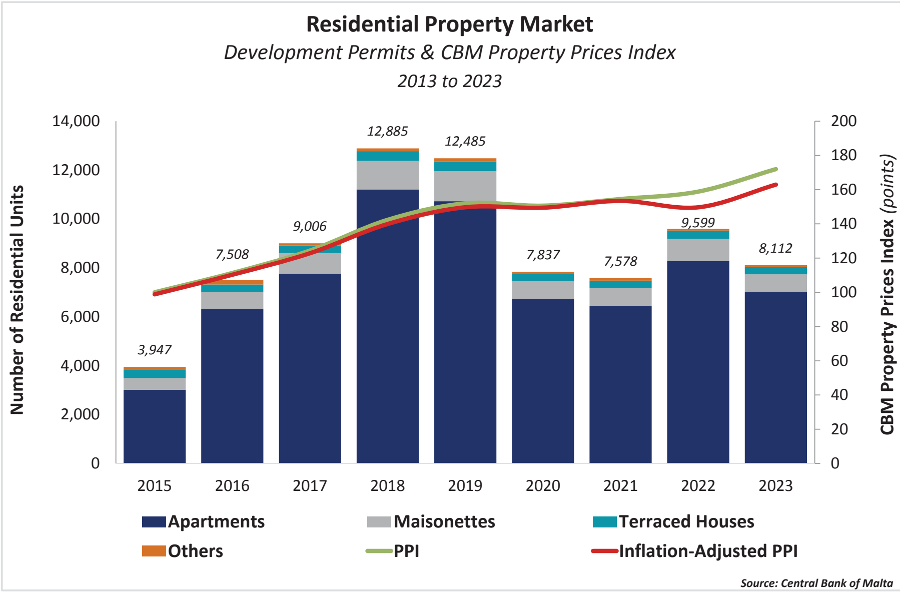
[2] *Harmonised Indices of Consumer Prices ("HICP")*

6.2 PROPERTY MARKET[6]

Data provided by the Central Bank of Malta ("**CBM**") and the National Statistics Office ("**NSO**") shows that in 2023, the total number of permits for the construction of new dwellings increased by 24.78% to 1,586 permits (2022: 1,271 permits). However, the total number of approved new residential units declined by 15.49% year-on-year to 8,112 units, mostly comprising apartments which totalled 7,026 units (2022: 8,280 apartments) representing 86.61% of the total number of approved new units in 2023. The sharpest year-on-year percentage decline in the number of approved residential units was for the construction of new maisonettes (-21.76% to 712 units), followed by apartments (-15.14%), and terraced houses (-12.31% to 292 units). On the other hand, other type of dwellings including villas, bungalows, and farmhouses increased by 7.89% to 82 units.

The highest ever number of approved new residential units in a single year took place in 2018 as 2,363 permits were issued for the construction of a total of 12,885 residential units. Between 2019 and 2021, the total number of approved new residential units trended lower each year, reaching a five-year low of 7,578 units in 2021 before rebounding strongly by 26.67% to 9,599 new units in 2022.

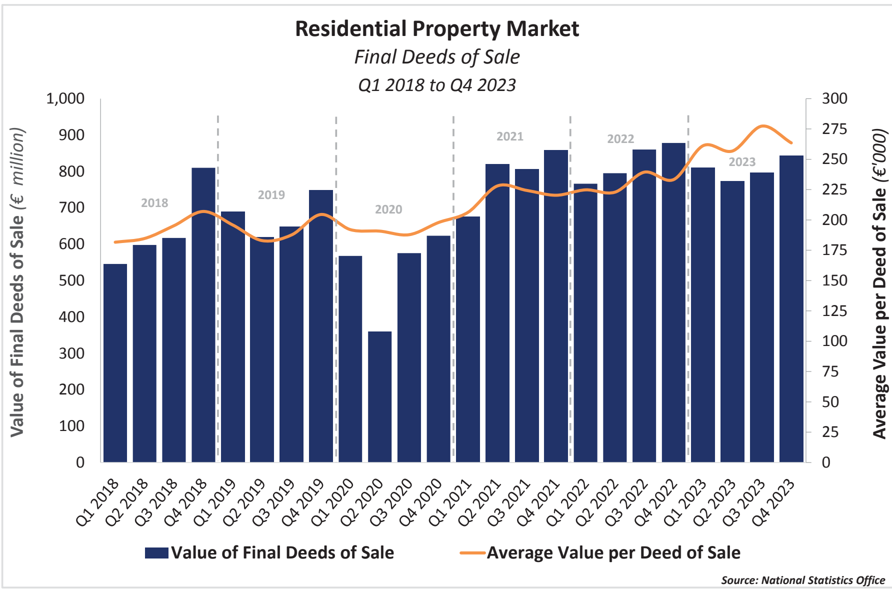
[6] Sources: Central Bank of Bank and National Statistics Office online portals at *https://www.centralbankmalta.org/real-economy-indicators* and *https://nso.gov.mt/property* respectively.



PROPERTY PRICES & TRANSACTIONS

In nominal terms, the **CBM Property Prices Index** – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – reached an all-time high of 172.01 points in 2023, representing a significant increase of 8.28% over the prior year (158.86 points). The sharpest year-on-year percentage increase took place in the prices of 'other property' comprising town houses, houses of character and villas, which saw their advertised prices increase by an aggregate 10.57% in 2023. The advertised prices of apartments and maisonettes also increased markedly in 2023 by 9.80% and 9.20% respectively, whilst the advertised prices of terraced houses contracted by a minimal 0.17%. In real terms, the CBM Property Prices Index increased by 8.86% in 2023 (the strongest uplift since 2018), thus erasing to prior year's decline of 2.45% to reach an inflation-adjusted record reading of 162.95 points.

