A Company registered in Malta having registration Number C 79193
Registered Address: Seabank Hotel, Marfa Road, Mellieha MLH 9064

COMPANY ANNOUNCEMENT

Publication of Financial Analysis Summary

The following is a Company Announcement issued by SD Finance p.l.c. pursuant to the Capital Markets Rules of the Malta Financial Services Authority.

Quote

SD Finance p.l.c. announces that the Financial Analysis Summary, dated 26th September 2024, prepared by MZ Investments Services Limited is available for viewing hereunder.

Unquote

Shaheryar Ghaznavi
Company Secretary

27th September 2024
Ref: SDA79

FINANCIAL ANALYSIS SUMMARY

26 September 2024

ISSUER

SD FINANCE P.L.C.

(C 79193)

GUARANTOR

SD HOLDINGS LIMITED

(C 40318)

Prepared by:

MZ INVESTMENTS

The Directors
SD Finance p.l.c.
Seabank Hotel
Marfa Road, Għadira
Mellieħa MLH 9064
Malta

26 September 2024

Dear Board Members,

Financial Analysis Summary

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

The purpose of this Analysis is that of summarising key financial data appertaining to SD Finance p.l.c. (the "**Issuer**", "**Company**", or "**SD Finance**") and SD Holdings Limited (the "**Guarantor**", "**Group**", or "**SD Holdings**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical information for the most recent three financial years ended 31 March 2022, 31 March 2023, and 31 March 2024 has been extracted from the respective audited annual financial statements.

(b) The forecast information for the financial year ending 31 March 2025 has been provided by the Group.

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

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

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

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

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. ABOUT THE ISSUER AND THE GROUP

SD Finance p.l.c. was registered and incorporated on 20 January 2017 with the purpose of acting as a finance company for the Group. As a result, the Issuer is totally dependent on the operations, performance and prospects of the Guarantor. On the other hand, **SD Holdings p.l.c.** is the parent and holding company of the Group which is a family-owned business engaged in activities related to hospitality, catering, leisure and entertainment, healthcare and real estate development.

Initially starting off as a guesthouse in 1984, the Group experienced significant growth over the years and presently operates its own brands – **db Hotels + Resorts** and **Lifestyle Group** respectively[1]. During this period, the Guarantor also forged strategic relationships and alliances with a range of global players, among them the Accor Hotel Group, RIU Hotels & Resorts, Hard Rock Café International and Starbucks Corporation. Furthermore, in 2024, the Group secured two important franchises for Malta – GROM and EL&N London.

Following its growth and success in Malta, and as part of its ongoing efforts to identify new investment opportunities, particularly outside Malta, the Group made a strategic decision in 2022 to open an office in Mayfair, London ("**SDH Capital**"). The first investment thereof comprises the restoration and renovation of a historic listed building at One Cavendish Square, situated in the heart of London's West End. When completed in April 2025, this building will operate as an exclusive AKI lounge, bar and restaurant.

2. DIRECTORS OF THE ISSUER

The Board of Directors of SD Finance comprises the following six individuals:

Silvio Debono	Chairman
Robert Debono	Director and Group Chief Executive Officer
Arthur Gauci	Non-Executive Director
Philip Micallef	Independent Non-Executive Director
Vincent Micallef	Independent Non-Executive Director
Stephen Muscat	Independent Non-Executive Director

[1] Lifestyle Group encapsulates the Group's diverse restaurant operations, comprising a dynamic portfolio of well-known brands, each offering a unique and differentiated experience. In the refined dining space, it features sophisticated establishments like AKI, LOA, TORA, Amami, and Espiral, each providing a distinct culinary journey. The daylife segment is characterised by vibrant venues such as Manta, Blu Beach Club, and Nine Lives, where relaxation meets entertainment. For casual dining, Lifestyle Group offers a wide range of tastes with convenience and quality through brands like Westreme, Amami Food Bar, and Verani.

