

The following is a Company Announcement issued by QAWRA PALACE P.L.C., a company registered under the laws of Malta with company registration number C 27835 (hereinafter the “Company”), pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the laws of Malta), as amended from time to time.

*Quote*

**Publication of Financial Analysis Summary**

The Company hereby announces that the updated Financial Analysis Summary dated 30<sup>th</sup> September 2024 is available for viewing below as an attachment to this announcement and at the Company’s registered office, and is also available for download from the following link on the Company’s website: <https://www.qawrapalaceplc.com/investors>.

*Unquote*

By order of the Board



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Dr Luca Vella  
Company Secretary

30<sup>th</sup> September 2024

*Company Announcement: QWR13*

The Directors  
**Qawra Palace p.l.c.**  
Qawra Palace Hotel  
Coast Road  
St. Paul's Bay  
Malta

30 September 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 Qawra Palace p.l.c. (the “**Issuer**”) and Mallard Co Ltd (“**MCL**” or “**Operating Company**”) as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 March 2022, 2023 and 2024 has been extracted from the audited financial statements of the Issuer for the three years in question.
- (b) Historical financial data for the two years ended 31 March 2022 and 2023 has been extracted from the audited financial statements of MCL for the two years in question, whilst the financial data for the period ended 31 March 2024 was provided by management.
- (c) The forecast data for the financial year ending 31 March 2025 has been 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

# **FINANCIAL ANALYSIS SUMMARY 2024**



**Qawra Palace p.l.c.**

**30 September 2024**

**Prepared by Calamatta Cuschieri  
Investment Services Limited**



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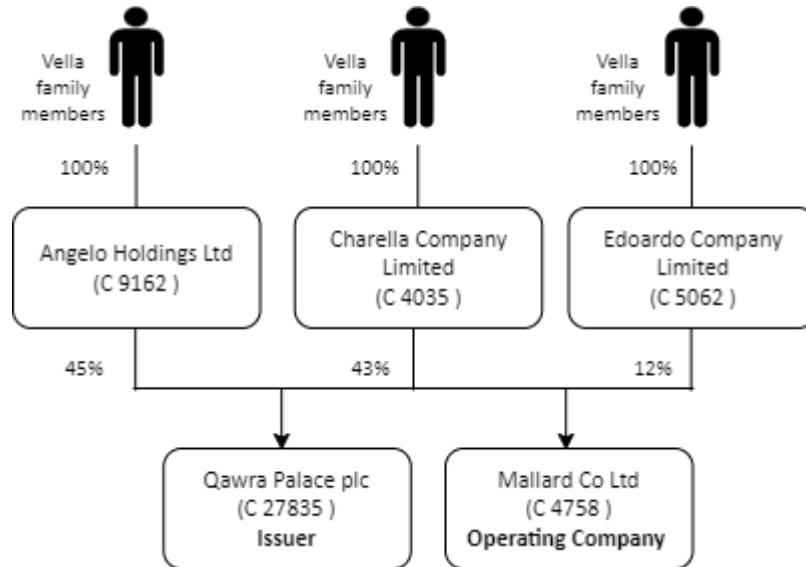
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## Part 1 - Information about the Group

### 1.1 Issuer's Key Activities and Structure

The Group structure is as follows:



The Issuer was incorporated on 9 March 2001 and has, at the date of this Analysis, an authorised and issued share capital of €2,329,373 divided into 1,000,000 Ordinary Shares of €2.33 each, all fully paid up. The Issuer was incorporated to hold the Qawra Palace Hotel property (the “Hotel” or the “Hypothecated Property”), which ownership was transferred to the Issuer from Mallard Co Ltd. The Issuer is owned by Angelo Holdings Ltd (45%), Charella Company Limited (43%) and Edoardo Company Limited (12%), all 3 of which are owned by the Vella family members (“UBOs”). Given that the Issuer is not a trading company, it is economically dependent on the income it derives from Mallard Co Ltd (the “Operating Company” or “MCL”).

MCL was incorporated on 28 November 1979 and has an authorised and issued share capital of 70,000 ordinary shares all of nominal value of €2.33. Mallard Co Ltd was originally established to develop, own and operate the Qawra Palace Hotel but since then, as mentioned previously, ownership has been transferred to the Issuer albeit day to day operations still going through MCL. The Issuer and MCL constitute the “Group” of companies accordingly.

The Bonds are secured by the Hotel in the manner set out in sections 7.6 and 9.4 of the Prospectus. The Hotel consists of the unnumbered hotel complex known as ‘Qawra Palace Hotel’ with all its immovable amenities, everything included

and nothing excluded (such as tennis courts, gardens and lido) as well as with all its singular rights and appurtenances. The hotel complex has its main entrance on Qawra Coast Road, at Qawra in the limits of St Paul’s Bay, including the facilities underlying that stretch of Qawra Coast Road adjacent to the main building of the hotel and which link the main complex of the hotel to those on the foreshore.

The distinct portions of land on which the Qawra Palace is built were originally acquired by the Operating Company from Angelo Vella, Charles Vella, Edward Vella, Francis Mamo, John Vella, Josephine Vella and Agnes Vella by virtue of a public deed dated 1 May 1980. The Hotel was then built in 1982 and opened its doors to guests three years later in 1985. Subsequently, the Issuer acquired the Hypothecated Property from the Operating Company pursuant to a public deed dated 21 January 2002.

In 2005, the hotel entered a new chapter as it was acquired by Mallard Co. Limited and a significant milestone arrived in 2010 when the hotel embarked on a major renovation, aimed at modernizing its facilities and enhancing guest experiences. This commitment to excellence was duly recognised in 2012 when the Malta Tourism Authority awarded the hotel a prestigious 4-star rating, underscoring its dedication to quality service.



Furthermore, in order to strengthen the Hotels’ competitive position in the local hospitality market, in 2019 the Issuer again embarked on a major extension and refurbishment project geared towards upgrading the Qawra Palace’s existing facilities and occupancy. In Q4 2022, the Issuer subsequently issued €25.0m worth of bonds, a portion of which was earmarked to finalise these refurbishments and extensions.

