Calamatta Cuschieri

The Directors
Pharmacare Finance p.l.c.
HHF 003, Hal Far Industrial Estate
Birzebbugia BBG 3000
Malta

26 June 2024

Re: Financial Analysis Summary – 2024

Dear Board Members,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Pharmacare Finance p.l.c. (the "**Issuer**") and Pharmacare Premium Limited (the "**Guarantor**"), where the latter is the parent company of the Issuer as explained in part 1 of the Analysis. The data is derived from various sources, including the prospectus dated 5 December 2022 published by the Issuer (the "**Prospectus**"), or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2021, 2022 and 2023 has been extracted from the audited financial statements of the Issuer and Guarantor for the three years in question.

(b) The forecast data for the financial year ending 31 December 2024 has been provided by management.

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

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

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

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

Yours sincerely,

Patrick Mangion
Head of Capital Markets

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FINANCIAL ANALYSIS SUMMARY 2024

Pharmacare Finance p.l.c.

26 June 2024

Prepared by Calamatta Cuschieri Investment Services Limited

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Part 1 Information about the Group

1.1 Issuer's Key Activities and Structure

The Group structure is as follows:

The Issuer was incorporated on 30 April 2018 and has, at the date of this Analysis, an authorised and issued share capital of €250,000 made up of 250,000 Ordinary Shares of €1 each, all fully paid up. The Issuer was set up and established to act as a finance company. This means that the principal objectives of the Issuer include lending and advancing money, giving credit and granting guarantees or other security to or in favour of companies which form part of the same group of companies.

Pharmacare Premium Limited (the Guarantor or "**Pharmacare Premium**") is a private limited liability company registered in Malta on 1 October 2008, with registration number C 45245. The company is 61% owned by its holding company, Pharmacare Europe Limited, a limited liability company registered in Malta on 23 September 2008 which is ultimately owned by Dar Al Shifa Company plc. The authorised share capital of the Guarantor is €24,000,000 made up of 24,000,000 ordinary shares having a nominal value of €1 each. The issued share capital of the Guarantor is €17,628,715 made up of 17,628,715 ordinary shares of €1 each. The principal objective of Pharmacare Premium is to develop, register, manufacture and supply pharmaceutical products.

Dar Al Shifa Company p.l.c. ("**Dar Al Shifa**") was established in 1985 as a public limited company by a group of Palestinian entrepreneurs led by the late Mr Subhi Khoury, a pioneer pharmacist who started the first pharmaceutical manufacturing company in Jordan in 1962. It was listed on the Palestine Securities Exchange in June 2013 and later on became the first Palestinian pharmaceutical company to export internationally. Dar Al Shifa has specialised in the manufacturing and distribution of human and veterinary drugs. Dar Al Shifa changed its status to a private company and was delisted from the Palestinian Securities Exchange.

1.2 Directors and Key Employees

Board of Directors - Issuer

As of the date of this Analysis, the following persons constitute the board of directors (the "**Directors**") of the Issuer:

Name	Office Designation
Mr Bassim S. F. Khoury Nasr	Chairman and Executive Director
Mr Amin Farah	Executive Director
Mr Hani Sarraf	Executive Director
Ms Marisa Tanti	Independent, non-Executive Director
Mr Louis Borg Manché	Independent, non-Executive Director
Mr Mark Vassallo	Independent, non-Executive Director

The business address of all of the directors is the registered office of the Issuer.

Dr Emma Blake is the company secretary of the Issuer. Dr Katia Cachia resigned from the role of company secretary on 20 November 2023.

The board of the Issuer is composed of 6 directors who are entrusted with its overall direction and management. The executive directors are in charge of the decision-making and the day-to-day management of the Issuer, whereas the non-executive directors, all of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny.

Board of Directors – Guarantor

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

Name	Office Designation
Mr Bassim S. F. Khoury Nasr	Chairman and Executive Director
Mr **Amin Farah**	Executive Director
Mrs Sandra Issa Tawfiq Habesch	Non-Executive Director
Mr Hani Sarraf	Executive Director
Mr Mohammad Tahseen Salim Said Sabbagh	Non-Executive Director
Mr Paul Michael Wirtz	Non-Executive Director
Mr Yousef Issa Tawfiq Habesch	Non-Executive Director

The business address of all of the directors is the registered office of the Issuer.

Onyx Trustees Limited (C 105362) is the company secretary of the Guarantor.

The board of the Guarantor is composed of 7 directors who are entrusted with its overall direction and management of the day-to-day management.

1.3 Major Assets owned by the Group

1.3.1 Temporary emphyteusis – Land

On 12 June 2017 Pharmacare Premium entered into a 65-year temporary emphyteusis for a plot of land including buildings. The built-up area measures 4,596m^2 whilst the unbuilt area measures approximately 5,908m^2 and is bounded on all sides by Government property. Pharmacare Premium is permitted to use the property exclusively for an industrial purpose. The facility is an EU-GMP approved site equipped with leading technology, machinery and equipment. This asset is accounted for as a right of use asset (with a corresponding lease liability) in line with IFRS 16. The land was revalued in FY17 and then again in FY21. As at 31 December 2021, the right of use asset had a closing balance of €15.7m.

1.3.2 Intangible assets of the Group

Pharmacare Premium is approved for full chemical and microbiological testing and certification for any EU member state. Pharmacare Premium's intangible assets are made up of licences, internally generated intellectual property and product development.

Pharmacare Premium holds a licence to operate as a pharmaceutical company in Europe, Turkey, Brazil and Iraq amongst others, which are issued by the Health Authorities of each country.

Internally generated intellectual property includes all own product developments and capitalisation of labour costs for such products. Pharmacare Premium also holds product-specific licences for such products once approved and registered.

Product development includes all development of Sunitinib, Sorafenib, Teriflunomide, Pazopanib and capitalisation of labour costs for these products (the development of Sunitinib and Sorafenib was initiated in 2022 following approval from the relevant authorities). Given that the value of Pharmacare Premium's intangible assets is based on cost, and is not revalued to reflect market value, there is potentially added value from the development of these products, which is not captured on the company's books.