3. DIRECTORS OF THE GUARANTOR

The Board of Directors of SD Holdings comprises the following eight individuals who are entrusted with the overall development, strategic direction, and risk management of the Group:

Silvio Debono	Chairman
Robert Debono	Director and Chief Executive Officer
Alan Debono	Director and Chief Procurement and Accounting Officer
David Debono	Director and Chief Legal Officer
Jesmond Vella	Director and Chief Operating Officer
Victoria Debono Borg	Director and Brand Manager
Veronica Debono	Director
Arthur Gauci	Director

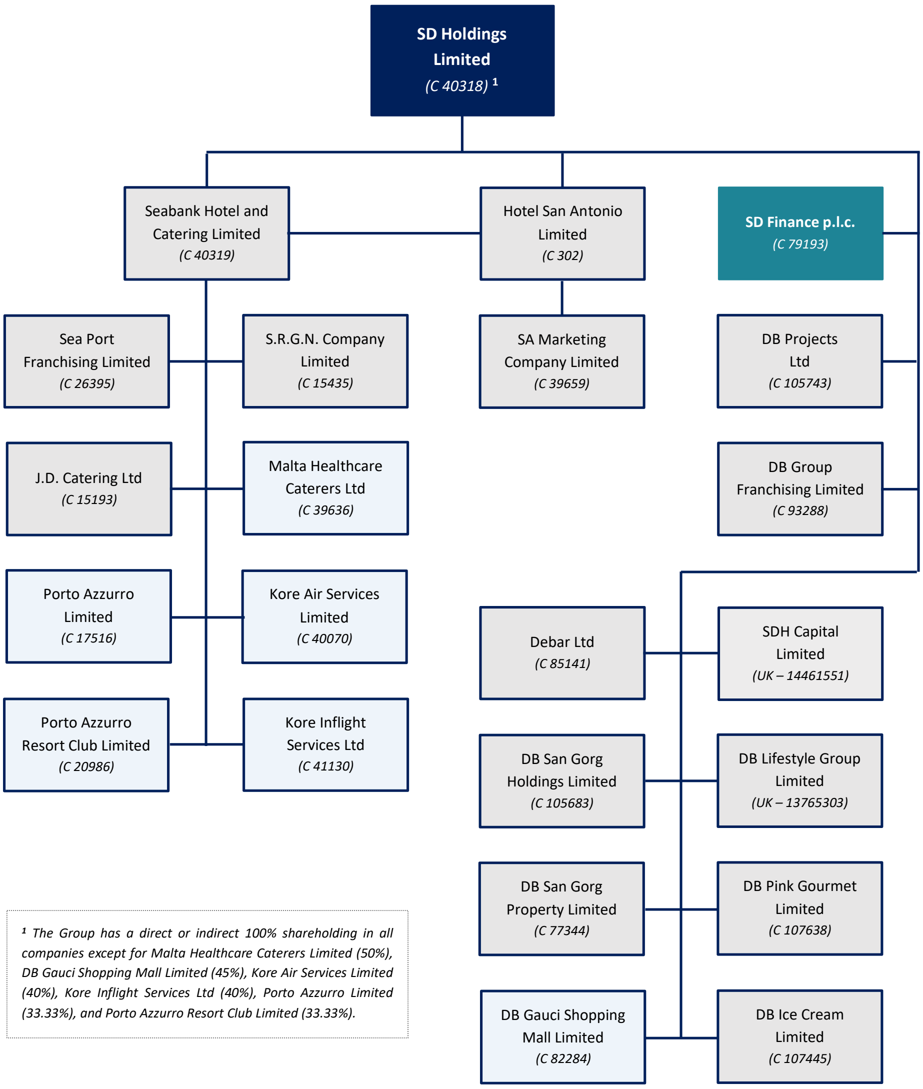
4. GROUP SENIOR MANAGEMENT

The Board of Directors is supported by the following members of the senior management team, who are responsible for executing the Group's strategy, overseeing day-to-day operations, and ensuring effective management of resources:

Ray Bezzina	Head – Office of the Chief Executive Officer
Fredrik Reinish	Director of Hotels
John Wiltshire	Chief Operating Officer – Lifestyle
Jean Claude Fenech	Group Chief Financial Officer
Trevor Vella	Chief Financial Officer – Head Office

5. GROUP ORGANISATIONAL STRUCTURE

The below diagram illustrates the organisational structure of the Group:



[1] The Group has a direct or indirect 100% shareholding in all companies except for Malta Healthcare Caterers Limited (50%), DB Gauci Shopping Mall Limited (45%), Kore Air Services Limited (40%), Kore Inflight Services Ltd (40%), Porto Azzurro Limited (33.33%), and Porto Azzurro Resort Club Limited (33.33%).