## 1.2 Directors

### Board of Directors - Issuer

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

Name	Office Designation
<b>Mr Robert Ancilleri</b>	Independent Non-executive Director and Chairman
<b>Mr Stephen Muscat</b>	Independent Non-executive Director
<b>Mr Paul Muscat</b>	Independent Non-executive Director
<b>Mr Edward Vella</b>	Executive Director
<b>Ms Esther Vella</b>	Executive Director
<b>Mr Victor Vella</b>	Executive Director

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

Dr Luca Vella is the company secretary of the Issuer.

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.

## 1.3 Major Assets owned by the Group

The Qawra Palace Hotel is a 4-star hotel located on the Qawra seafront and is currently managed by the Vella family who are the UBOs of the property. The Hotel was opened in 1985 and has been in operation for over 38 years. Prior to the Hotel extension and upgrades touched upon in section 1.1, the Hotel facilities included 394 rooms, an indoor and outdoor pool, a games room, mini-golf and 6 food and beverage (“F&B”) outlets.

Through the upgrading of the Hotel, which will be discussed further in 1.4 below, management intends to re-position the hotel with the top performing 4-star hotels in the north of the Island. It is pertinent to note that although the above-mentioned investment is being undertaken by MCL, it is being financed by the Issuer through an intragroup lending arrangement. Therefore, the assets relating to the upgrade and extension have been recorded in the balance sheet of MCL. In July 2024, part of the assets were transferred from MCL to the Issuer in order to consolidate the asset base at the Issuer level.

As the landowner however, the Issuer owns all the non-movable assets developed on the land (including those undertaken by MCL). The Issuer is then bound by a lease and operating agreement in force with MCL with the rental charge being equal to the value of the property owned by the Issuer, net of investment undertaken and planned to be undertaken by MCL.

## 1.4 Operational Developments

In 2020, the Issuer secured a permit which resulted in the the construction of an additional 173 resulting in a grand total of 567 rooms. These rooms have been fully developed, finished are now operational as at the time of this Analysis. This means that they have been integrated seamlessly into Qawra Palace's range of available rooms.

Management confirmed that all permits, including amendments thereto, have been obtained in order to finalise the development project. The only item pending is the completion of a new food and beverage outlet, which is expected to be done by the end of October 2024. To date, the all-encompassing upgrade and extension endeavour has incurred a total cost of €40.0m, which includes all bond proceeds received by MCL from the Issuer.

The Group has opened a number of new food and beverage outlets complementing the hotel and has made investments in minor new assets such as kitchen machinery and equipment, chillers, generator, reverse osmosis and laundry machinery.

Management stated that since its re-opening in June 2023, the hotel’s accommodation amounted to 63% of revenue, with the remaining 37% being from F&B operations. This indicates greater revenue generation from F&B outlets in line with further outlets opening throughout the rest of FY2024.



## Part 2 - Historical Performance and Forecast

The financial information below is extracted from the audited consolidated financial statements of the Issuer for the financial years ended 31 March 2022, 2023 and 2024, and the audited consolidated financial statements of MCL for the financial years ended 31 March 2022 and 2023. Group management has provided the financial information for the year ending 31 March 2024 for MCL, as well as the Issuer's projected financial information for the year ending 31 March 2025.

The projected financial information relates to events in the future and are based on assumptions which the Issuer 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

Issuer's Statement of Comprehensive Income for the year ended 31 March	2022A	2023A	2024A	2025F
	€000s	€000s	€000s	€000s
Revenue	-	-	2,400	2,448
Administration expenses	(7)	(64)	(99)	(101)
<b>EBITDA</b>	<b>(7)</b>	<b>(64)</b>	<b>2,301</b>	<b>2,297</b>
Depreciation and amortisation	-	(7)	(51)	(50)
Change in fair value of investment property	2,497	21,530	4,699	7,309
Impairment provision	(326)	(41)	(195)	-
<b>EBIT</b>	<b>2,164</b>	<b>21,418</b>	<b>6,754</b>	<b>9,606</b>
Finance income	-	159	792	394
Finance costs	(8)	(249)	(1,313)	(1,313)
<b>Profit before tax</b>	<b>2,156</b>	<b>21,328</b>	<b>6,233</b>	<b>8,687</b>
Current tax	-	-	(487)	(428)
Deferred tax	(250)	(2,153)	(470)	(731)
<b>Profit for the year</b>	<b>1,906</b>	<b>25,574</b>	<b>5,276</b>	<b>7,528</b>

Ratio Analysis	2022A	2023A	2024A	2025F
<i>Profitability</i>				
Growth in Revenue (YoY Revenue Growth)	N/A	N/A	N/A	2.00%
EBIT Margin (EBIT / Revenue)	N/A	N/A	281.42%	392.40%
Net Margin (Profit for the year / Revenue)	N/A	N/A	219.83%	307.52%
Return on Common Equity (Profit for the year / Average Equity)	5.68%	129.18%	9.37%	12.01%
Return on Assets (Profit for the year / Average Assets)	3.98%	89.61%	5.97%	7.88%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	-0.01%	-0.08%	2.49%	2.38%

The Issuer's main source of revenue is rental income from MCL for the rental of the Hotel. The rental income is backed by a lease agreement which was amended and restated in October 2022 and includes a *di fermo* period up to at least 31 March 2033 with a rental charge of €2.4m as from 1 April 2023 subject to a yearly increase of 2%.

No rental income was generated before that time since the Issuer and MCL agreed that no charge rental fees will apply for the three-year period (1 April 2020 - 31 March 2023) due to the effects of COVID-19 on the operation of MCL. Due to this, in FY2023 revenue generated from rental income remained nil.

Historically, the loans the Issuer advanced to MCL were non-interest bearing and repayable on demand. However, in December 2022, the Issuer entered into a loan facility agreement with MCL, making the loans receivable from FY2023 onwards interest bearing, with an interest rate of 5.25%. Because of this, as from FY2023, the Issuer recognises revenue through the interest on the amounts it advances to MCL, which in FY2024 amounted to €792k and is included as interest income. To note that all balances have been extinguished in FY2025, following the transfer of assets from MCL to the Issuer. The finance income in FY2025 will reflect the charge calculated from the beginning of the financial period up to date of extinguishment of these loans.



The Issuer reported €99k in administration expenses in the year ended 31 March 2024, being €35k higher than the previous year mainly due to the fact that FY2023 was not a full year of operation. No changes in administrative expenses are expected for FY2025.