The **NSO Property Price Index** – which is based on actual transactions involving apartments, maisonettes, and terraced houses – reached an all-time high of 151.08 points as at the end of Q2 2023 – representing a year-on-year increase of 4.46% in nominal terms. During 2023, a total of 12,178 final deeds of sale were registered compared to 14,368 deeds in 2021 and 14,331 deeds in 2022. However, the total value of final deeds of sale dropped by only 2.35% in 2023 to €3.22 billion (or €3.05 billion in real terms) compared to the record of just under €3.30 billion (or €3.11 billion in real terms) registered in 2022. Furthermore, the average value per deed of sale reached an all-time high of €0.26 million (or €0.25 million in real terms) compared to €0.22 million in 2021 and €0.23 million in 2022.



PART 2 – GROUP PERFORMANCE REVIEW

7. FINANCIAL INFORMATION

The historical information is extracted from the audited consolidated annual financial statements of HMVG for the financial years ended 31 December 2021, 31 December 2022, and 31 December 2023.

The forecasts and projections are based on future events and assumptions which the Issuer believes to be reasonable. Accordingly, the actual outcome may be adversely affected by unforeseen circumstances and the variation between forecasts and projections with actual results may be material.

The estimates presented in this Analysis assume that the carrying values of the Group's investment properties will not be revalued upwards or impaired, and therefore no adjustments have been made to possible uplifts or impairments in the value of assets which can materially affect the values in the consolidated Income Statement and the consolidated Statement of Financial Position.

Hal Mann Vella Group p.l.c. **Income Statement** **for the financial year 31 December**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Forecast** **€'000**	**2025** **Projection** **€'000**
Manufacturing and general contracting services	*19,321*	*18,215*	*19,438*	*21,710*	*24,294*
Property development	*3,750*	*3,163*	*3,119*	*3,734*	*3,576*
Rental activities	*2,189*	*2,468*	*2,526*	*2,787*	*2,837*
Total revenue	**25,260**	**23,846**	**25,083**	**28,231**	**30,707**
Cost of sales	(17,022)	(15,557)	(15,655)	(17,905)	(19,733)
Gross profit	**8,238**	**8,289**	**9,428**	**10,326**	**10,974**
Other operating income	888	620	663	1,111	-
Other operating expenses	(3,018)	(3,187)	(4,307)	(4,277)	(4,513)
EBITDA	**6,108**	**5,722**	**5,784**	**7,160**	**6,461**
Depreciation	(1,313)	(1,270)	(1,410)	(1,582)	(1,563)
Operating Profit	**4,795**	**4,452**	**4,374**	**5,578**	**4,898**
Change in fair value of investment property	-	1,520	386	-	-
Share of results of joint ventures	15	(17)	-	-	-
Dividends income	-	-	1,310	-	-
Loss on derecognition of lease	(444)	-	-	-	-
Net finance costs	(2,353)	(2,365)	(2,611)	(2,775)	(2,449)
Profit before tax	**2,013**	**3,590**	**3,459**	**2,803**	**2,449**
Taxation	(822)	(1,909)	(2,181)	(192)	(1,265)
Profit after tax	**1,191**	**1,681**	**1,278**	**2,611**	**1,184**
Other comprehensive income:					
Revaluation on property, plant and equipment, net of deferred tax	-	114	-	-	-
Other comprehensive income	2	3	-	-	-
Total comprehensive income	**1,193**	**1,798**	**1,278**	**2,611**	**1,184**
EBITDA Analysis:					
Manufacturing and general contracting services	*2,729*	*3,182*	*3,133*	*3,264*	*3,721*
Property development and letting	*3,380*	*2,540*	*2,651*	*3,896*	*2,740*

Hal Mann Vella Group p.l.c. **Key Financial Ratios**	**FY2021** **Actual**	**FY2022** **Actual**	**FY2023** **Actual**	**FY2024** **Forecast**	**FY2025** **Projection**
Gross profit margin (%) *(Gross profit / revenue)*	32.61	34.76	37.59	36.58	35.74
EBITDA margin (%) *(EBITDA / revenue)*	24.18	24.00	23.06	25.36	21.04
Operating profit margin (%) *(Operating profit / revenue)*	18.99	18.67	17.44	19.76	15.95
Net profit margin (%) *(Profit after tax / revenue)*	4.71	7.05	5.10	9.25	3.86
Return on equity (%) *(Profit after tax / average equity)*	2.49	3.40	2.51	4.94	2.16
Return on assets (%) *(Profit after tax / average assets)*	0.97	1.35	1.00	2.02	0.93
Return on invested capital (%) *(Operating profit / average equity and net debt)*	4.71	4.29	4.15	5.42	4.88
Interest cover (times) *(EBITDA / net finance costs)*	2.60	2.42	2.21	2.58	2.64

INCOME STATEMENT

Total revenues increased by 7.66% (or +€1.80 million) in **FY2021** to €25.26 million as all three business lines of the Group reported growth. 'Manufacturing and general contracting services' contributed the lion's share of the increase in business as income from this segment rose by 6.18% (or +€1.12 million) to €19.32 million reflecting higher level of activity in a number of major projects. In parallel, income from property sales surged by 19.50% (or +€0.61 million) to €3.75 million whilst rental income increased by 2.91% to €2.19 million.