1.3.3 Plant and equipment

Pharmacare Premium's equipment and machinery originally cost €10.5m. This consists of high-end equipment dedicated for high potency contained production, tablet coating and packaging of the tablets. Lab equipment includes mostly laboratory equipment used for quality control and quality assurance.

1.4 Operational Developments

1.4.1 **Facility expansion**

An agreement was signed with Xspray Pharma AB of Sweden in November 2020 whereby Pharmacare Premium will provide a 10-year facility operation of equipment. Hence, Pharmacare Premium will invest €1.3m in adaptation of the facility at the Pharmacare Premium site. Furthermore, Xspray contracted at least two production lines from Pharmacare Premium for €0.8m per annum over a 10-year period to make a €7.6m commitment. The Group will be processing new key ingredients for pharmaceutical products using Xspray's patented technology. The key market is USA, a new market for the Group, which constitutes almost half of the world's market for anti-cancer medications by value.

The X-Spray project was put on hold by the customer due to regulatory hurdles. The project is still planned to continue in 2025 and the customer has asked to retain the area whilst these issues are resolved. Pharmacare Premium is currently keeping the project open but also looking at alternative use of the expanded facility should the customer decide to pull out of the project.

This expansion is being part-financed by the €17,000,000 6% Unsecured Bonds 2033 pursuant to the Prospectus (the "**Bond Issue**").

1.4.2 **Own Product Developments**

The Guarantor's own products have been launched in Vietnam, Turkey and Canada. More product/market launches are planned in 2024 worldwide.

During the year under review, the Guarantor was developing 4 products, namely Apremilast, Lenvatinib, Nilotnib and Bosutinib. Apremilast was completed and is currently being registered for marketing authorisation in a number of countries. Lenvatinib development was delayed due to patent issues. Development is ongoing and is expected to be completed in 2025. Nilotnib and Bosutinib development is currently on hold due to a mix of development and commercial challenges. Development on another 4 products has started in 2023 with completion dates expected in 2025.

1.5 Impact of the Israeli-Palestinian Conflict

The geopolitical instability has impacted the business environment of many organisations throughout the past few years. Whilst the impact on supply chains and potential customers has been relevant, the Group also suffered a direct impact due to having Palestinian shareholders and acting as a supplier to its Palestinian related company. This led to loss of business in 2023. However, through a mixture of reorganisation of supply structures and diversification of customers attained through entering new markets, the management expects the impact to be mitigated.

Part 2 Historical Performance and Forecasts

The financial information below is extracted from the audited consolidated financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2021, 2022 and 2023. Group management has provided the forecast financial information for the year ending 31 December 2024.

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

2.1 Issuer's Statement of Comprehensive Income

Statement of Comprehensive Income for the year ended 31 December	2021A	2022A	2023A	2024F
	€000s	**€000s**	**€000s**	**€000s**
Finance income	338	398	1,076	1,143
Finance costs	(288)	(288)	(950)	(1,020)
Net interest earned	**50**	**110**	**126**	**123**
Amortisation of issue costs	(12)	(12)	(44)	(41)
Administrative overheads	(38)	(41)	(75)	(75)
Other operating expenses	-	(66)	-	-
Profit / (loss) before tax	**-**	**(9)**	**7**	**7**
Tax	(15)	(36)	-	
Profit / (loss) after tax	**(15)**	**(45)**	**7**	**7**

The Issuer was set up as the finance company of the Pharmacare group of companies, hence its revenue consists exclusively of interest income generated on the bond proceeds advanced to Pharmacare Premium, and its finance cost is the interest payable to bondholders. These have increased substantially following the bond issue in FY2022, albeit slightly less than forecast due to management expecting the bond to be issued earlier. These are expected to be closer to the previously forecast amount for FY2024.

As from FY2023, bond issue costs are being amortised at rates decreasing year-on-year as opposed to being amortised on a straight line, as was the case up to FY2022.

Administrative overheads primarily pertain to professional fees, director fees and auditor's remuneration. The increase in administrative expenses in FY2023 was due to the fact that directors' remuneration has increased following the Issuer's securities being listed on the main market of the Malta Stock Exchange, as opposed to the Prospects MTF.

No tax was reported for FY2023, and none are forecast for FY2024 as tax losses were surrendered from the Guarantor to the Issuer.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position as at 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Interest bearing receivables	4,879	5,079	16,809	16,809
Total non-current assets	**4,879**	**5,079**	**16,809**	**16,809**
Current assets				
Other receivables	147	211	790	845
Cash and cash equivalents	-	2	3	7
Current tax asset	-	-	8	-
Total current assets	**147**	**213**	**801**	**852**
Total assets	**5,026**	**5,292**	**17,610**	**17,661**
Equity				
Share capital	47	250	250	250
Non-distributable reserves	(39)	(83)	(75)	(68)
Total equity	**8**	**167**	**175**	**182**
Liabilities				
Non-current liabilities				
Interest bearing borrowings	4,915	-	16,485	16,526
Total non-current liabilities	**4,915**	**-**	**16,485**	**16,526**
Current liabilities				
Interest bearing borrowings	-	4,993	-	-
Other payables	88	96	950	953
Taxation payable	15	36	-	-
Total current liabilities	**103**	**5,125**	**950**	**953**
Total liabilities	**5,018**	**5,125**	**17,435**	**17,479**
Total equity and liabilities	**5,026**	**5,292**	**17,610**	**17,661**

The Issuer's balance sheet size increased substantially in FY2023 following the Bond Issue, bonds of which were admitted to the Malta Stock Exchange on 3 February 2023. The net proceeds from the aforementioned Bond Issue were on-lent to the Guarantor, hence accounted for as non-current assets for the Issuer as from FY2023.

Current assets of the Issuer are mainly other receivables in the form of accrued interest from the Guarantor as the receiver of the net proceeds from the Bond Issue.

The Issuer's equity is mainly made up of its €0.25m share capital following its increase during FY2022, as was required for the Bond Issue.