Changes in fair value of investment property refers to change in the value of the Hotel following periodical valuations. Said valuation are done in accordance with the fair value model, which is based on the valuation of an independent architect who has experience in the location and category of investment property being valued. The Issuer recognised an increase of €4.7m in the fair value of the investment property in FY2024. The Issuer is forecasting a further increase in value of €7.3m in FY2025.

As mentioned previously in section 1.1, the investment property is being used as security in favour of the bondholders of the Issuers 5.25% Secured Bonds due 2033.

The impairment provision of €195k reflects an IFRS9 requirement to calculate the expected credit loss on the receivable balance from MCL based on a probability of default. This is solely an accounting requirement and management reiterated that it expects the receivable balance to be settled in full. No impairment provision is being forecast for FY2025.

EBIT amounted to €6.8m in FY2024, which was substantially lower than that generated in FY2023, which included a one-off €21.5m fair value gain. This is projected to be slightly higher in FY2025 due to a forecast increase in the same fair value gain.

After accounting for interest income of €792k and €1.3m finance costs, the Issuer reported a profit before tax in FY2024 of €6.2m. In FY2025 profit before tax is expected to amount to €9m.

After accounting for tax, the Issuer generated profit of €5.3m in FY2024 (FY2023: €25.6m). In FY2025, management expects to generate €7.5m in profits.

Return on common equity indicates management's efficiency in utilising shareholders equity to generate income for the Issuer. This was 9.37% at the end of March 2024, being substantially lower than the 43.5% of the previous year due to the lower revaluation amounts.

Return on assets, which shows how efficient management is at using their assets to generate revenue, stood at 5.97% at the end of March 2024, materially lower than that of end of March 2023 due to the aforementioned lower valuation amounts and higher returned earnings in line with higher forecasted profits.





### 2.1.1 Issuer's Variance Analysis

Issuer's Statement of Comprehensive Income for the year ended 31 March	2024P	2024A	Variance
	€000s	€000s	€000s
Revenue	2,400	2,400	-
Administration expenses	(73)	(150)	(77)
<b>EBITDA</b>	<b>2,327</b>	<b>2,250</b>	<b>(77)</b>
Change in fair value of investment property	3,000	4,699	1,699
Impairment provision	(104)	(195)	(91)
<b>EBIT</b>	<b>5,223</b>	<b>6,754</b>	<b>1,531</b>
Interest income	946	792	(154)
Interest	(1,313)	(1,313)	-
<b>Profit before tax</b>	<b>4,857</b>	<b>6,233</b>	<b>1,376</b>
Current tax	(545)	(487)	58
Deferred tax	(319)	(470)	(151)
<b>Profit for the year</b>	<b>3,993</b>	<b>5,276</b>	<b>1,283</b>

The Issuer's profit for the year was approximately €1.3m higher than previously projected, with the main variant being the increase in change in fair value of investment property. The Issuer reported a change in fair value of investment property of €4.7m, when compared to the initial projection of €3m. Given the specific nature of the property and the difficulty to reasonably project property appreciation, it is not uncommon for such variances to occur.

This €1.7m difference was slightly offset by minor variances such as an underestimation of administration expenses and higher deferred tax as a direct consequence of the higher value of the Hotel.

Another material income statement balance is the interest expense on the bond issue, which is based on a fixed coupon and will therefore also not fluctuate.

It would be pertinent to note that the main business of the Issuer is rental of the property to the operating company, which is contractually bound as evidenced by zero variance in revenue income. As a result of the existing business model, it is only the change in fair value of investment property which can be expected to fluctuate from year to year.



## 2.2 Issuer's Statement of Financial Position

Issuer's Statement of Financial Position as at 31 March	2022A	2023A	2024A	2025F
	€000s	€000s	€000s	€000s
<b>Assets</b>				
<b>Non-current assets</b>				
Investment property	44,592	66,122	70,820	97,503
Intangible assets	-	1	1	1
Loans receivable	6,344	9,439	18,579	-
<b>Total non-current assets</b>	<b>50,936</b>	<b>75,562</b>	<b>89,400</b>	<b>97,504</b>
<b>Current assets</b>				
Loans receivable	-	814	795	-
Cash held by Trustee	-	8,618	-	-
Current tax receivable	-	5	-	-
Prepayments	-	16	1,211	19
Cash and cash equivalents	-	58	147	2,022
<b>Total current assets</b>	<b>-</b>	<b>9,511</b>	<b>2,153</b>	<b>2,041</b>
<b>Total assets</b>	<b>50,936</b>	<b>85,073</b>	<b>91,553</b>	<b>99,545</b>
<b>Equity</b>				
Share capital	2,329	2,329	2,329	2,329
Retained earnings	32,161	51,336	56,612	64,140
<b>Total equity</b>	<b>34,490</b>	<b>53,665</b>	<b>58,941</b>	<b>66,469</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Bonds	-	24,400	24,450	24,500
Borrowings	11,605	-	-	-
Deferred tax liability	4,459	6,612	7,082	7,813
<b>Total non-current liabilities</b>	<b>16,064</b>	<b>31,012</b>	<b>31,532</b>	<b>32,313</b>
<b>Current liabilities</b>				
Current tax liabilities	93	-	482	428
Trade and other payables	289	396	597	335
<b>Total current liabilities</b>	<b>382</b>	<b>396</b>	<b>1,079</b>	<b>763</b>
<b>Total liabilities</b>	<b>16,446</b>	<b>31,408</b>	<b>32,611</b>	<b>33,076</b>
<b>Total equity and liabilities</b>	<b>50,936</b>	<b>85,073</b>	<b>91,552</b>	<b>99,545</b>

Ratio Analysis	2022A	2023A	2024P	2025F
<i>Financial Strength</i>				
Gearing 1 (Net Debt / Net Debt and Total Equity)	25.18%	31.20%	29.19%	25.27%
Gearing 2 (Total Liabilities / Total Assets)	32.3%	36.9%	35.6%	33.2%
Gearing 3 (Net Debt / Total Equity)	33.65%	45.36%	41.23%	33.82%
Net Debt / EBITDA	(1,657.86)x	(380.34)x	10.56x	9.58x
Current Ratio (Current Assets / Current Liabilities)	0.00x	24.02x	2.00x	2.67x
Interest Coverage 1 (EBITDA / Cash interest paid)	(0.88)x	(3.37)x	1.61x	1.79x
Interest Coverage 2 (EBITDA / Finance Costs)	(0.88)x	(0.26)x	1.75x	1.79x



The investment property of the Issuer is the Qawra Palace Hotel (the "Hotel") which, at 31 March 2024, was valued at around €70.8m, as compared to €66.1m value at 31 March 2023. In FY2025, the Issuer acquired assets relating to the Hotel from MCL and is expected to report a total value of €97.5m.