Despite the increase in net operating costs to €19.15 million, EBITDA still rose considerably to €6.11 million which translated into a margin of 24.18% and contributed to a rebound in the interest cover to 2.60 times. Similarly, operating profit increased by nearly 30% to €4.80 million and translated into a margin of just under 19% and a return on invested capital of 4.71%.

After accounting for a marginal share of profit from joint ventures, a loss of €0.44 million emanating from the derecognition of a lease, and net finance costs of €2.35 million, HMVG reported a profit before tax of €2.01 million. The tax charge for the year amounted to €0.82 million, thus leading to a net profit of €1.19 million. This translated into a margin of 4.71% and a return on equity and on assets of 2.49% and 0.97% respectively.

In **FY2022**, revenues dropped by 5.60% to €23.85 million amid lower level of property sales (-15.65% to €3.16 million) and manufacturing activity (-5.72% to €18.22 million). In contrast, rental income rose considerably to €2.47 million (+12.75%) reflecting the termination of the concessions provided to tenants during the COVID-19 pandemic. Furthermore, the rental income in FY2022 included a twelve-month contribution from the lease of the office building located in Old Bakery Street, Valletta, compared to just five months in FY2021.

Despite the year-on-year reduction in revenues, the Group's gross profit increased to €8.29 million (FY2021: €8.24 million) reflecting efficiency gains in the 'manufacturing and general contracting services' segment which filtered into lower cost of sales (-8.61% to €15.56 million). As a result, the gross profit margin trended higher to 34.76% compared to 32.61% in FY2021. On the other hand, the Issuer incurred a higher level of other operating expenses (net of other operating income) which amounted to €2.57 million compared to €2.13 million in the prior year. Thus, EBITDA dropped by 6.33% to €5.72 million albeit the relative margin remained virtually unchanged at 24%.

The depreciation charge stood at €1.27 million compared to €1.31 million in FY2021, thus leading to an operating profit of €4.45 million which, in turn, translated into a margin of 18.67% and a return on invested capital of 4.29%. Meanwhile, the interest cover trended lower to 2.42 times as net finance costs edged marginally higher to €2.37 million.

The financial performance of the Group was boosted by a €1.52 million gain in the fair value of investment property. As a result, the profit before tax surged to €3.59 million whilst the net profit for the year amounted to €1.68 million. The latter translated into a return on equity of 3.40% and a return on assets of 1.35%.

Total revenues increased by 5.19% in **FY2023** to €25.08 million. Income from 'manufacturing and general contracting services' grew by 6.71% to €19.44 million – representing 77.49% of the Group's total revenues. On the other hand, income from 'property development and letting' remained stable year-on-year and in aggregate amounted to €5.65 million.

Despite the increase in revenues, cost of sales edged higher by just 0.63% to €15.66 million, thus resulting in an upsurge of 13.74% in the gross profit to €9.43 million whilst the relative margin rose by almost 300 basis points to 37.59%. In contrast, net other operating costs increased substantially year-on-year to €3.64 million largely due to an increase in indirect wages to €2.34 million compared to €1.58 million in the prior year. Accordingly, EBITDA only edged higher by 1.08% to €5.78 million whilst the EBITDA margin retracted to 23.06%. Furthermore, given the higher level of net finance costs of €2.61 million, the interest cover eased to 2.21 times.

Depreciation charges increased by 11.02% to €1.41 million as during the year the Group implemented a new and comprehensive Enterprise Resource Planning system ('SAP Business ByDesign') with a view of further consolidating its market positioning and improve operational efficiencies. Furthermore, the Group continued to invest considerably in its machinery and equipment related to its core manufacturing activities. As a result, operating profit contracted by 1.75% to €4.37 million which, in turn, translated into a margin of 17.44% and a return on invested capital of 4.15%.

Meanwhile, the Group's financial performance was positively impacted by a €0.39 million uplift in the fair value of investment property, as well as by a one-off dividend income of €1.31 million received from an associate company. After accounting for a tax charge of €2.18 million, the net profit for the year amounted to €1.28 million which translated into a margin of 5.10% (FY2022: 7.05%). Moreover, the return on equity and on assets also drifted lower to 2.51% and 1% respectively.

For **FY2024**, HMVG is forecasting a strong increase of 12.55% in revenues to €28.23 million, mostly driven by the anticipated growth of almost 12% in income from 'manufacturing and general contracting activities' to €21.71 million which also includes the first impact from the completion of the Ħal Far Extension project. Furthermore, the Group also foresees double-digit growth of 15.52% in income from 'property development and letting' activities to €6.52 million. The latter includes the sale of two villas in Kappara and six residential units forming part of development projects in Mġarr.

Cost of sales are expected to amount to €17.91 million (+14.37%), thus leading to a gross profit of €10.33 million (+9.52%) translating into a margin of 36.58%. EBITDA is also anticipated to rise notably to €7.16 million (+23.79%), boosted by the increase in other operating income to €1.11 million representing the expected gains to be registered from the sale of the Mavina Holiday Complex and a villa in Madliena.

After accounting for depreciation (€1.58 million), net finance costs (€2.78 million), and taxation (€0.19 million), the Issuer is forecasting a profit after tax of €2.61 million for the 2024 financial year. This would translate into a margin of 9.25% and a return on equity and on assets of 4.94% and 2.02% respectively.