Non-current liabilities of the Issuer are solely its outstanding bonds. These are expected to increase slightly in FY2024 due to amortisation of the Bond Issue expenses.

The Issuer's current liabilities for FY2023 are its payables, being the interest payable on the outstanding bonds. These were higher than previously expected due to the timing of the Bond Issue. The Issuer had also projected to have a liability of €66k in the form of taxation payable during the year under review, however this liability was eliminated due to the surrendering of tax losses from the Guarantor to the Issuer.

2.3 Issuer's Statement of Cash Flows

Statement of Cash Flows for the year ended 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Cash Flows from Operating Activities				
Profit / (loss) before tax	-	(9)	8	7
Adjustments				
Amortisation of bond costs	12	77	44	41
Changes In:				
Accrued finance income	(20)	(64)	(868)	(1,088)
Other receivables	-	-	-	-
Accrued finance expense	1	9	855	1,035
Other payables	7	-	-	-
Cash flows from operations	**-**	**13**	**39**	**(5)**
Taxation paid	-	(15)	(44)	8
Net cash generated from / (used in) operating activities	**-**	**(2)**	**(5)**	**3**
Cash Flows from Investing Activities				
Loan advanced to parent company	-	(200)	(11,730)	-
Net cash used in investing activities	**-**	**(200)**	**(11,730)**	**-**
Cash Flows from Financing Activities				
Issue of share capital	-	203	-	-
Bond Issue proceeds	-	-	11,738	-
Net cash generated from financing activities	**-**	**203**	**11,738**	**-**
Movement in cash and cash equivalents	**-**	**1**	**3**	**3**
Cash and cash equivalents at start of year	-	-	1	4
Cash and cash equivalents at end of year	**-**	**1**	**4**	**7**

Given the Issuer's function as explained in sub-section 1.1., its main cash movements, other than that of raising and repaying debt instruments, is to advance loans to its Parent against an annual interest charge of 7.0% (as from 1 July 2021 onwards). The interest rate on this loan advancement was set at a rate of 1% higher than the bond interest, so that the spread allows the Issuer to pay for any administrative expenses it incurs to administer its debt instrument on behalf of Pharmacare Premium.

The only notable cash movement during the year under review was the Bond Issue which was then on-lent to the Guarantor.

The Issuer does not anticipate any major cash movements in FY2024.

2.4 Guarantor's Statement of Comprehensive Income

Statement of Comprehensive Income for the year ended 31 December	FY2021A	FY2022A	FY2023A	FY2024F
	€000s	€000s	€000s	€000s
Revenue	6,180	8,839	8,361	12,277
Cost of sales	(2,602)	(4,439)	(5,887)	(6,044)
Gross profit	**3,578**	**4,400**	**2,474**	**7,233**
Overheads	(1,816)	(2,104)	(3,180)	(3,286)
EBITDA	**1,762**	**2,296**	**(706)**	**2,948**
Depreciation and amortisation	(1,035)	(1,264)	(1,723)	(2,008)
Net equity movement in subsidiary	(15)	(46)	10	-
Finance income	28	36	12	-
Finance costs	(615)	(756)	(1,423)	(1,300)
Write off of property, plant and equipment	-	(46)	-	-
Profit / (loss) before tax	**125**	**220**	**(3,830)**	**(360)**
Taxation	(75)	(42)	(52)	
Profit / (loss) after tax	**50**	**178**	**(3,882)**	**(360)**
Revaluation of ROU assets	1,458	-	(185)	(185)
Movement in deferred tax on revaluation of ROU assets	(45)	-	21	21
Total comprehensive income / (loss)	**1,463**	**178**	**(4,046)**	**(524)**

Ratio Analysis	2021A	2022A	2023A	2024F
Profitability				
Growth in Revenue (YoY Revenue Growth)	51.36%	43.03%	-5.41%	46.84%
Gross Profit Margin (Gross Profit/ Revenue)	57.9%	49.8%	29.6%	50.8%
EBITDA Margin (EBITDA / Revenue)	28.5%	26.0%	-8.4%	24.0%
Net Margin (Profit for the year / Revenue)	0.8%	2.0%	-46.4%	-2.9%
Return on Common Equity (Net Income / Average Equity)	0.3%	1.1%	-25.8%	-2.5%
Return on Assets (Net Income / Average Assets)	0.2%	0.5%	-9.6%	-0.9%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	6.3%	7.5%	-2.0%	8.2%

Whenever Pharmacare Premium is requested to manufacture pharmaceuticals on behalf of its clients, an agreement between the parties is entered into. The agreements with clients usually indicate tablet pricing which is typically variable and is based on the quantities to be ordered by a client. The total quantity of tablets/batches to be produced for the respective clients are not stipulated within the contracts. As per management, this is standard practice in the pharmaceutical contract manufacturing sector, as it allows clients to scale production accordingly, depending upon product sales. Pharmacare Premium has 3 main revenue streams which are; the licensing and supply of own products, contract manufacturing, and contract development. Contract manufacturing has been Pharmacare Premium's primary revenue stream since its inception.

The Group reported €8.4m in revenue for FY2023. This was slightly lower than the €8.8m reported in the previous year. Management expects an increase in revenue following a contract previously slated for FY2023 being signed during FY2024, as well as another two products expected to be nearing the end of development towards the end of the year, after which the Guarantor will start licensing them out, and tenders in the MENA region entered into by the Guarantor.

This decrease in revenue, coupled with the fact that cost of sales does not fluctuate in line with revenue, resulted in a lower gross profit than the previous years. Management is expecting to report a substantially higher gross profit by the end of FY2024 following the projected increase in revenue.

In FY2023, administrative overheads came in at €3.2m and mainly included administrative wages, directors' consultancy fees and salaries, utilities, premises expenses and professional fees. After accounting for administrative overheads, the Group reported an EBITDA of -€0.7m (FY22: €2.3m). This is expected to increase in FY2024 following a forecast increase in revenue, with the EBITDA Margin increasing to 24.0% (2023: -8.4%).