The average number of employees within the Group during FY2024 was 1,464 compared to 931 in FY2023. The average head count including subsidiaries and associated companies amounted to 6,184 persons (FY2023: 5,782 employees).

Following the end of FY2024, SD Holdings entered into a preliminary agreement for the purchase of the 66.77% shareholding of Porto Azzurro Limited and Porto Azzurro Resort Club Limited – the companies behind **Porto Azzurro Hotel** in Xemxija Bay, St Paul's Bay – for a total consideration of €8 million. Subject to all conditions of the preliminary agreement being met, following the conclusion of the acquisitions, the Group's shareholding interest in both companies will increase to 100% from 33.33%.

Porto Azzurro Hotel is a three-star, 125-room aparthotel that offers a wide range of amenities including 24-hour reception, Wi-Fi connectivity, an internet café, a launderette, a mini-market, and a dedicated restaurant and pizzeria. Guests can also enjoy various leisure facilities such as outdoor, indoor, and children's pools, as well as a whirlpool, a jacuzzi, a fitness centre, and a games room. In FY2024, Porto Azzurro Hotel generated total revenues and EBITDA of €1.43 million and €0.35 million respectively.

6. PRINCIPAL ASSETS

The Group has three major assets: db Seabank Resort + Spa ("**Seabank**"), db San Antonio Hotel + Spa ("**San Antonio**"), and the right-of-use for the land that is currently being redeveloped into the db St George's Bay project. Furthermore, SD Holdings owns 50% of the share capital of Malta Healthcare Caterers Ltd ("**MHC**").

SD Holdings Limited **Major Assets** **As at 31 March**	**2022** **€'000**	**2023** **€'000**	**2024** **€'000**
db Seabank Resort & Spa	93,699	92,179	112,246
db San Antonio Hotel & Spa	82,395	79,301	110,218
db St George's Bay	80,660	82,628	84,704
Malta Healthcare Caterers Ltd *(50% ownership)*	12,768	15,358	20,337
	269,522	**269,466**	**327,505**
As % of total assets:			
db Seabank Resort & Spa	26.77	24.51	23.68
db San Antonio Hotel & Spa	23.54	21.09	23.25
db St George's Bay	23.05	21.97	17.87
Malta Healthcare Caterers Ltd *(50% ownership)*	3.65	4.08	4.29
	77.02	**71.65**	**69.10**

6.1 DB SEABANK RESORT + SPA

Seabank is a four-star all-inclusive resort featuring 538 nautical-themed rooms and suites, located at the foot of Malta's largest sandy beach, Mellieħa Bay. The resort enjoys spectacular and unobstructed panoramic sea views, and sits on approximately 23,000 sqm of land, 80% of which are landscaped.

In 2012, with an injection of €40 million, the resort was entirely renovated and significantly expanded. Today, Seabank houses seven themed restaurants, three bars, Malta's largest hotel pool, a state-of-the-art fitness centre, and a spa with a heated indoor pool. In 2015, a new entertainment complex including three restaurants, a bowling alley, a sports bar, and a teens and kids club were inaugurated.

Year-on-year, the Group continued to invest in developing and upgrading the resort. Between 2021 and 2022, the Group took the opportunity to upgrade and refurbish several hotel rooms and public areas during the lockdown periods imposed by health authorities due to the COVID-19 pandemic. Furthermore, during this period, the former Tramun Tagħna and Pellicola restaurants were completely refurbished and rebranded to Salia and Levant, serving Italian and Middle Eastern cuisines respectively.