For **FY2025**, total revenues are expected to climb by 8.77% to €30.71 million, driven by the Group's core manufacturing operations (+11.90% to €24.29 million) amid a full year impact of the new Ħal Far plant. On the other hand, it is expected that the 'property development and letting' segment will register a marginal decline in income (-1.66% to €6.41 million) reflecting a slightly lower amount of expected property sales when compared to the previous year.

Cost of sales are expected to amount to €19.73 million (+10.21%), thus leading to a gross profit of €10.97 million (+6.28%) translating into a margin of 35.74%. On the other hand, EBITDA is anticipated to contract by 9.76% to €6.46 million which would translate into a margin of 21.04% compared to the estimated level of 25.36% in FY2024. The projected year-on-year decline in EBITDA is mostly due to the non-recurrence of the upsurge in other operating income expected to be generated in FY2024. Nonetheless, the Group's interest cover is still anticipated to trend higher to 2.64 times from 2.58 times in FY2024 on the back of the projected drop of 11.75% in net finance costs to €2.45 million.

After accounting for depreciation charges of €1.56 million, the estimated operating profit of €4.90 million would translate into a margin of 15.95% (FY2024: 19.76%) and a return on invested capital of 4.88% (FY2024: 5.42%).

Overall, HMVG is projecting a net profit of €1.18 million after taking into account tax charges of €1.27 million. The profit for the year would translate into a margin of 3.86% and a return on equity and on assets of 2.16% and 0.93% respectively.

Hal Mann Vella Group p.l.c. Statement of Cash Flows for the financial year 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000	2025 Projection €'000
Net cash from operating activities	2,558	6,653	4,627	5,496	2,654
Net cash from / (used in) investing activities	(1,569)	(3,584)	(2,868)	6,410	(350)
Free cash flow	**989**	**3,069**	**1,759**	**11,906**	**2,304**
Net cash used in financing activities	(2,605)	(4,317)	(2,240)	(2,132)	(2,785)
Effect on ECL on cash in banks	(1)	(1)	1	-	-
Net movement in cash and cash equivalents	**(1,617)**	**(1,249)**	**(480)**	**9,774**	**(481)**
Cash and cash equivalents at beginning of year	1,588	(29)	(1,278)	(1,758)	8,016
Cash and cash equivalents at end of year	**(29)**	**(1,278)**	**(1,758)**	**8,016**	**7,535**

STATEMENT OF CASH FLOWS

In **FY2021**, net cash from operating activities amounted to €2.56 million – a decrease of €3.82 million from FY2020 – on account of adverse movements in working capital. On the other hand, net cash used in investing activities dropped to €1.57 million as the Group continued with the works on the Ħal Far Extension project and completed the renovation of the office premises situated in Old Bakery Street, Valletta.

Cash outflows relating to financing activities amounted to €2.61 million and principally consisted of interest payments (€1.94 million), lease obligations (€0.36 million), and net movements in borrowings (€0.31 million). Accordingly, the Group recorded a negative movement of €1.62 million in cash and cash equivalents and ended the 2021 financial year with a marginally negative cash balance of €0.03 million.

In **FY2022**, net cash from operating activities increased substantially to €6.65 million largely on account of favourable movements in working capital. Conversely, the Group used higher amounts of cash for its investing (€3.58 million) and financing activities (€4.32 million), reflecting increased levels of outflows towards the purchase of PPE and investment property, as well as repayments of bank borrowings. Consequently, HMVG recorded an adverse movement of €1.25 million in its cash balances, thus ending the year with a negative position of €1.28 million.

Net cash generated from operating activities contracted by €2.03 million in **FY2023** to €4.63 million mostly on account of an adverse movement in working capital of €0.78 million compared to the positive change of €2.03 million recorded in the previous year. In contrast, the amount of net cash used in investing activities dropped by €0.72 million to €2.87 million as during the year the Group received a one-off dividend income of €1.31 million from an associate company. On the other hand, the amount of cash used for the acquisition of PPE and investment property increased by 10.44% to €4.18 million compared to €3.78 million in FY2022.

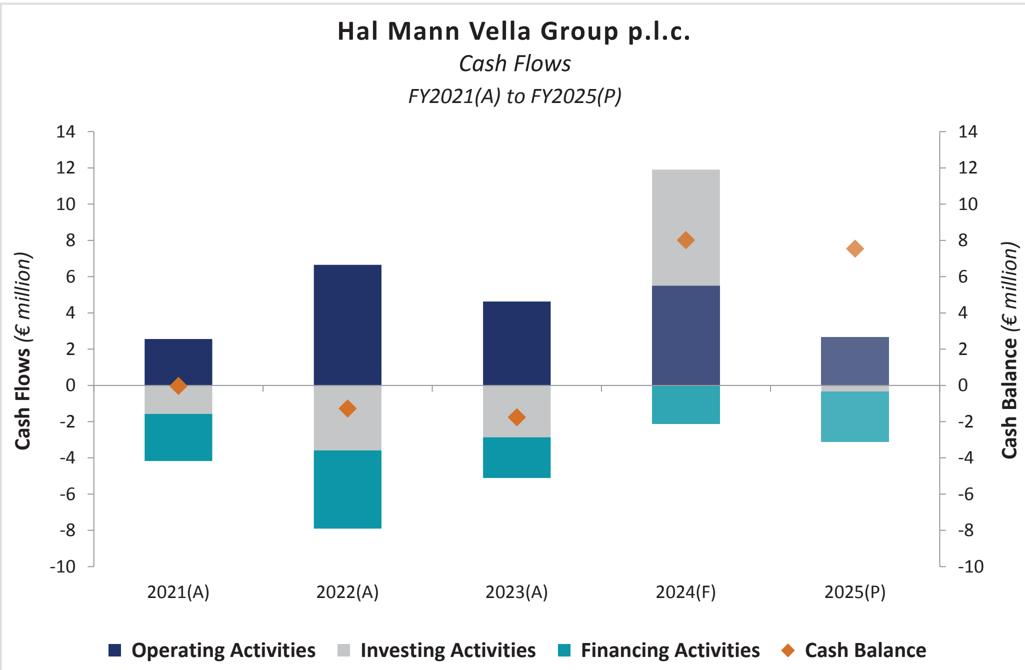
In terms of financing activities, during FY2023, the Group used €2.24 million mainly for the payment of interest. As a result, given the adverse movement of €0.48 million in cash and cash equivalents, HMVG ended the year with a higher negative cash balance of €1.76 million.