Depreciation and amortisation costs incurred in FY2023 comprise the depreciation of property, plant and equipment, as well as amortisation of intangible assets and right-of-use assets.

Finance costs increased from €0.8m in FY2022 to €1.4m in FY2023. Management attributed this increase to more interest payable following the bonds issued pursuant to the Prospectus.

Mainly as a result of the lower-than-expected revenue, the Group reported a loss after tax of €3.9m. Management expects this to improve year-on-year going forward, with a loss after tax of €0.4m in FY2024.

Management noted that, although 2023 was a challenging year, the Group has built the foundation for the expected growth, which was delayed by a year due to the delay in obtaining funding for development. With these funds being obtained during FY2023, the ramping up of development activities and investment and increased market presence resulting in overall higher forecasts by the main customers, the Group is confident of recovering the missed year and falling back in line with forecasts during FY2024.

2.4.1 Guarantor's Variance Analysis

Statement of Comprehensive Income for the year ended 31 December	FY2023P	FY2023A	Variance
	€000s	€000s	€000s
Revenue	10,339	8,361	(1,978)
Cost of sales	(5,407)	(5,887)	(480)
Gross profit	**4,932**	**2,474**	**(2,458)**
Other income	120	-	(120)
Overheads	(2,397)	(3,126)	(729)
EBITDA	**2,655**	**(652)**	**(3,307)**
Depreciation and amortisation	(1,547)	(1,736)	(189)
Interest on lease liability	(103)	(103)	-
Interest on loans	(1,296)	(1,187)	109
Net equity movement in subsidiary	-	10	10
Profit / (loss) before tax	**(291)**	**(3,668)**	**(3,377)**
Taxation	1	(52)	(53)
Profit / (loss) after tax	**(290)**	**(3,720)**	**(3,430)**
Revaluation of ROU assets	(185)	(185)	-
Movement in deferred tax on revaluation of ROU assets	21	21	-
Total comprehensive income / (loss)	**(454)**	**(3,884)**	**(3,430)**

Revenue in FY2023 was €2m lower than previously forecast by management. This was attributed to a contract lost due to geopolitical instability, resulting in revenue of around €1m contracted through a related company in Palestine being lost. Additionally, a further €2m were postponed by a major customer and are now being produced and sold in 2024. Conversely, the Group managed to generate revenue of €1m which was previously not forecast. This partially offset the negative variances explained above and resulted in the net negative variance of €2m.

Although reported revenue was lower than expected, this did not result in a corresponding decrease in cost of sales given that cost of sales is composed of salaries, materials and freight costs, which are incurred by the Group even if a contract is cancelled or delayed.

The Group reported approximately €0.7m more in overheads than previously forecast. Management explained that this increase is due to a slight increase in salaries and increases related to sales commissions and tender costs related to tenders which will materialise in FY2024. Additionally, increases in IT costs were incurred due to the implementation of a new ERP system starting in FY2023.

The said variance in overheads and the lower-than-forecast revenue contributed to the Group's EBITDA being *circa* €3.3m less than previously projected by management.

Depreciation and amortisation for the year was slightly higher than forecast following a review of the useful life of contracts and an increase in development costs being capitalised and starting amortisation.

The aforementioned decrease in revenue was the main contributor to the Group reporting approximately €3.4m less revenue that what was projected in the previously Financial Analysis Summary.

2.5 Guarantor's Statement of Financial Position

Statement of Financial Position as at 31 December	FY2021A	FY2022A	FY2023A	FY2024F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Property, plant and equipment	4,958	4,827	4,835	5,140
Right of use assets	15,650	15,482	15,234	15,000
Intangible assets	6,311	7,487	7,488	7,840
Investment in subsidiary	8	165	175	250
Total non-current assets	**26,927**	**27,961**	**27,732**	**28,230**
Current assets				
Inventories	2,096	2,080	2,859	3,209
Trade and other receivables	4,671	7,497	8,061	7,250
Cash and cash equivalents	550	317	4,481	1,956
Total current assets	**7,317**	**9,894**	**15,401**	**12,415**
Total assets	**34,244**	**37,855**	**43,133**	**40,645**
Equity and liabilities				
Equity				
Share capital	16,628	17,629	17,629	18,429
Share premium	8,945	10,326	10,326	10,486
Capital contribution	2,380	-	-	-
Revaluation reserve	9,952	9,766	9,622	9,457
Retained earnings / (accumulated losses)	(21,111)	(20,749)	(24,488)	(24,848)
Total equity	**16,794**	**16,972**	**13,089**	**15,994**
Non-current liabilities				
Bank borrowings	970	566	254	-
Interest bearing borrowings	6,288	9,885	19,904	19,906
Non-Interest bearing borrowings	29	-	-	-
Lease liability	1,210	1,218	1,229	1,240
Other social taxes	1,390	858	457	259
Deferred tax	1,252	1,252	1,252	1,190
Total non-current liabilities	**11,139**	**13,779**	**23,096**	**20,124**
Current liabilities				
Bank borrowings	470	470	653	250
Bank overdraft	394	1,046	234	-
Interest bearing borrowings	1,116	1,116	1,629	1,156
Non-interest bearing borrowings	1,050	50	50	19
Lease liability	91	93	93	93
Trade and other payables	3,190	4,328	4,290	3,008
Total current liabilities	**6,311**	**7,103**	**6,949**	**4,527**
Total liabilities	**17,450**	**20,882**	**30,045**	**24,650**
Total equity and liabilities	**34,244**	**37,854**	**43,134**	**40,645**

Ratio Analysis	2021A	2022A	2023A	2024F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	37.30%	45.34%	59.85%	56.40%
Gearing 2 (Total Liabilities / Total Assets)	51.0%	55.2%	69.7%	60.6%
Gearing 3 (Net Debt / Total Equity)	59.5%	82.9%	149.1%	129.4%
Net Debt / EBITDA	5.67x	6.13x	N/A	7.02x
Current Ratio (Current Assets / Current Liabilities)	1.16x	1.39x	2.22x	2.74x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.83x	1.10x	1.80x	2.03x
Interest Coverage 1 (EBITDA / Cash interest paid)	3.43x	3.52x	(11.97)x	2.89x
Interest Coverage 2 (EBITDA / Finance Costs)	2.87x	3.04x	(0.50)x	2.27x

Property, plant and equipment ("**PPE**") principally comprise equipment and machinery. Equipment and machinery include large-scale equipment used for the production of tablets, tablet coating and packaging of the tablets. Lab equipment includes mostly equipment used for quality control and quality assurance. PPE for FY2023 was more or less the same as that of the previous year, and management expects this to be slightly higher by the end of FY2024 following investments in the laboratory equipment.