During the financial year ended 31 March 2024, a room refresh project was undertaken by the Group to give a new look to all hotel rooms. This project has continued in the current financial year (FY2025) and will include also the hotel's public areas.

6.2 DB SAN ANTONIO HOTEL + SPA

San Antonio is a 500-room four-star all-inclusive hotel located in Qawra. It is built in a Moorish style and includes seven themed restaurants, two bars, indoor, outdoor, and rooftop pools, a fitness centre, a Hammam spa, and extensive conference facilities which make the hotel an ideal host for both local and international conferences. The property also has a number of apartments which are offered on a long-term accommodation basis.

Operating since 2002, the San Antonio Hotel underwent substantial upgrades and an extension in 2015, with a total investment of €33 million. During 2021 and 2022, most of the hotel's rooms and public areas, as well as the spa and indoor pool were completely refurbished and upgraded. Furthermore, during the same period, the Group fully renovated and rebranded one of the hotel's restaurants – the Saboroso-Comadia Latina – which became fully operational in May 2022.

6.3 DB ST GEORGE'S BAY

On 1 February 2017, the Group entered into a deed of temporary emphyteusis with the Commissioner of Land (on behalf of the Government of Malta) for a site having a total surface area of *circa* 24,000 sqm located in St George's Bay, St Julians, Malta.

The 99-year temporary emphyteutical concession was subject to a cash consideration of €15 million, payable over a period of seven years, whereby the first payment of €5 million was paid on signing of the deed. This was primarily financed through a bank facility which also covered the payment of circa €3 million in stamp duties. The balance of €10 million was paid in seven equal annual instalments as from January 2018.

A further consideration will be determined on the full extent of the developable area, which amount will be due to Government or vice-versa, as the case may be, payable over a period of seven years in seven equal annual instalments and calculated in accordance with the terms of a schedule annexed to the Emphyteutical Deed. Moreover, in terms of the deed, a total annual ground rent of €1,562,509 is payable to Government, of which a total of €1,169,579 is allocated for redemption purposes based on a net floor space area of 51,030 sqm (comprising residential, office, and garage spaces). This annual ground rent was temporarily reduced to €1,000 per annum until the lapse of a five-year period from date of deed. In this regard, given the significant reductions in the development areas, the Group is in discussions with the relevant government authorities to revise the ground rent payable.

On 12 July 2023, the Group received the executable full development permit and immediately initiated excavation works. The mixed-use development will feature a five-star Hard Rock Hotel and two residential towers – **ORA Residences** – which will also include sky villas and a rooftop pool. The project will also comprise a shopping mall – **St George's Mall** – housing globally renowned brands, extensive underground parking facilities, and various amenities such as international bars and restaurants, creating a vibrant hub for residents and visitors alike.

The Hard Rock Hotel will pay architectural homage to the original 19th century British military accommodation quarters building and will feature 394 rooms including 25 suites offering private pools. Guests seeking to relax and retune will enjoy numerous private and public pools, a full-service Rock Spa, as well as a state-of-the-art Body Rock fitness centre set to be amongst Malta's largest.

With a total floor area of over 34,000 sqm, ORA Residences will offer 179 luxuriously designed high-end residences, each featuring its own spacious garden terrace. The residences will be complemented by a suite of exclusive, top-tier personalised services, all within a cutting-edge sustainable living concept. Furthermore, through an innovative club membership programme, residents will have access to a wealth of high-end amenities, including private temperature-controlled wine cellars, private pools, housekeeping services, chauffeurs, and 24/7 concierge services.

The ORA Residences have been designed with the assistance of Dr Laura Gatti – the award-winning landscape designer behind the greenery of the world-renowned development known as the Vertical Gardens situated in Porta Nuova, Milan. The ORA Residences are expected to be completed by mid-2026.

All the apartments in the **ORA West** tower are on promise of sale agreements, while the units of **ORA East** tower were released to the market during the second half of 2024. As part of a Special Designated Area, ORA Residences grant both EU and non-EU nationals equal property acquisition rights, thus eliminating the need for an Acquisition of Immovable Property permit.