The Group is anticipating considerable improvement to its cash position in **FY2024** mostly due to the forecasted cash inflow of €6.41 million from its investing activities. In this regard, the anticipated outflow of €3 million for the purchase of PPE is forecasted to be materially outweighed by the estimated cash inflow of €9.41 million from the sale of the Mavina Holiday Complex and a villa situated in Madliena.

Meanwhile, the Group is also expecting favourable year-on-year movements in cash flows relating to operating (+€0.87 million to €5.50 million) and financing activities (-€0.11 million to €2.13 million), thus resulting in an overall net positive movement in cash and cash equivalents of €9.77 million.

The Group's cash and cash equivalents are projected to decrease by €0.48 million in **FY2025**. The amount of net cash to be generated from operating activities is expected to drop by €2.84 million year-on-year to €2.65 million reflecting adverse movements in working capital.

Cash outflows relating to investing and financing activities are estimated to amount to €0.35 million and €2.79 million respectively. Accordingly, HMVG is projecting to close the year with a positive cash balance of €7.54 million compared to the estimated figure of €8.02 million as at the end of FY2024.



Hal Mann Vella Group p.l.c.					
Statement of Financial Position					
as at 31 December	**2021**	**2022**	**2023**	**2024**	**2025**
	Actual	**Actual**	**Actual**	**Forecast**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
ASSETS					
Non-current assets					
Intangible assets	63	63	63	63	63
Investment properties	50,174	53,537	54,046	45,746	45,746
Property, plant and equipment	33,134	34,196	37,109	38,808	37,860
Investments in joint ventures	1,722	1,715	1,567	1,567	1,567
Financial assets	756	482	411	411	411
Finance lease receivables	-	175	-	-	-
Right-of-use assets	7,725	7,499	7,234	6,966	6,702
Deferred taxation	1,619	1,200	1,889	1,499	1,396
	95,193	**98,867**	**102,319**	**95,060**	**93,745**
Current assets					
Inventories	4,355	4,115	4,195	5,129	4,728
Property held-for-sale	6,308	4,746	5,334	3,704	5,224
Trade and other receivables	15,986	16,175	17,844	14,753	15,060
Other assets	91	91	91	91	91
Cash and cash equivalents	1,819	572	1,097	8,513	8,032
	28,559	**25,699**	**28,561**	**32,190**	**33,135**
Total assets	**123,752**	**124,566**	**130,880**	**127,250**	**126,880**
EQUITY					
Called up share capital	5,000	5,000	5,000	5,000	5,000
Other reserves	31,742	32,928	33,284	33,284	33,284
Retained earnings	11,770	12,382	13,305	15,916	17,100
	48,512	**50,310**	**51,589**	**54,200**	**55,384**
LIABILITIES					
Non-current liabilities					
Bonds	29,789	29,860	-	22,418	22,464
Bank borrowings	9,195	6,774	8,558	12,696	10,679
Finance lease liability	8,293	7,961	8,084	8,065	7,979
Other financial liabilities	2,218	2,217	2,218	2,218	2,218
Other non-current liabilities	4,717	5,291	6,826	4,696	4,712
	54,212	**52,103**	**25,686**	**50,093**	**48,052**
Current liabilities					
Bonds	-	-	29,935	-	-
Bank borrowings	3,752	3,969	4,628	6,162	7,923
Finance lease liability	-	330	139	83	86
Other financial liabilities	3,396	3,625	2,395	2,395	2,395
Other current liabilities	13,880	14,229	16,508	14,317	13,040
	21,028	**22,153**	**53,605**	**22,957**	**23,444**
Total liabilities	**75,240**	**74,256**	**79,291**	**73,050**	**71,496**
Total equity and liabilities	**123,752**	**124,566**	**130,880**	**127,250**	**126,880**
Total debt	*56,643*	*54,736*	*55,957*	*54,037*	*53,744*
Net debt	*54,733*	*54,073*	*54,769*	*45,433*	*45,621*
Invested capital (total equity plus net debt)	*103,245*	*104,383*	*106,358*	*99,633*	*101,005*

Hal Mann Vella Group p.l.c. Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast	FY2025 Projection
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	8.96	9.45	9.47	6.35	7.06
Net debt-to-equity (times) *(Net debt / total equity)*	1.13	1.07	1.06	0.84	0.82
Net gearing (%) *(Net debt / net debt and total equity)*	53.01	51.80	51.49	45.60	45.17
Debt-to-assets (times) *(Total debt / total assets)*	0.46	0.44	0.43	0.42	0.42
Leverage (times) *(Total assets / total equity)*	2.55	2.48	2.54	2.35	2.29
Current ratio (times) *(Current assets / current liabilities)*	1.36	1.16	0.53	1.40	1.41

STATEMENT OF FINANCIAL POSITION

Total assets as at 31 December **2021** stood at €123.75 million, largely comprising investment property (€50.17 million), PPE (€33.13 million), trade and other receivables (€15.99 million), inventories and property held-for-sale (€10.66 million), as well as right-of-use assets (€7.73 million). The latter reflect the present value of the Group's lease contracts for properties and other assets used in its operations.