The Group's right-of-use assets relate to the 65-year temporary emphyteusis of the factory premises in Hal Far recognised in line with IFRS 16. During FY2023, the right-of-use asset was valued at €15.2m. This asset is amortised over the 65-year term and, hence, the Group expects its value to decrease slightly year-on-year.

Intangible assets consist of intellectual property, licences and capitalised costs with respect to product development. These were valued at €7.5m as at end of FY2023. Management does not expect any major change in value in FY2024.

The Group's current assets are composed of its inventories, receivables and cash. Management noted that these were all higher than the balances as at end of FY2022, and higher than those previously projected. Inventories were higher as at the end of the year due to projects being on hold as explained in section 2.4.1. above. With regard to the Group's trade and other receivables, management attributed the movement to increased collection times, particularly in relation to its business activities in the MENA region. Management confirmed that these all fluctuate in the normal course of business and that the Group does not expect any major changes in FY2024.

Share capital and share premium remained the same from FY2022 to FY2023, with only a minor increase in share capital forecast by the end of FY2024. The only other change from FY2022 is the increase in accumulated losses following the loss after tax explained in sub-section 2.4. above.

The Group's liabilities, bar the Issuer's bonds issued during FY2023 and minor delays in the repayment of a short-term loan, remained on the same levels as FY2022. Management expects these to remain stable in FY2024, with the only notable movement being the effect of expected payments to a number of suppliers, thus reducing the balance of its trade and other payables.

Given the increase in its current assets and trivial movements in its short-term liabilities, the Group's current ratio has increased from 1.39x in FY2022 to 2.22x in FY2023. This will increase further in FY2024 given the expected repayment of short-term interest bearing borrowings and trade and other payables.

Following the admission of the Issuer's bonds on the Malta Stock Exchange, the Group's gearing increased from 45.34% in FY2022 to 59.85% in FY2023. Management is expecting this to be slightly lower for FY2024 following the forecast increase in share capital and planned repayments of bank borrowings and short-term loans.

2.6 Guarantor's Statement of Cash Flows

Statement of Cash Flows for the year ended 31 December	2021A	2022A	2023A	2024F
	€000s	**€000s**	**€000s**	**€000s**
Cash flows from operating activities				
Profit for the year	49	178	(3,832)	(360)
Adjustments for:				
Depreciation and amortisation	1,035	1,264	1,723	2,008
Loss on write-off of property, plant and equipment	-	46	347	-
Provision for impaired inventories	41	(39)	-	-
Expected credit losses	-	56	-	-
Equity movement on investment in subsidiary	15	47	(10)	-
Unrealised differences on exchange	52	42	(12)	-
Finance expense	615	713	1,339	1,300
Income tax expense	75	42	-	-
Movement in working capital:				
Movement in inventory	(804)	55	(779)	(350)
Movement in trade and other receivables	(1,398)	(2,919)	(551)	811
Movement in trade and other payables	912	(302)	(1,616)	(1,282)
Actual lease payments	(89)	(113)	-	-
Cash flows from operations	**503**	**(930)**	**(3,391)**	**2,127**
Interest paid	(513)	(653)	(59)	(1,020)
Lease payments / provisions	-	-	-	(93)
Taxes paid	(75)	(42)	(52)	-
Net cash generated from / (used in) operating activities	**(85)**	**(1,625)**	**(3,502)**	**1,014**
Cash flows from investing activities				
Acquisition of property, plant and equipment	(522)	(447)	(518)	(1,000)
Acquisition of intangible assets	(2,000)	(1,677)	(1,312)	(1,443)
Acquisition of investment in subsidiary	-	(203)	-	-
Net cash generated from / (used in) investing activities	**(2,522)**	**(2,327)**	**(1,830)**	**(2,443)**
Cash flows from financing activities				
Issuance of share capital and share premium	-	2,381	-	960
Movements on share capital / capital contribution	2,381	(2,381)	-	-
Movements on bank loans	(384)	(404)	-	(941)
Movements on amount due to third party	349	(1,257)	(158)	(378)
Movements on shareholder loans	(55)	1	-	-
Movements on related company balances	(278)	894	-	-
Movements on subsdiary company balances	-	196	10,559	(505)
Movements on parent company balances	(3)	19	-	-
Movements on ultimate parent company balances	(102)	3,619	-	-
Lease payments	-	-	(93)	-
Net cash generated from / (used in) financing activities	**1,908**	**3,068**	**10,308**	**(864)**
Net movement in cash and cash equivalents	**(699)**	**(884)**	**4,976**	**(2,293)**
Cash and cash equivalents at start of year	855	156	(728)	4,248
Cash and cash equivalents at end of year	**156**	**(728)**	**4,248**	**1,955**

Ratio Analysis	2021A	2022A	2023A	2024F
Cash Flow	**€000s**	**€000s**	**€000s**	**€000s**
Free Cash Flow (Net cash from operations + Interest - Capex)	(2,094)	(3,096)	(5,273)	(410)

As explained in sub-section 2.4. of this Analysis, the Group ended FY2023 with a loss of €3.8m. After accounting for non-cash items and working capital movements (as explained in sub-section 2.5. above), the Group reporting an outflow of €3.5m in its operating activities. Given the expected minor loss after tax of €0.4m in FY2024 and, once again accounting for non-cash items and working capital movements, the Group expects to report a cash inflow from operating activities by the end of FY2024.