Besides the Hard Rock Hotel and ORA Residences, the St George's Bay project will feature an array of high-end facilities including 5,000 sqm of open spaces and a botanical garden, a large entertainment area, a 1,400 sqm supermarket, Malta's largest wellness centre including a gym and spa totalling 3,300 sqm, a globally branded beach club, and more than twelve restaurants which will include international brands like Hard Rock Café and EL&N.

6.4 MALTA HEALTHCARE CATERERS

MHC is a joint venture between SD Holdings and James Caterers, specialising in healthcare catering services for hospitals and retirement homes, as well as nursing, medical, and clinical services.[2] MHC has long-term contracts with Government to provide services at St Vincent de Paul Residence ("**SVPR**"), Mater Dei Hospital, and Gozo General Hospital, amongst others, and conducts its business activities through three principal subsidiaries: Healthmark Care Services Ltd, Health Services Group Limited, and Support Services Limited.

Since inception in 2006, MHC grew considerably and today it is widely recognised as being one of the leading local players in health and social care services. In 2015, MHC acquired land to develop a 300-bed home for the elderly in Santa Luċija, and a historic building in Mtarfa which was subsequently converted into a 150-bed residence for elderly people suffering from dementia.

In 2017, MHC was awarded a 15-year concession for the construction, management, and operation of four buildings within SVPR housing 504 beds. The project was completed in 2020 with a total investment of *circa* €36 million. In addition, MHC was contracted to set up an onsite fully equipped kitchen which required an investment of €4million. This project was also completed in 2020 and provides catering services to all the 1,100 beds within SVPR under a 10-year public-private partnership agreement.

During the COVID-19 pandemic, MHC was actively involved in assisting Government with the provision of nurses and carers at key swabbing and vaccination centres. In FY2023, MHC established the Dubai-based company Healthmark Training FZE and opened the Healthmark Training Centre. The 250 sqm building houses a training room, a hospital simulation room with medical equipment, offices, meeting rooms and a recreation area. The academy is certified by the Knowledge and Human Development Authority, which is the educational quality assurance and regulatory authority of the Government of Dubai in the United Arab Emirates.

PERFORMANCE REVIEW

Following a decline of 12.92% in revenues registered in FY2021 on account of the adverse impact of the COVID-19 pandemic, total turnover rebounded by 14.83% to €90.43 million in **FY2022**. The year-on-year growth was driven by healthcare services which contributed €60.93 million (+18.70%) in income, representing 67.37% of MHC's total revenues. Similarly, income from the SVPR concession agreement also increased when compared to FY2021 as it increased to just over €21 million (+16.04%), representing 23.23% of MHC's total revenues. In contrast, turnover from catering services contracted by 8.84% to €8.50 million which, however, represents less than 10% of MHC's total revenues. Overall, MHC reported total comprehensive income of €8.73 million in FY2022 compared to €4.60 million in the previous financial year.

[2] This also includes the provision of healthcare workers to public hospitals and clinics, as well as home care and related support services.

MHC achieved further growth of almost 15% in revenues to €103.94 million in **FY2023** amid an increase in business across all three operating segments. Income from healthcare and catering services rose by more than 19% to €72.62 million and €10.14 million respectively, whilst revenues from the SVPR concession agreement trended higher by 0.84% to €21.18 million.

Total comprehensive income increased by 16.41% to €10.16 million. Of this amount, SD Holdings received a dividend of €2.27 million, representing a payout ratio of nearly 45% based on the Group's share of results of €5.08 million (FY2022: €4.36 million).

In **FY2024**, MHC reported an increase in revenue of 26.55% compared to the prior year and amounted to €131.54 million (FY2023: €103.94 million). The principal contributor to this growth was an increase of 31.48% (+€22.86 million) in healthcare services, which amounted to €95.48 million (FY2023: €72.62 million). Notwithstanding the above, total comprehensive income decreased marginally from a year earlier, from €10.15 million in FY2023 to €9.96 million in FY2024 (-1.98% or €0.20 million).