Loans receivable represent advances made by the Issuer to MCL to partly finance the extension and upgrade programme of the Hotel, and amounted to €18.6m in FY2024, an increase of €9.1m over FY2022. It is expected that in FY2025 MCL transfers part of its assets to the Issuer and, in the process, eliminating all intercompany balances between the Issuer and MCL.

The Issuer held a minimal cash balance of €148k in FY2024 which is forecasted to grow to €2m in FY2024.

Total assets in FY24 stood at €91.6m as at 31 March 2024, being €6.5m higher than the previous year, mainly due to increase in investment property and loans receivable, as explained above. These are expected to increase further in FY2025 due to an expected increase of €26.7m in the value of the Hotel and increased cash at end of year, partially offset by the elimination in loans receivable.

Equity is made up of share capital and retained earnings. Share capital has remained stable throughout the last 4 years and is expected to remain as such in FY2025, at €2.3m. Retained earnings, on the other hand, increased year-on-year, and were approximately €56.6m by the end of March 2024. These are expected to increase further in line with the the forecasted increased in profit.

The Issuer's non-current liabilities, are made up of the its outstanding bonds and deferred tax liabilities, with the former remaining stable with only slight increases relating to amortisation of bond issue costs, and the latter increasing gradually year-on-year in line with increases in the fair value of the Hotel. The Issuer does not expect any other fluctuations for the coming financial year.

Current liabilities on the other hand are minimal and are made up of mainly of €597k in trade and other payables and €482k in current tax liabilities.

Gearing remained low for the Issuer at 29.19%, mainly due to the Issuers large equity base. Gearing is expected to decrease to 25.27% in FY2025 as the Issuer's retained earnings continue to increase.

The interest coverage ratios have also improved in the year under review due to higher EBITDA when compared to FY2022 and FY2023.



### 2.3 Issuer's Statement of Cash Flows

Statement of Cash Flows for the year ended 31 March				
	2022A	2023A	2024A	2025F
	€000s	€000s	€000s	€000s
Profit before tax	2,156	21,328	6,233	8,687
<i>Adjustments for:</i>				
Revaluation	(2,497)	(21,530)	(4,699)	(7,309)
Impairment loss	326	41	195	-
Interest payable and similar charges	8	249	1,313	1,313
Amortisation of bond issuance costs	-	7	51	51
Amortisation of intangible assets	-	1	1	1
Interest income	-	(159)	(793)	(394)
<b>Profit / (loss) from operations</b>	<b>(7)</b>	<b>(63)</b>	<b>2,301</b>	<b>2,349</b>
Movement in trade and other payables	12	(123)	314	(354)
Movement in cash held by trustee	-	(8,618)	8,618	-
Movement in prepayments	-	(16)	(1,195)	1,192
Bank interest paid	(8)	(19)	(1)	-
Bond interest paid	-	-	(1,424)	(1,313)
Tax paid	(28)	(98)	-	-
<b>Net cash generated from / (used in) operating activities</b>	<b>(31)</b>	<b>(8,937)</b>	<b>8,613</b>	<b>1,874</b>
Payments to acquire intangible assets	-	(2)	-	-
Movements in balances with related company	(3,948)	(3,790)	(8,524)	-
<b>Net cash generated used in investing activities</b>	<b>(3,948)</b>	<b>(3,792)</b>	<b>(8,524)</b>	<b>-</b>
Proceeds from bonds	-	24,393	-	-
Movement in borrowings	3,979	(11,605)	-	-
<b>Net cash generated from financing activities</b>	<b>3,979</b>	<b>12,788</b>	<b>-</b>	<b>-</b>
<b>Movement in cash and cash equivalents</b>	<b>-</b>	<b>59</b>	<b>89</b>	<b>1,874</b>
Cash and cash equivalents at start of year	-	-	59	148
<b>Cash and cash equivalents at end of year</b>	<b>-</b>	<b>59</b>	<b>148</b>	<b>2,022</b>

Ratio Analysis				
	2022A	2023A	2024A	2025F
<i>Cash Flow</i>	€000s	€000s	€000s	€000s
Free Cash Flow (Net cash from operations + Interest - Capex)	(23)	(8,918)	10,038	3,187

Net cash inflows from operations amounted to €1.9m in FY2024. This is after adjusting for revaluations, impairment losses, interest, amortisation and interest income.

The net cash from operating activities increased from an outflow of €8.9m in FY2023 to an inflow of €8.6m in FY2024, with the main drivers being a lower revaluation adjustment and the cash inflow from the trustee, as explained in section 2.2 above, partially offset by an increase in debtors and interest paid on the outstanding bond.

Cash outflow relating to investing activities, the main outflow relates to a €8.5m movement in balances with related companies.

Cash outflows from investing activities relate solely to outgoing cash to companies within the Group (in this case, MCL). The Issuer transferred the balance of €8.5m during FY2024. Management stated that no such transfers are expected for FY2025.

The closing balance for cash in FY2024 amounted to €148k and is expected to increase to €2m in FY2025, with free cash flow increasing to approximately €10m given the higher cash flows from operating activities, especially when compared to the previous year.