Investing activities of the Group are exclusively its investments in PPE and intangible assets, in line with the use of proceeds of the Issuer's bonds. The Group is expecting a higher outflow in this regarding by end of FY2024 following the continuing expansion of the facility and laboratories, being the Group's PPE, and continuing capitalisation of development costs in relation to new products, being the Group's intangible assets. and related to the capitalisation of development costs in relation to development of new products.

The above-mentioned outflows in FY2023 were financed through the proceeds of the bonds of the Issuer admitted to the Malta Stock Exchange during the year. The Group did not report any other notable cash flows from financing activities. In FY2024, the Group expects an inflow of *circa* €1m from an increase in share capital (as explained in sub-section 2.5. above) and outflows in the form of repayments of borrowings.

The Group ended FY2023 with a positive cash balance of €4.2m, mainly due to the aforementioned bond issue. Management expects that, going forward, the main source of its cash will come from its operating activities.

Part 3 Key Market and Competitor Data

3.1 General Market Conditions

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2021. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.2 Economic Update[1]

The Bank's Business Conditions Index (BCI) indicates that in April 2024, annual growth in business activity declined marginally, and remained slightly below its historical average, estimated since January 2000.

The European Commission confidence surveys show that sentiment in Malta decreased in April, and remained below its long-term average, estimated since November 2002. The latest deterioration was mostly driven by developments in industry, construction and among consumers.

Additional data show that in month-on-month terms, price expectations increased among consumers, and to a lesser extent in the retail and services sectors, but decreased significantly in the construction sector and, to a lesser extent in industry.

In April, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased compared with March, indicating lower uncertainty. Uncertainty declined in all sectors except construction.

In March, both industrial production and retail trade contracted on a year-on-year basis. The unemployment rate remained unchanged at 3.2% in March but stood below that of 3.4% in March 2023.

Commercial and residential building permits in March were lower than a month earlier. Commercial permits were also lower when compared with a year ago, but residential permits were higher. In April, the number of residential promise-of-sale agreements rose on a year earlier, as did the number of final deeds of sale.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 2.4% in April, down from 2.7% in the previous month. Following this decline, HICP inflation in Malta was in line with the euro area average. HICP excluding energy and food in Malta, remained below the euro area average. Inflation based on the Retail Price Index (RPI) decreased to 1.6%, down from 1.9% in March.

3.3 Economic Outlook[2]

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) is expected to grow by 4.3% in 2024. Growth is then projected to ease to 3.5% in both 2025 and 2026. This implies a marginally downward revision in 2024 and 2025, when compared to the Bank's previous projections, while for 2026 the outlook is revised upwards.

In 2023, growth was primarily driven by net exports, while domestic demand is envisaged to be the main driver of growth in 2024. Private consumption growth continues at a brisk pace, and private investment, is expected to gradually recover. Net exports are also projected to contribute positively, driven mainly by services exports. Growth in 2025 and 2026 is expected to continue to be led by domestic demand.

Employment growth is set to moderate, albeit from high rates, in the projection horizon, while the average wage is expected to grow at a faster rate in 2024, partly in response to the pronounced inflation in the recent past and a tight labour market.

Annual inflation based on the Harmonised Index of Consumer Prices is projected to drop significantly, from 5.6% in 2023 to 2.4% in 2024, before reaching 1.9% by 2026. Compared to previous projections, inflation has been revised down by 0.5 percentage point in 2024, largely reflecting the unexpected rapid drop experienced in the initial months of the year.

The general government deficit-to-GDP ratio is set to decline to 4.1% in 2024, and to narrow further over the rest of the

[1] Central Bank of Malta – Economic Update 05/2024

[2] Central Bank of Malta – Economic Projections 2024 – 2026

forecast horizon, to stand at 3.1% by 2026. The general government debt-to-GDP ratio is set to increase throughout the forecast horizon, reaching 54.3% by 2026. When compared with the previous projection round, the projected deficit ratio is higher, while the debt ratio is broadly unchanged.

Risks to activity are broadly balanced over the projection horizon. Downside risks largely emanate from possibly adverse trade effects related to ongoing geopolitical tensions. On the other hand, the labour market could exhibit even stronger dynamics than envisaged in this projection round, both in terms of employment and wages. This could then result in stronger private consumption growth.

Risks to inflation are balanced over the project horizon. Upside risks to inflation could stem from extreme weather events and effects of geopolitical developments. Other upside risks to headline inflation include the potential impact of measures to combat climate change. Furthermore, wage pressures could be stronger than envisaged in the baseline. On the downside, imported inflation could fall more rapidly than expected, while services inflation could normalise more quickly than envisaged in this projection round.

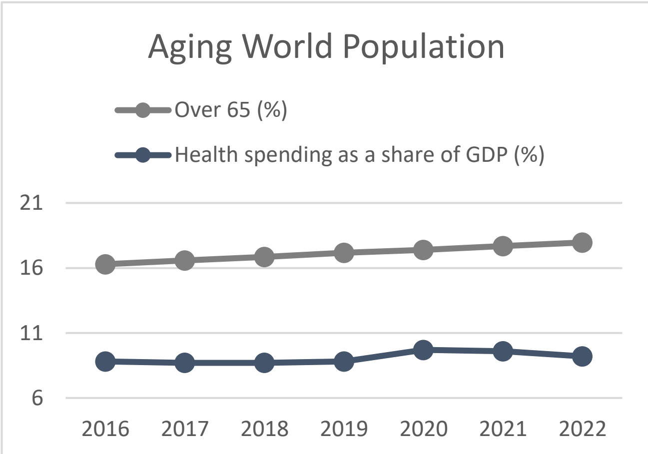
On the fiscal side, risks are tilted to the downside (deficit-increasing). These mainly reflect the likelihood of slippages in current expenditure, including higher-than-expected outlays on energy support measures if commodity prices are higher than envisaged. They also reflect the likelihood of additional increases in pensions and public sector wages in the outer years of the forecast horizon. Should these risks materialise, they are set to be partly offset by the likelihood of additional fiscal consolidation efforts to comply with the EU's fiscal rules.