For **FY2025**, MHC is expecting total revenue to increase by €6.21 million (+4.72%) to €137.75 million (FY2024: €131.54 million), as it anticipates a higher level of business across all three operational segments. Total comprehensive income is projected to amount to €10.17 million, a year-on-year increase of €0.22 million (FY2024: €9.96 million). In consequence of the sharper percentage increase in revenues than the increase total comprehensive income, the income margin is expected to drop marginally from 7.57% in FY2024 to 7.39% in FY2025.

Malta Healthcare Caterers Ltd **Segmental Information** **For the financial year 31 March**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Forecast** **€'000**
Revenue:				
Healthcare services	60,926	72,619	95,479	99,402
SVPR concession agreement	21,006	21,182	23,722	25,220
Catering services	8,498	10,143	12,341	13,128
	90,430	**103,944**	**131,542**	**137,750**
Total comprehensive income	**8,727**	**10,159**	**9,958**	**10,174**
Income margin *(%)*	9.65	9.77	7.57	7.39
db Group's 50% share of results	*4,364*	*5,080*	*4,979*	*5,087*
Dividend	*-*	*2,273*	*-*	*-*

7. SEGMENT INFORMATION

SD Holdings has three principal reportable segments: (i) hospitality and ancillary services; (ii) food and beverage; and (iii) merchandise, retailing, and other revenue.

SD Holdings Limited **Segmental Information** **For the financial year 31 March**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Forecast** **€'000**
Revenue:				
Hospitality and ancillary services	23,709	40,751	47,702	52,282
Food and beverage	14,098	25,377	35,551	37,548
Merchandise, retailing activities, and other revenue	2,553	4,671	5,472	2,273
	40,360	**70,799**	**88,725**	**92,103**
EBITDA:				
Hospitality and leisure	14,092	16,757	22,411	23,429
Food and beverage	4,683	6,673	8,043	8,015
Merchandise, retailing, and other revenue	1,187	1,322	894	538
	19,962	**24,752**	**31,348**	**31,982**
EBITDA margin:				
Hospitality and leisure *(%)*	59.44	41.12	46.98	44.81
Food and beverage *(%)*	33.22	26.30	22.62	21.35
Merchandise, retailing, and other revenue *(%)*	46.49	28.30	16.34	23.67
	49.46	**34.96**	**35.33**	**34.72**

7.1 HOSPITALITY & ANCILLARY SERVICES

This division comprises the operations of Seabank, San Antonio, and the 18-room Melior Boutique Hotel in Valletta which was inaugurated in January 2022. Performance was severely dented during the COVID-19 pandemic, but the first signs of the recovery started to emerge in **FY2022** as income from this segment rebounded strongly to €23.71 million. Furthermore, EBITDA surged to €14.09 million which translated into a margin of 59.44%.

The rebound in business gathered further momentum in **FY2023** as revenues increased by 71.88% to €40.75 million whilst EBITDA reached €16.76 million. Given the sharper increase in revenues than the uplift in EBITDA, the relative margin dropped to 41.12% reflecting the impact of high inflation, the rise in payroll costs and other operational and administrative expenses supporting the Group's growth ambitions, as well as the significant reduction in grants received from Government in relation to the COVID-19 Wage Supplement Scheme. During the year, an investment in new digital technology was made, thus enabling the Group to launch a comprehensive mobile application which revolutionised guest experiences and enhanced the hotels' services.

Revenues from the hospitality and ancillary services segment rose further by 17.06% to a new record of €47.70 million in **FY2024** amid the complete recovery in business from the negative effects of the COVID-19 pandemic. EBITDA also grew sharply by 33.74% to €22.41 million whilst the relative margin improved to almost 47% as the Group implemented various cost mitigating initiatives with a view of controlling the adverse impact of high inflation.

In FY2024, the occupancy rate of the Group's principal revenue contributors (Seabank and San Antonio) improved by 2 and 7 percentage points respectively to 88% and 91% respectively. Likewise, the average room rate of both hotels increased year-on-year, from €122 to €139 in the case of Seabank (+13.93%) and from €118 to €130 for the San Antonio (+10.17%).