## 2.4 Other Relevant Information

### 2.4.1 MCL's Statement of Comprehensive Income

MCL's Statement of Comprehensive Income for the year ended 31 March	2022A	2023A	2024M
	€000s	€000s	€000s
Revenue	3,521	6,055	14,515
Cost of sales	(2,622)	(4,335)	(6,612)
<b>Gross profit</b>	<b>900</b>	<b>1,720</b>	<b>7,903</b>
Overheads	(578)	(1,041)	(3,949)
<b>Gross operating profit</b>	<b>322</b>	<b>679</b>	<b>3,954</b>
Rent to property company	-	-	(2,400)
Administration expenses	-	-	(389)
<b>EBITDA</b>	<b>322</b>	<b>679</b>	<b>1,165</b>
Depreciation	(959)	(1,531)	(3,287)
<b>EBIT</b>	<b>(638)</b>	<b>(852)</b>	<b>(2,122)</b>
Finance costs	(482)	(699)	(2,021)
<b>Loss before tax</b>	<b>(1,119)</b>	<b>(1,551)</b>	<b>(4,143)</b>
Deferred tax	421	571	1,481
<b>Loss after tax</b>	<b>(699)</b>	<b>(980)</b>	<b>(2,662)</b>

Ratio Analysis	2022A	2023A	2024M
<i>Profitability</i>			
Growth in Revenue (YoY Revenue Growth)	698.50%	71.95%	139.72%
Gross Profit Margin (Gross Profit/ Revenue)	25.6%	28.4%	69.4%
EBITDA Margin (EBITDA / Revenue)	9.1%	11.2%	8.0%
Operating (EBIT) Margin (EBIT / Revenue)	-18.1%	-14.1%	-14.6%
Net Margin (Profit for the year / Revenue)	-19.8%	-16.2%	-18.3%
Return on Common Equity (Net Income / Average Equity)	-31.42%	-11.61%	-23.34%
Return on Assets (Net Income / Average Assets)	-5.0%	-4.4%	-7.7%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	2.1%	2.7%	3.1%

MCL reported a revenue figure of about €6.1m for the year ended 31 March 2023, with the sharp increase from the €3.5m generated in FY2022 attributable to the fact that the year under review was the first full year during which the Hotel was opened. This was more than double in the FY2024 management accounts. Management explained that the hotel only resumed operations in June 2023, with reduced room inventory, limited amenities and outlets. Hence, revenue was higher than that for the year ended 31 March 2022 but still relatively low when compared to the year ended 31 March 2024 which, although was not a full year of operation, still surpassed expectations.

Cost of sales totalled €4.3m for the year ended 31 March 2023 and €6.6m for year ended 31 March 2024. Management explained that this figure is made up of food and beverage consumption, utilities and a substantial portion of the payroll, all of which increased as the Hotel started operating. Moreover, payroll increased year-on-year both due to increases in the cost of living allowance in Malta,

and the company increasing its management team to cope with the increased demand.

Overheads increased to €3.9m in FY2024, which is an increase of €5m over FY2023 levels. Management attributed this increase to the previously-mentioned payroll increases, marketing costs, property costs and insurance, on which the latter two were effected by the fact that the hotel was opened towards the start of the financial year ended 31 March 2024. Management also noted that the administrative expenses incurred in FY2024 are simply reclassifications of amounts previously accounted for as either cost of sales or overheads.

In terms of expenses, MCL incurred a rental charge of €2.4m and administration expenses of €0.4m. The rental charge, as explained in section 2.1 of this Analysis, was the first rental payment due from MCL to the Issuer.



The depreciation charge for the year ended 31 March 2023 was approximately €0.6m higher than the previous year. It is expected that this will more than double in the year ended 31 March 2024. Management attributed this to the fact that deferred tax and depreciation were combined in the management accounts of FY2023 and higher depreciation rates than estimated.

Due to the amounts advanced from the Issuer through the Bond Issue, finance costs have increased slightly in FY2023.

These are expected to increase by €2.7m in FY2024 due to increase in the Euribor base rate.

In terms of taxation, the company reported approximately €0.6m in deferred tax due to the loss made for the year. This is expected to be higher in line with the increased loss in FY2024.



## 2.4.2 MCL's Statement of Financial Position

MCL's Statement of Financial Position as at 31 March	2022A	2023A	2024M
	€000s	€000s	€000s
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	12,370	18,464	34,712
Deferred tax	1,424	1,995	3,476
<b>Total non-current assets</b>	<b>13,794</b>	<b>20,459</b>	<b>38,188</b>
<b>Current assets</b>			
Inventories	187	99	331
Trade and other receivables	699	7,147	2,691
VAT and tax receivable	654	-	-
Amounts due from shareholders	413	-	-
Cash and cash equivalents	509	166	360
Amounts due from Qawra Palace	307	-	-
<b>Total current assets</b>	<b>2,769</b>	<b>7,412</b>	<b>3,382</b>
<b>Total assets</b>	<b>16,562</b>	<b>27,871</b>	<b>41,570</b>
<b>Equity</b>			
Share capital	163	163	163
Retained earnings	5,780	4,798	2,137
Non distributable reserves	568	568	568
<b>Total equity</b>	<b>6,511</b>	<b>5,529</b>	<b>2,868</b>
<b>Liabilities</b>			
Non-current liabilities			
Bank debt	2,363	9,125	15,493
Loan due to Qawra Palace p.l.c	6,719	10,669	19,203
<b>Total non-current liabilities</b>	<b>9,083</b>	<b>19,794</b>	<b>34,696</b>
<b>Current liabilities</b>			
Tax	46	21	-
Trade and other payable	923	1,110	4,008
Bank debt	-	1,417	-
<b>Total current liabilities</b>	<b>969</b>	<b>2,548</b>	<b>4,008</b>
<b>Total liabilities</b>	<b>10,051</b>	<b>22,343</b>	<b>38,704</b>
<b>Total equity and liabilities</b>	<b>16,562</b>	<b>27,872</b>	<b>41,572</b>

Ratio Analysis	2021A	2022A	2023M
<i>Financial Strength</i>			
Gearing 1 (Net Debt / Net Debt and Total Equity)	22.17%	79.95%	86.41%
Gearing 2 (Total Liabilities / Total Assets)	60.7%	80.8%	87.2%
Gearing 3 (Net Debt / Total Equity)	28.5%	398.7%	635.6%
Net Debt / EBITDA	576.6%	3022.5%	1281.2%
Current Ratio (Current Assets / Current Liabilities)	2.86x	7.30x	2.78x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	2.67x	7.20x	2.66x
Interest Coverage (EBITDA / Finance Costs)	0.67x	1.01x	1.64x



Property, plant and equipment (“PPE”) made up 73% of MCL’s total assets in FY2023. This was around €18.5m, which is a substantial increase compared to the €12.4m in FY2022. This is in line with the fair value adjustments carried out during that year. Given that the project is still ongoing, and that substantial upgrades have been done during FY2024, this is expected to almost double, to €34.7m.