3.4 The Retail Pharmacy Industry in Malta[3]

The pharmaceutical retail industry is composed of pharmacy stores which are engaged in the retailing of prescription and non-prescription pharmaceutical and allied such as health products that include vitamins and supplements, cosmetics, toiletries, greeting cards, and non-perishable food products to walk-in customers.

Through the sale of such commercialised items, in addition to the introduction of number of cosmetic services, pharmacy retail stores have nowadays expanded their customer base to younger individuals. In addition to the need for medical prescriptions and the introduction of new advances/innovations in medical care, the demand for pharmaceutical retail stores within a specific country, is also greatly dependent upon the growth in the number of older persons, otherwise known as an aging population.

In recent years, virtually every country in the world has experienced growth in the number of older persons in their population. As could be noted through the below graphical presentation, the average number of individuals who are 65 years or older as a percentage of total population in "Organisation for Economic Cooperation and Development (OECD)" countries, increased from 16.0% in 2011 to 17.6% in 2021.



This data further illustrates that as the number of persons aged 65 years or over increased over time, OECD countries have also witnessed a consequent increase in health expenditure as a percentage of GDP. This therefore implies that the demand for pharmaceutical retail stores has strengthened throughout this period.

3.5 The Local Pharmacy Industry in Malta[4]

Locally, the latest revised demographic statistics also show that the population in Malta is ageing considerably. As at December 2022, the population aged 65 years or over amounted to 18.0% (97,355) of the total population of 542,051, illustrating an increase of 4.2% from the year before.

[3] Including both generic and brand name prescription and non-prescription medicines and drugs

[4] National Statistics Office: World Population Day statistics

The population increase in 2022 was driven by a mix of net positive migration into the country and the natural increase between births and deaths. Life expectancy has also increased throughout the years, with the average life expectancy for those born in 2022 standing at 82.9 years, an increase of 1.9 years when compared to 12 years ago.

On the same note, according to the '2024 Ageing Report'[5] prepared by the European Commission and the Economic Policy Committee, the median age will rise from 44.4 years in 2022 to 48.8 years in 2070, with a relatively steeper increase by around 2040. This pattern will be repeated in each of the EU Member States, with the life expectancy of the Maltese population reaching the high 80s by 2070.

As life expectancy at birth increases globally (including Malta), remarkable advancements in healthcare services and medical research, have greatly contributed towards an overall improvement in longevity. Based on this, combined with the anticipated increase in the number of individuals aged 65 or over, the demand for pharmaceutical retail stores is expected to continue strengthening moving forward.

Additionally, the number of local pharmacy licences available are limited depending on the population of a locality. Data specifically related to the number of pharmacy licences issued in Malta over a specific timeframe is limited. However, according to data provided by the 'Malta Medicine Authority', there are currently over two hundred licenced retail community pharmacies in Malta[6].

In view of the above, once all pharmacy licences within the threshold are issued to operators, the authority cannot issue new licences unless the threshold is increased. In view of this, the limited supply of licences has driven a market in the trade of pharmacy licences which can be sold / acquired from third parties on the open market. More specifically, it is important to note that the trade of pharmacy licences, in addition to approval of new licences are subject to the approval of the Superintendent of Public Health. Such policy has naturally driven up the price to acquire a pharmacy licence, which has increased the barriers to entry and hence reduced competition for existing operators. Additionally, the limited availability of pharmacy licences in Malta will continue to channel the increase in the demand for pharmaceutical needs to existent operators.

3.6 Pharmacare Premium's positioning in the Market

Oncology treatments are the fastest growing therapeutic category within the pharmaceutical industry. Modern anti-cancer treatments are specialized to the specific type of cancers at certain stages and in combinations. Due to the extent of product development required to develop a product, the original patented product is typically very expensive. Furthermore, due to the specialised nature of these drugs, they are highly potent and manufactured in small batches.

Pharmacare Premium's business opportunity is linked to high value generics, launched immediately after patent expiry (day-1 launch). Pharmacare Premium has a number of oral oncology products in its pipeline with launch opportunities between 2022 and 2032, a number of which already have registered patents in Malta. As a result, Pharmacare Premium has adopted a unique positioning to maximize the aforementioned opportunities. Oral oncology treatments are taken over a longer period by patients and have a larger market compared with traditional chemotherapy and biologicals administered in hospitals.

3.7 Comparative Analysis

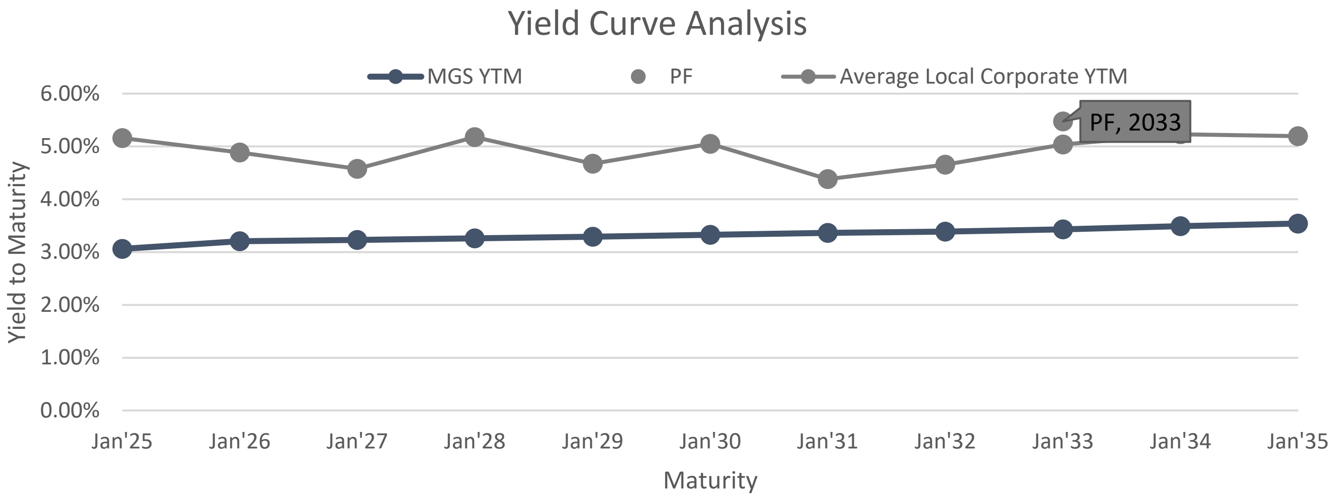
The purpose of the table below compares the proposed debt issuance of the Issuer to other debt instruments. Additionally, we believe that there is no direct comparable company related to the Issuer and as such, we included a variety of Issuers with different maturities. More importantly, we have included different issuers with a similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the business and that of other issuers are therefore different.