For **FY2025**, the Group is estimating a 9.60% growth in revenues to €52.28 million and an increase of 4.54% in EBITDA to €23.43 million, which will adversely impact EBITDA margin by 2 percentage points to 44.81%.

7.2 FOOD & BEVERAGE

The food and beverage division was also severely negatively impacted by the COVID-19 pandemic. However, income from this segment surged by 71.07% to €14.10 million in **FY2022** whilst EBITDA doubled to €4.68 million.

Income increased further to €25.38 million (+80%) in **FY2023** which also led to an upsurge of 42.49% in EBITDA to €6.67 million. Nonetheless, the EBITDA margin trended lower year-on-year to 26.30% compared to 33.22% in FY2022 amid an increase in operational costs particularly wages, pre-opening costs in relation to new restaurants, as well as the lower amount of grants received from Government in relation to the COVID-19 Wage Supplement Scheme.

In **FY2024**, the food and beverage division registered double-digit growth in revenues (+40.09% to €35.55 million) and EBITDA (+20.53% to €8.04 million) reflecting the higher level of business achieved by existing restaurants as well as the contribution from the seven new restaurants inaugurated by the Group throughout the year which also included three Starbucks outlets to a total of 17. However, despite the strong growth, the EBITDA margin slipped by 368 basis points to 22.62% reflecting the impact from the initial one-time costs associated with the opening of new restaurants.

For **FY2025**, revenues are expected to rise by a further 5.62% to €37.55 million reflecting both organic growth as well as the continued increase in the number of restaurants. The latter includes two new Starbucks, Gelateria GROM outlets and the Rock Shop. Meanwhile, EBITDA is estimated to surpass the €8 million mark, which would translate into a margin of 21.35% and represent just over 25% of the Group's forecasted consolidated EBITDA of €31.98 million (FY2024: €31.35 million).

7.3 OTHER INCOME

The Group's other source of revenue mainly derives from the retailing of merchandise in accordance with the respective franchise agreement that SD Holdings is part of. Overall, this income represents a small fraction of the Group's revenues and EBITDA compared to the two other principal segments, namely hospitality and ancillary services, and food and beverage.

8. ECONOMIC AND SECTOR ANALYSIS

8.1 ECONOMIC UPDATE[3]

In its latest economic update, the Central Bank of Malta ("**CBM**") noted that the Maltese economy has demonstrated resilience in 2024 despite global economic and geopolitical challenges. However, there are signs of slowing growth compared to previous years. The tourism sector, a key pillar of Malta's economy, continues to perform strongly, driven by increased flight capacity and a more balanced seasonal distribution of tourists. Professional services, another critical sector, also show robust momentum, contributing to overall economic stability.

Domestic demand remains strong, supported by robust consumer spending and government expenditure. Furthermore, data suggests that Malta's economic conditions have stabilised somewhat since mid-2024, as indicated by the Bank's Business Conditions Index, which has been hovering around its historical average. Despite this stability, the growth rate is expected to moderate as the economy converges toward its potential output by the end of 2026.

OUTLOOK

The CBM projects a gradual slowdown in real gross domestic product ("**GDP**") growth over the next few years. The growth rate is expected to drop from 5.7% in 2023 to 4.4% in 2024, with further reductions to 3.5% in 2025 and 3.4% in 2026. This slowing growth is primarily due to the economy's return to a more sustainable growth path after the post-pandemic recovery boom.

Private consumption, a key driver of economic growth, is projected to slow down as the initial post-pandemic surge in consumer demand fades. After a strong 7.8% increase in 2023, growth in private consumption is expected to slow to 4.9% in 2024 and continue declining in the following years.

Government spending is expected to increase at a slower rate in 2024 (+5.3%), driven by a slowdown in growth in government revenue. However, government consumption growth will moderate to 4.5% in 2025 and 4.3% in 2026 as the government reduces spending on contractual services and residential care.