The Group's equity base stood at €48.51 million whilst total liabilities amounted to €75.24 million. The largest liability component was debt (€56.64 million) comprising bonds (€29.79 million), bank borrowings (€12.95 million), lease liabilities (€8.29 million) and other financial liabilities (€5.61 million). The latter mainly consist of amounts due to related companies and shareholders' loans.

During **FY2022**, total assets increased by 0.66% to €124.57 million as the increase in the value of investment properties (+€3.36 million to €53.54 million) and PPE (+€1.06 million to €34.20 million) marginally offset the drop in property held-for-sale (-€1.56 million to €4.75 million) and cash balances (-€1.25 million to €0.57 million).

Total liabilities contracted by 1.31% to €74.26 million reflecting the 3.37% reduction in total debt to €54.74 million. Nonetheless, in view of the drop in EBITDA, the net debt-to-EBITDA multiple deteriorated to 9.45 times from 8.96 times in FY2021. Conversely, the net debt-to-equity ratio eased to 1.07 times compared to 1.13 times as at the end of FY2021. Likewise, the net gearing ratio and the debt-to-assets ratio trended lower to 51.80% (31 December 2021: 53.01%) and 0.44 times (31 December 2021: 0.46 times) respectively.

The Group's asset base expanded by 5.07% (or +€6.31 million) in **FY2023** to €130.88 million mostly due to the increase in the value of PPE (+€2.91 million to €37.11 million) and trade and other receivables (+€1.67 million to €17.84 million).

Similarly, total liabilities increased by 6.78% (or +€5.04 million) to €79.29 million. During the year, the Group added €1.22 million in total debt to €55.96 million reflecting the increase of €2.44 million in bank borrowings to €13.19 million (31 December 2022: €10.74 million) which outweighed the drop of €1.23 million in other financial liabilities to €4.61 million (31 December 2022: €5.84 million). Nonetheless, as total equity trended higher to €51.59 million (31 December 2022: €50.31 million), the net debt-to-equity ratio and net gearing ratio eased slightly to 1.06 times and 51.49% respectively. On the other hand, the net debt-to-EBITDA multiple and the debt-to-assets ratio remained virtually unchanged year-on-year at 9.47 times and 0.43 times respectively.

The major changes in the composition of the Group's financial position over the forecast period covering **FY2024** and **FY2025** are expected to be as follows:

(4) A reduction in the value of investment property to €45.75 million (-€8.30 million) principally reflecting the sale of the Mavina Holiday Complex and a villa situated in Madliena in FY2024.

(5) The increase in the Group's cash position – as highlighted in the analysis appertaining to the Statement of Cash Flows.

(6) The continued strengthening of the Issuer's equity base, reflecting the accumulated projected profits to be registered in FY2024 (€2.61 million) and FY2025 (€1.18 million).

(7) A reduction of €7.80 million in total liabilities to €71.50 million by the end of FY2025 reflecting the estimated drop in debt (-€2.21 million to €53.74 million) and other liabilities (-€5.58 million to €17.75 million).

Principally as a result of the factors mentioned above, the Group is anticipating a marked improvement in most of its credit metrics over the forecast period, with the net debt-to-EBITDA multiple and the net gearing ratio approaching close to 7 times and 45% respectively. Similarly, the net debt-to-equity ratio and the leverage ratio are expected to trend lower year-on-year and reach 0.82 times and 2.29 times respectively by the end of FY2025. On the other hand, the debt-to-assets ratio is projected to remain stable at 0.42 times whilst the current ratio is expected to revert to historical levels in view of the proposed bond issue which proceeds are intended to refinance the existing 5.00% secured bonds maturing on 6 November 2024.

8. VARIANCE ANALYSIS

The following is an analysis of the major variances between the forecast financial information for the year ended 31 December 2023 included in the Analysis dated 21 June 2023, and the audited consolidated annual financial statements for the year ended 31 December 2023.

Hal Mann Vella Group p.l.c. **Income Statement** **for the financial year 31 December**	**2023** **Actual** **€'000**	**2023** **Forecast** **€'000**	
Revenue - manufacturing and general contracting services	*19,438*	*20,402*	
Revenue - property development	*3,119*	*3,190*	
Revenue - rental activities	*2,526*	*2,460*	
Total revenue	**25,083**	**26,052**	
Other operating income	663	557	
Cost of sales and other operating charges	(19,962)	(21,440)	
EBITDA	**5,784**	**5,169**	***(1)***
Depreciation	(1,410)	(1,249)	
Operating Profit	**4,374**	**3,920**	***(2)***
Change in fair value of investment property	386	-	***(3)***
Dividends income	1,310	-	***(4)***
Net finance costs	(2,612)	(2,409)	
Profit before tax	**3,458**	**1,511**	***(5)***
Taxation	(2,180)	45	***(6)***
Profit after tax	**1,278**	**1,556**	***(7)***
Total comprehensive income	**1,278**	**1,556**	

Although HMVG generated a marginally lower level of revenues of €25.08 million in FY2023 compared to the forecasted figure of €26.06 million, EBITDA ***(1)*** exceeded forecasts by 11.90% (or +€0.62 million). This was mainly due to the better-than-expected margins achieved by the Group's 'manufacturing and general contracting services' segment reflecting both the favourable impact of product/service mix as well as the creation of internal operational efficiencies. As a result, the Group's EBITDA margin for the year stood at 23.06% compared to the targeted level of 19.84%.