[5] https://commission.europa.eu/index_en

[6] Malta Medicines Authority

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.25%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.65%	0.4x	45.6	11.1	75.6%	69.8%	56.6x	2.3x	-11.0%	-19.6%	20.9%
3.5% GO plc Unsecured € 2031 (xd)	60,000	4.00%	10.7x	458.1	99.4	78.3%	63.0%	1.9x	0.9x	15.6%	6.6%	9.9%
3.9% Browns Pharma Holdings plc Unsec Call € 2027-2031	13,000	4.40%	4.5x	78.0	27.9	64.2%	44.4%	4.2x	1.2x	5.6%	4.1%	16.4%
3.65% Mizzi Organisation Finance plc Unsecured € 2028-2031	45,000	4.21%	1.8x	312.4	87.8	71.9%	58.4%	14.9x	0.8x	-1.9%	-1.1%	30.5%
3.65% IHI plc Unsecured € 2031	80,000	4.78%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
3.5% AX Real Estate plc Unsecured € 2032	40,000	4.68%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
4.55% St Anthony Co plc Secured € 2032	15,500	4.31%	1.2x	65.8	20.5	68.9%	63.6%	13.9x	0.7x	-3.1%	-5.8%	54.1%
4.5% G3 Finance plc Secured € 2032	12,500	4.58%	(3.0)x	44.9	21.6	51.9%	37.9%	5.9x	0.7x	6.8%	12.1%	13.7%
4% Malta Properties Company Plc Sec € 2032 S1/22 T1	25,000	4.45%	(2.3)x	99.1	56.4	43.1%	33.1%	8.1x	2.6x	3.7%	41.1%	22.8%
4.65% Smartcare Finance plc Secured € 2032	7,500	4.65%	0.4x	45.6	11.1	75.6%	69.8%	56.6x	2.3x	-11.0%	-19.6%	20.9%
4.85% JD Capital plc Secured € 2032 S1 T1	14,000	4.77%	1.7x	76.3	20.3	73.3%	63.1%	16.9x	2.1x	0.1%	0.2%	9.6%
5% Mariner Finance plc Unsecured € 2032	36,930	4.78%	4.8x	129.6	62.1	52.1%	50.1%	5.9x	0.8x	9.0%	28.2%	1.7%
5% Von der Heyden Group Finance plc Unsecured € 2032	35,000	5.00%	1.2x	155.9	32.7	79.0%	76.3%	22.9x	0.5x	-8.2%	-18.0%	9.6%
4.3% Mercury Project Finance plc Secured € 2032	50,000	4.30%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
5% CF Estates Finance plc Secured € 2028-2033	30,000	5.00%	1.59x	81.1	7.5	90.7%	87.3%	16.4x	2.0x	-5.2%	-1.7%	N/A
4% Central Business Centres plc Unsecured € 2027-2033	21,000	4.39%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
6% Pharmacare Finance plc Unsecured € 2033	17,000	5.47%	0.8x	43.1	13.1	69.7%	59.9%	(16.8)x	2.2x	-25.8%	-46.5%	-5.4%
5.25% Bonnici Bros Properties plc Unsecured € 2033 S1 T1	12,000	4.96%	2.2x	37.6	17.1	54.7%	15.9%	3.0x	0.7x	0.0%	0.1%	19.0%
6.25% AST Group plc Secured Bonds 2033 (xd)	8,500	5.53%	0.3x	15.3	3.0	80.4%	72.5%	(40.1)x	1.1x	-54.1%	-7.1%	-37.7%
5.85% AX Group plc Unsecured € 2033	40,000	5.29%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
6% JD Capital plc Secured Bonds 2033 S2 T1	11,000	5.43%	1.7x	76.3	20.3	73.3%	63.1%	16.9x	2.1x	0.1%	0.2%	9.6%
6% International Hotel Investments plc 2033	60,000	5.65%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
4.75% Dino Fino Finance plc Secured € 2033	7,800	4.52%	(1.3)x	15.5	2.3	85.3%	78.2%	(15.2)x	0.7x	-50.5%	-34.4%	-38.2%
5.75% Phoenicia Finance Company plc Unsec Bonds 2028-2033	50,000	5.54%	2.6x	0.1	0.0	63.3%	59.0%	11.9x	0.3x	0.7%	1.6%	29.9%
4.25% ClearflowPlus plc Unsecured € Bonds 2033	25,000	4.12%	47.1x	569.4	162.3	71.5%	-19.5%	(.7)x	1.7x	10.8%	19.1%	11.1%
	Average*	4.73%										

Source: Latest available audited financial statements
Last price as at 06/06/2024
*Average figures do not capture the financial analysis of the Issuer



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

As at 6 June 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 6-9 years was 133 basis points. The Pharmacare Finance p.l.c. bond is currently trading at a YTM of 5.25%, meaning a spread of 204 basis points over the equivalent MGS, and therefore at a premium to the average on the market of 71 basis points. It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.

Part 4 Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Return on Capital Employed	Return on capital employed (ROCE) measures the relative profitability of a company after taking into account the amount of capital used during a relative financial performance.
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio 1	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Interest Coverage Ratio 2	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Calamatta Cuschieri

Calamatta Cuschieri Investment Services Limited

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