Trade and other receivables increased substantially from FY2022 (€0.7m) to FY2023 (€7.1m), with management attributing this to deposits made to suppliers related to the project. Following settlement of a substantial amount of such debt, these are expected to be closer to €1.3m at end of March 2024.

As a result of the aforementioned movements, total current assets increased significantly from FY2022 to FY2023, going from €2.8m to €7.4m, respectively. Increases in the PPE is expected to increase total assets to €41.6m in FY2024.

MCL’s equity is made up of share capital, retained earnings and non-distributable reserves. The share capital has remained constant throughout historical years at €0.2m. Retained earnings on the other hand have decreased in line with the losses registered for the years. Non-distributable reserves have been stable since FY21 at €0.6m. The drop in

retained earnings was the main reason for the lower total equity year-on-year.

In FY2023, non-current liabilities were mainly made up of bank debt, which increased exponentially from FY2022. Management explained that the reported €9m was in the form of a bank loan. Said facility is expected to increase by approximately €6.3m for FY2024 for works done on the Hotel development project. Loans due to the Issuer are expected to greatly increase at the end of FY2024 given that said Issuer transferred the funds to MCL as an interest-bearing loan.

The loan due to the Issuer has also increased, amounting to €10.7m in FY23 (FY22: €6.7m). These have led to total non-current liabilities to increase from €9.1m in FY22 to €19.8m in FY2023.

MCL reports trivial amounts in current liabilities, with the only amounts in FY2023 being €1.1m trade and other payables and a €1.4m overdraft facility. The latter is expected to be nil for FY2024, and payables are expected to increase to about €4m due to increased activity.

Due to increased amounts to the Issuer, the company’s gearing is expected to increase to about 86.41% for FY2024.

### 2.4.3 MCL’s Statement of Cash Flows

MCL’s Statement of Cash Flows for the year ended 31 December	2022A	2023A	2024M
	€000s	€000s	€000s
Net cash flow (used in) / generated from operating activities	(443)	(4,635)	1,165
Net cash flow used in investing activities	(4,413)	(7,625)	(14,771)
Net cash flow generated from financing activities	6,145	10,982	13,384
<b>Movement in cash and cash equivalents</b>	<b>1,289</b>	<b>(1,278)</b>	<b>(222)</b>
Cash and cash equivalents at start of year	(780)	509	(769)
<b>Cash and cash equivalents at end of year</b>	<b>509</b>	<b>(769)</b>	<b>(991)</b>

Ratio Analysis	2022A	2023A	2024M
Cash Flow	€000s	€000s	€000s
Free Cash Flow (Net cash from operations + Interest - Capex)	(4,393)	(4,374)	(11,502)

MCL reported an outflow of €4.6m in FY2023, this being mostly due to the refurbishment which hindered operations. Management reported an inflow of €1.2m for FY2024, in line with resumed operations.

Cash outflows from investing activities are increasing year-on-year following further investment in the Hotel.

Financing activities keep generating cash for the company, with an inflow of almost €11m in FY2023 from bank debt, and a substantial inflow in FY2024 in the form of proceeds from the bond of the Issuer.

The variance between the cash position shown in the balance sheet and the closing cash and cash equivalents figure from the cash flow statement is due to short-term bank overdrafts





#### 2.4.4 MCL Variance Analysis

MCL's Statement of Comprehensive Income for the year ended 31 March	2024P	2024M	Variance
	€000s	€000s	€000s
Revenue	14,574	14,515	(59)
Cost of sales	(2,915)	(6,612)	(3,697)
<b>Gross profit</b>	<b>11,659</b>	<b>7,903</b>	<b>(3,756)</b>
Overheads	(5,922)	(3,949)	1,973
Gross operating profit before rent to property company	5,737	3,954	(1,783)
Rent to property company	(2,400)	(2,400)	-
Administrative expenses	-	(389)	(389)
<b>EBITDA</b>	<b>3,337</b>	<b>1,165</b>	<b>(2,172)</b>
Depreciation	(2,707)	(3,287)	(580)
<b>EBIT</b>	<b>630</b>	<b>(2,122)</b>	<b>(2,752)</b>
Finance costs	(1,661)	(2,021)	(360)
<b>Loss before tax</b>	<b>(1,031)</b>	<b>(4,143)</b>	<b>(3,112)</b>

Revenue generated for FY2024 was more or less as previously projected, at around €15.6m.

Cost of sales were almost €3.7m than previously projected. Management explained that there were some reclassifications between cost of sales, overheads and administrative expenses. There were also a number of factors which negatively affected the aforementioned balances. The projections were prepared at the time of the bond issue and did not factor in the material increase in wages experienced locally in the past couple of years.

Management further explained that there had been unprecident costs incurred on repairs and maintenance, and that some revenue generated from tour operators was generated through online third party websites instead, for which the company incurs a higher percentage commission.

Depreciation also came in lower than projected due to its calculation at a much lower rate on the assumption that most of PPE additions were going to be allocated to buildings which attract a lower rate.

With regard to finance costs, management explained how Euribor interest rates increased, affecting its floating rate bank debt.



## 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 2024. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

### 3.2 Economic Update<sup>1</sup>

The Bank's Business Conditions Index (BCI) indicates that in July 2024, annual growth in business activity declined, and remained slightly below its historical average estimated since January 2000. The European Commission confidence surveys show that sentiment in Malta decreased in July, and remained below its long-term average, estimated since November 2002. Sentiment mostly deteriorated in the construction and retail sectors.

Additional data show that in month-on-month terms, price expectations decreased in industry and in the retail sector but rose in other sectors. The largest increase was recorded in the construction sector. In July, the European Commission's Economic Uncertainty Indicator (EUI) for Malta increased compared with June, indicating higher uncertainty, with the largest increases recorded in the construction and services sectors. In June, industrial production rose at a faster pace on a year-on-year basis, while retail trade contracted slightly.

In May, services production accelerated when compared with the same month a year earlier. The unemployment rate decreased to 3.1% in June from 3.2% in May but stood above that of 3.0% in June 2023. Commercial building permits in June were higher than a month earlier and also compared to a year earlier. On the other hand, residential building permits decreased on both a monthly and an annual basis. In July, the number of residential promise-of-sale agreements and final deeds of sale fell marginally on a year earlier. The annual inflation rate based on the Harmonised

Index of Consumer Prices (HICP) stood at 2.3% in July, slightly higher than 2.2% in the previous month, and below the euro area average by 0.3 percentage point.