The issuer also exceeded its forecasted operating profit ***(2)*** (+€0.45 million) and pre-tax profit ***(5)*** (+€1.95 million) despite the slight adverse variances in depreciation charges and net finance costs as these were outweighed by a €0.39 million positive movement in the fair value of investment property (3) and a one-off dividend income of €1.31 million ***(4)*** which were not previously anticipated. On the other hand, HMVG registered a tax charge of €2.18 million ***(6)*** compared to the estimated tax income of €0.05 million, thus resulting in a lower net profit for the year of €1.28 million ***(7)***.

Hal Mann Vella Group p.l.c. **Statement of Cash Flows** **for the financial year 31 December**	**2023** **Actual** **€'000**	**2023** **Forecast** **€'000**	
Net cash from operating activities	4,627	7,320	***(1)***
Net cash used in investing activities	(2,867)	(3,477)	***(2)***
Free cash flow	**1,760**	**3,843**	
Net cash used in financing activities	(2,240)	(1,016)	***(3)***
Net movement in cash and cash equivalents	**(480)**	**2,827**	***(4)***
Cash and cash equivalents at beginning of year	(1,278)	(1,278)	
Cash and cash equivalents at end of year	**(1,758)**	**1,549**	***(5)***

The Issuer registered a negative movement in cash and cash equivalents of €0.48 million compared to the estimated positive figure of €2.83 million ***(4)***. Although net cash used in investing activities were lower than anticipated by €0.61 million ***(2)***, the Group's cash flows were adversely impacted by a lower level of net cash generated from operating activities ***(1)*** (-€2.69 million) and a higher amount of net cash used in financing activities ***(3)*** (+€1.22 million). As a result, HMVG ended the 2023 financial year with a negative cash balance of €1.76 million (when excluding the bank overdraft balance of €2.86 million) compared to the positive forecasted figure of €1.55 million ***(5)***.

Meanwhile, the material variances between the actual and forecast Statement of Financial Position as at 31 December 2023 were as follows:

(a) Within total assets (5) (+€3.08 million), the higher-than-estimated balances of property-held-for-sale ***(2)*** (+€2 million) and trade and other receivables ***(3)*** (+€4.44 million) outweighed the lower level of deferred taxation ***(1)*** (-€1.98 million) and cash balances ***(4)*** (-€1.82 million). As a result, the Group's asset base stood at €130.88 million compared to the forecasted figure of €127.80 million.

(b) Total liabilities exceeded forecasts by €3.31 million ***(7)***, largely reflecting the higher level of trade and other payables (including tax liabilities) as these amounted to €23.33 million compared to the estimated figure of €20.88 million (***6***).

Hal Mann Vella Group p.l.c. Statement of Financial Position as at 31 December	2023 Actual €'000	2023 Forecast €'000	
ASSETS			
Non-current assets			
Intangible assets	63	63	
Investment properties	54,046	53,537	
Property, plant and equipment	37,109	36,706	
Investments in joint ventures	1,567	1,715	
Financial assets	411	228	
Finance lease receivables	-	175	
Right-of-use assets	7,234	7,230	
Deferred taxation	1,889	3,872	*(1)*
	102,319	103,526	
Current assets			
Inventories	4,195	4,522	
Property held-for-sale	5,334	3,339	*(2)*
Trade and other receivables	17,844	13,402	*(3)*
Other assets	91	91	
Cash and cash equivalents	1,097	2,920	*(4)*
	28,561	24,274	
Total assets	**130,880**	**127,800**	*(5)*
EQUITY			
Called up share capital	5,000	5,000	
Other reserves	33,284	32,929	
Retained earnings	13,305	13,893	
	51,589	**51,822**	
LIABILITIES			
Non-current liabilities			
Bonds	-		
Bank borrowings	8,558	14,940	
Other financial liabilities	2,218		
Finance lease liability	8,084	8,223	
Other non-current liabilities	6,826	6,811	*(6)*
	25,686	29,974	
Current liabilities			
Bonds	29,935		
Bank borrowings	4,628	31,585	
Other financial liabilities	2,395		
Finance lease liability	139	350	
Other current liabilities	16,508	14,069	*(6)*
	53,605	46,004	
Total liabilities	**79,291**	**75,978**	*(7)*
Total equity and liabilities	**130,880**	**127,800**	
Total debt	*55,957*	*55,098*	
Net debt	*54,769*	*52,087*	
Invested capital (total equity plus net debt)	*106,358*	*103,909*	

PART 3 – COMPARATIVE ANALYSIS

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

Comparative Analysis*	Amount Issued	Yield-to-Maturity / Worst	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
5.00% Hal Mann Vella Group p.l.c. Secured 2024	30,000	3.81	2.21	9.47	51.49	0.43
4.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	1,267	4.17	57.57	9.38	69.21	0.64
5.75% International Hotel Investments p.l.c. Unsecured 2025	45,000	5.75	1.61	10.49	43.07	0.41
5.10% 6PM Holdings p.l.c. Unsecured 2025**	13,000	6.86	16.04	0.65	17.79	0.20
4.50% Hili Properties p.l.c. Unsecured & Guaranteed 2025	37,000	4.11	1.80	8.70	46.06	0.45
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.63	5.64	6.37	77.20	0.60
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	4.25	1.45	11.49	43.52	0.41
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.61	10.49	43.07	0.41
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	4.99	2.27	8.24	80.39	0.57
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	4.38	10.89	2.16	65.14	0.57
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	5.34	1.61	10.49	43.07	0.41
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.33	1.24	21.28	39.42	0.36
3.90% Gap Group p.l.c. Secured & Guaranteed 2024-2026	16,702	3.89	n/a	3.15	52.66	0.56
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	3.62	4.60	4.44	69.59	0.61
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.26	4.68	1.74	22.08	0.26
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.04	5.43	4.21	26.73	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.42	2.67	20.40	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	3.99	5.67	4.17	22.93	0.21
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	15,000	5.06	57.57	9.38	69.21	0.64
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.74	n/a	3.15	52.66	0.56
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.27	4.60	4.44	69.59	0.61
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.19	5.42	2.67	20.40	0.19
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	4.62	7.37	9.26	54.58	0.48
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	3.78	5.67	4.17	22.93	0.21
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.87	4.60	4.44	69.59	0.61
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	1.24	21.28	39.42	0.36
5.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	15,000	4.98	57.57	9.38	69.21	0.64
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	6.24	1.73	7.63	94.01	0.75
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.69	1.61	10.49	43.07	0.41
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	5.10	2.04	12.44	49.30	0.45
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.85	4.89	6.08	50.77	0.50
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.19	1.24	21.28	39.42	0.36
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.34	1.61	10.49	43.07	0.41
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.63	3.09	16.34	74.89	0.65
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	5.35	2.21	9.47	51.49	0.43
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.20	3.35	11.26	55.24	0.51

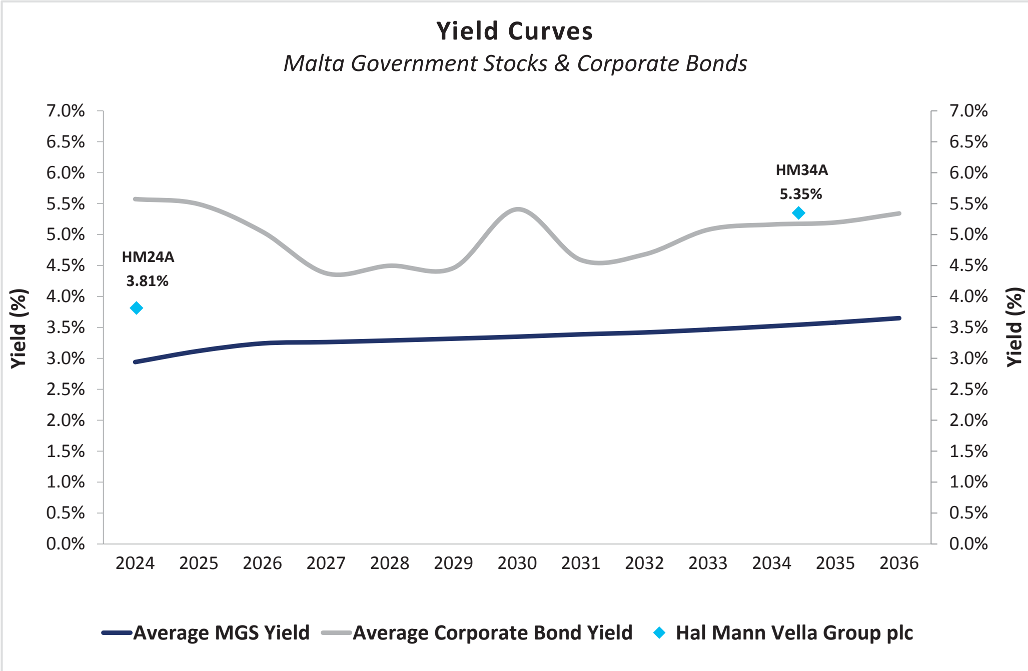
As at 15 May 2024

***** The financial ratios pertain to Idox p.l.c..***

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for Juel Group p.l.c. (FY2024 forecast, as included in the Financial Analysis Summary dated 6 June 2023).



The closing market price as at 15 May 2024 for the 5**.00% Hal Mann Vella Group p.l.c. secured bonds 2024** (HM24A) was 100.50%. This translated into a yield-to-maturity ("**YTM**") of 3.81% which was 176 basis points below the average YTM of 5.57% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock ("**MGS**") yield of equivalent maturity stood at 87 basis points.

The new **5.35% Hal Mann Vella Group p.l.c. secured bonds 2031-2034** (HM34A) have been priced at a YTM which represent a premium of 19 basis points (as at 15 May 2024) over the average YTM of 5.16% of other local corporate bonds maturing in the same year. The spread over the corresponding MGS yield of equivalent maturity as at 15 May 2024 is 183 basis points.

PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
Adjusted operating profit / (loss)	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
Operating profit / (loss)	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
Share of results of associates and joint ventures	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
Profit / (loss) after tax	Net profit (or loss) registered from all business activities.

PROFITABILITY RATIOS	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
Return on assets	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
Return on invested capital	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.
STATEMENT OF CASH FLOWS	
Net cash from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Net cash from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Net cash from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.
STATEMENT OF FINANCIAL POSITION	
Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.
FINANCIAL STRENGTH / CREDIT RATIOS	
Interest cover	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing net debt by the level of invested capital.
Debt-to-assets	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
Leverage	Shows how many times a company is using its equity to finance its assets.
Current ratio	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.