HICP excluding energy and food in Malta increased marginally to 2.1%, while remaining firmly below the euro area average. Similarly, inflation based on the Retail Price Index (RPI) rose slightly to 1.4% from 1.3% in June. In June, Maltese residents' deposits increased above their level a year ago, driven by balances belonging to households and non-financial corporations.

Meanwhile, credit to Maltese residents also increased in annual terms, reflecting higher lending to both the government sector and other sectors. In June, the deficit in the Consolidated Fund was €72.4 million lower when compared with the deficit registered a year earlier. This was due to a rise in government revenue, which was complemented by a decline in government expenditure. Overall, the Consolidated Fund deficit between January and June dropped to €89.8 million, from €258.6 million registered in the same period a year earlier.

### 3.3 Economic Outlook<sup>2</sup>

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) is expected to grow by 4.4% in 2024. Growth is then projected to ease to 3.5% and 3.4% in 2025 and 2026 respectively. This implies a marginally upward revision for 2024 and a marginal downward revision for 2026, when compared to the Bank's previous projection round. Over this period, growth is expected to be driven by domestic demand, reflecting continued rapid growth in private consumption and a gradual recovery in private investment. The contribution of net exports is also expected to be positive but smaller than that of domestic demand and diminishing over time. Employment growth is set to moderate, albeit from high rates, with the unemployment rate remaining close to 3%. The average wage is expected to grow at a significantly faster rate in 2024, partly in response to the pronounced inflation in the recent past and a tight labour market.

Thereafter it is expected to moderate somewhat in line with the expected continued moderation in inflation. Annual inflation based on the Harmonised Index of Consumer Prices

<sup>1</sup> Central Bank of Malta – Economic Update 8/2024

<sup>2</sup> Central Bank of Malta – Economic Projections 2023 – 2025



is projected to drop significantly, from 5.6% in 2023 to 2.5% in 2024, before reaching 2.0% by 2026. Compared to previous projections, inflation has been revised up by 0.1 percentage point in each year of the projection horizon, reflecting recent outcomes and a re-assessment of services inflation. The general government deficit-to-GDP ratio is set to narrow to 4.1% in 2024, and to narrow further over the rest of the forecast horizon, to stand at 3.1% by 2026.

Nevertheless, the general government debt-to-GDP ratio is set to increase throughout the forecast horizon, reaching 54.1% by 2026. Fiscal projections remain mostly unchanged compared with the previous projection round. As the upcoming national accounts publication will include a benchmark revision, the above figures may be affected by possible material revisions to past data. Furthermore, such projections could be affected by the publication of updated fiscal plans by Government in fulfilment of the new EU fiscal rules later this year.

The Bank's projections could thus be revised somewhat in upcoming rounds of projections once this information becomes available. Looking beyond these factors, the overall risks to activity are broadly balanced over the projection horizon. Downside risks largely emanate from possibly adverse trade effects related to 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, resulting in stronger private consumption growth and hence output growth. Risks to inflation are balanced over the project horizon.

Upside risks to inflation could stem from renewed supply-side bottlenecks that could be triggered by ongoing geopolitical conflicts. Furthermore, wage pressures could be stronger than envisaged in the baseline. Unfavourable weather conditions and policies supporting the green transition - in particular those requiring heavy capital investment - could also push up inflation, although such effects might be temporary. On the downside, imported inflation could fall more rapidly than expected if the global disinflation process proceeds faster than assumed.

On the fiscal side, risks are 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 assumed.

They also reflect the likelihood of additional increases in pensions and public 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 to comply with the EU's fiscal rules.

### 3.4 Hospitality<sup>3</sup>

The tourism sector in Malta has been on a consistent upward trend since 2010, rising especially in the later years from 2017. The Maltese tourism industry has, in recent years, been renowned for its unabated growth, with each passing year yielding new record highs of inbound tourists visiting the island. Indeed, the tourism industry is considered to be a crucial pillar of the local economy as it is estimated to account for 30% of Malta's GDP.

In 2023 tourism continued its post COVID revival in Malta, in line with the improvement of the tourism situation in Europe however the figures still lag 2019 figures. Statistics illustrate that the number of inbound tourists increased by 30.1% vs. 2022. Similarly, tourist guest nights increased by 21.7% in 2023 when compared to 2022. Total expenditure increased by 34.1% on the same basis. The above trends are also summarised in the following table, illustrating the number of tourist arrivals over the last four years:

Category	2020	2021	2022	2023	2022 vs. 2023
Inbound tourists*	659	968	2,287	2,976	30.1%
Tourist guest nights*	5,227	8,390	16,600	20,200	21.7%
Avg. length /stay	7.9	8.7	7.3	10.2	39.7%
Tourist expenditure**	455	871	2,013	2,700	34.1%
Tourist exp. per capita (€)	691	899	880	898	2.0%

\*in thousands  
\*\*in € millions

#### January – July 2024

Total inbound tourists for July 2024 were estimated at 385,591 an increase of 18.5% when compared to the corresponding month in 2023. Total nights spent amounted to 2,781,255, and total expenditure almost reached €403.9 million. The largest share of guest nights (89.2%) was spent in rented accommodation establishments. Inbound tourists for the first seven months of 2024 amounted to 1,976,457, while total nights spent surpassed 12.2 million nights. Total tourism expenditure for the period January-July 2024 was estimated at €1.7 billion, while expenditure per capita stood at €858.

<sup>3</sup> National Statistics Office

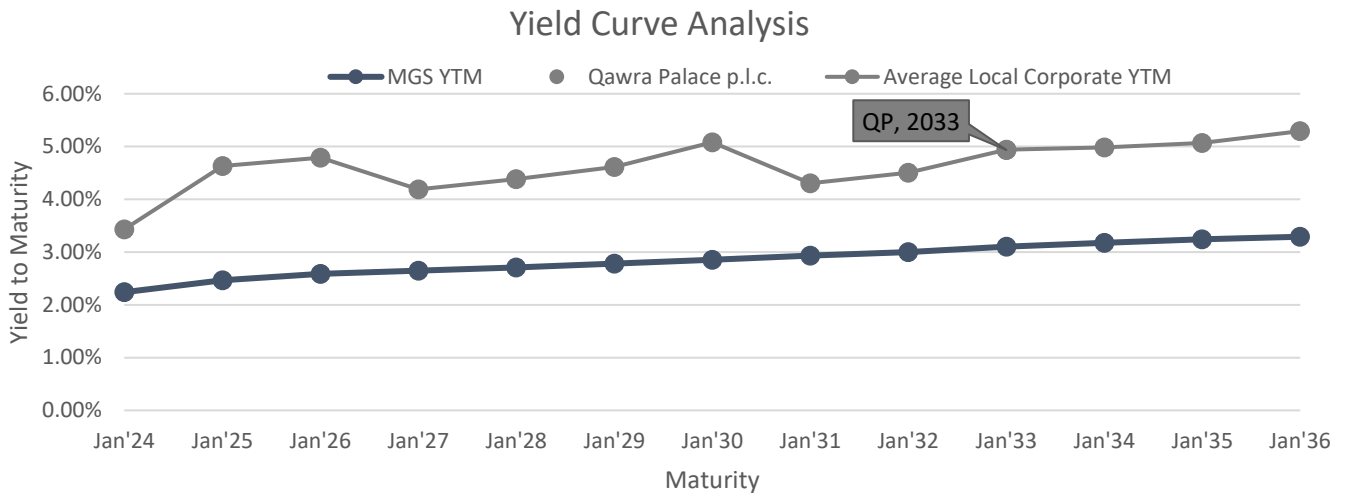


### 3.5 Comparative Analysis

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)	(%)	(%)	(%)
5.75% International Hotel Investments plc Unsecured € 2025	45,000	3.70%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
4% International Hotel Investments plc Secured € 2026	55,000	3.43%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
4% International Hotel Investments plc Unsecured € 2026	60,000	5.14%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.34%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.74%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4% Eden Finance plc Unsecured € 2027	40,000	3.99%	5.7x	223.3	136.7	38.8%	27.1%	4.3x	0.2x	2.8%	8.4%	36.6%
4% Stivala Group Finance plc Secured € 2027	45,000	4.17%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%	208.5%	14.5%
4% SP Finance plc Secured € 2029	12,000	4.24%	2.2x	43.3	17.9	58.6%	51.2%	9.3x	0.5x	-0.7%	-1.3%	0.0%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.85%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%	208.5%	14.5%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.85%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.16%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4.3% Mercury Projects Finance plc Secured € 2032	50,000	4.14%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
5.25% Qawra Palace plc Secured € 2033	25,000	4.94%	1.0x	27.9	5.5	80.2%	79.2%	31.0x	2.9x	-17.7%	-16.2%	71.9%
<b>Average*</b>		3.98%										

Source: Latest available audited financial statements

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



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

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

As at 17 September 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity

range of 1-9 years was 128 basis points. Meanwhile, the Qawra Palace p.l.c. bond is trading at a spread of 184 basis points over the equivalent MGSs.

Therefore, as at this same date, the Bond was trading at a premium of 56 basis points in comparison to the market of comparable corporate bonds. The above analysis is based on an industry-matching basis.



## Part 4 - Glossary and Definitions

<i>Income Statement</i>	
<b>Revenue</b>	Total revenue generated by the Group/Company from its principal business activities during the financial year.
<b>Costs</b>	Costs are expenses incurred by the Group/Company in the production of its revenue.
<b>EBITDA</b>	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
<b>EBIT (Operating Profit)</b>	EBIT is an abbreviation for earnings before interest and tax.
<b>Depreciation and Amortisation</b>	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.
<b>Net Finance Costs</b>	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
<b>Profit After Taxation</b>	The profit made by the Group/Company during the financial year net of any income taxes incurred.
<i>Profitability Ratios</i>	
<b>Growth in Revenue (YoY)</b>	This represents the growth in revenue when compared with previous financial year.
<b>Gross Profit Margin</b>	Gross profit as a percentage of total revenue.
<b>EBITDA Margin</b>	EBITDA as a percentage of total revenue.
<b>Operating (EBIT) Margin</b>	Operating margin is the EBIT as a percentage of total revenue.
<b>Net Margin</b>	Net income expressed as a percentage of total revenue.
<b>Return on Common Equity</b>	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).
<b>Return on Assets</b>	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
<i>Cash Flow Statement</i>	
<b>Cash Flow from Operating Activities (CFO)</b>	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
<b>Cash Flow from Investing Activities</b>	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
<b>Cash Flow from Financing Activities</b>	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
<b>Capex</b>	Represents the capital expenditure incurred by the Group/Company in a financial year.
<b>Free Cash Flows (FCF)</b>	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.
<i>Balance Sheet</i>	
<b>Total Assets</b>	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
<b>Non-Current Assets</b>	Assets, full value of which will not be realised within the forthcoming accounting year
<b>Current Assets</b>	Assets which are realisable within one year from the statement of financial position date.
<b>Inventory</b>	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.



<b>Cash and Cash Equivalents</b>	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
<b>Total Equity</b>	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
<b>Total Liabilities</b>	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
<b>Non-Current Liabilities</b>	Obligations which are due after more than one financial year.
<b>Current Liabilities</b>	Obligations which are due within one financial year.
<b>Total Debt</b>	All interest-bearing debt obligations inclusive of long and short-term debt.
<b>Net Debt</b>	Total debt of a Group/Company less any cash and cash equivalents.

#### *Financial Strength Ratios*

<b>Current Ratio</b>	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.
<b>Quick Ratio (Acid Test Ratio)</b>	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.
<b>Interest Coverage Ratio</b>	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
<b>Gearing Ratio</b>	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
<b>Gearing Ratio Level 1</b>	Is calculated by dividing Net Debt by Net Debt and Total Equity.
<b>Gearing Ratio Level 2</b>	Is calculated by dividing Total Liabilities by Total Assets.
<b>Gearing Ratio Level 3</b>	Is calculated by dividing Net Debt by Total Equity.
<b>Net Debt / EBITDA</b>	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

#### *Other Definitions*

<b>Yield to Maturity (YTM)</b>	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.
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# Calamatta Cuschieri

**Calamatta Cuschieri Investment Services Limited**

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