Investment, particularly in the private sector, is expected to recover partially from the sharp decline in 2023. The CBM forecasts a 2% growth in overall investment in 2024, with private investment expected

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[3] **Source:** Central Bank of Malta, '*Outlook for the Maltese Economy*', 20 August 2024.
https://www.centralbankmalta.org/en/news/14/2024/11215
https://www.centralbankmalta.org/economic-projections

to rise by 2.7% after a significant drop of 26% in 2023. This recovery is mainly driven by increased spending on equipment and non-dwelling construction, although residential construction is expected to decline further.

Export growth is expected to slow, particularly in the tourism sector, which has already surpassed pre-pandemic levels. While service exports will continue to contribute positively to GDP, their impact will diminish over time. Import growth is projected to be slightly higher than export growth, driven by both goods and services imports.

Overall, the CBM anticipates a shift in the primary drivers of growth from net exports in 2023 to domestic demand, particularly private consumption, from 2024 onwards.

POTENTIAL OUTPUT

Potential output, which represents the maximum level of output an economy can sustain without generating inflationary pressures, is expected to decline over the coming years. The CBM predicts a decrease in potential output growth from 7.6% in 2023 to 3.5% in 2026. This decline is attributed to reduced contributions from both capital and labour. The contribution of capital to potential output is expected to decrease due to the lagged effects of the investment decline in 2023 and muted investment growth in the following years. On the other hand, the labour contribution is also expected to decrease, primarily due to a projected slowdown in net migration flows, which had previously boosted labour supply.

Despite these declines, the economy is expected to operate above its potential output throughout the projection horizon, although the positive output gap (the difference between actual output and potential output) is set to narrow significantly by 2026.

LABOUR MARKET

Malta's labour market remains robust, with high demand for labour. However, this demand is expected to moderate as the economy slows down. Employment growth is projected to decrease from 6.7% in 2023 to 3.9% in 2024, continuing to slow to 2.4% by 2026. This moderation reflects the expected slowdown in economic growth and a recovery in productivity.

The unemployment rate is forecasted to remain low, fluctuating between 3.0% and 3.1% over the projection period. This indicates a tight labour market, with demand for labour remaining high despite the slowing economy.

Wages are expected to increase significantly, particularly in 2024, as a result of high past inflation and the tight labour market. Compensation per employee is projected to grow by 5.1% in 2024, before slowing to 3.8% in 2025 and 3.2% in 2026. The wage increases reflect a catch-up in real wages following the recent surge in inflation, although the upward pressure on wages is expected to ease as labour market tightness diminishes over time.

INFLATION

The CBM notes that inflation in Malta is on a disinflationary path, with the Harmonised Index of Consumer Prices expected to decline from 5.6% in 2023 to 2.5% in 2024, and further to 2.0% by 2026. This decline is driven by a broad-based reduction in food, services, and non-energy industrial goods ("NEIG") inflation.

Food prices, which have been a significant contributor to overall inflation in recent years, are expected to stabilise. Processed food inflation is projected to decrease due to lower imported prices and government interventions which aimed at stabilising prices for essential food items. Unprocessed food inflation is expected to remain more volatile but should gradually ease over the forecast period.

NEIG inflation is expected to continue its decline, driven by the normalisation of global supply chains and a reduction in domestic producer price pressures. In fact, the CBM anticipates that NEIG inflation will decrease to 1.1% in 2024 and further to 1.0% by 2026.

Services inflation, which has been somewhat sticky, is projected to decline gradually over the forecast period, driven by a slowdown in wage growth and a normalization of post-pandemic consumption patterns. However, certain sub-components, such as housing and recreational services, may exhibit slower declines due to persistent demand and cost pressures.

PUBLIC FINANCES

Malta's fiscal position is expected to improve over the forecast period, with the general government deficit projected to narrow from 4.9% of GDP in 2023 to 4.1% in 2024, and further to 3.1% by 2026. This improvement is primarily driven by a reduction in government expenditure as a share of GDP, particularly in subsidies and inflation-mitigation measures. However, the general government debt ratio is expected to increase, reaching 54.1% of GDP by 2026, due to continued primary deficits and one-off factors such as the acquisition of equity in KM Malta Airlines.

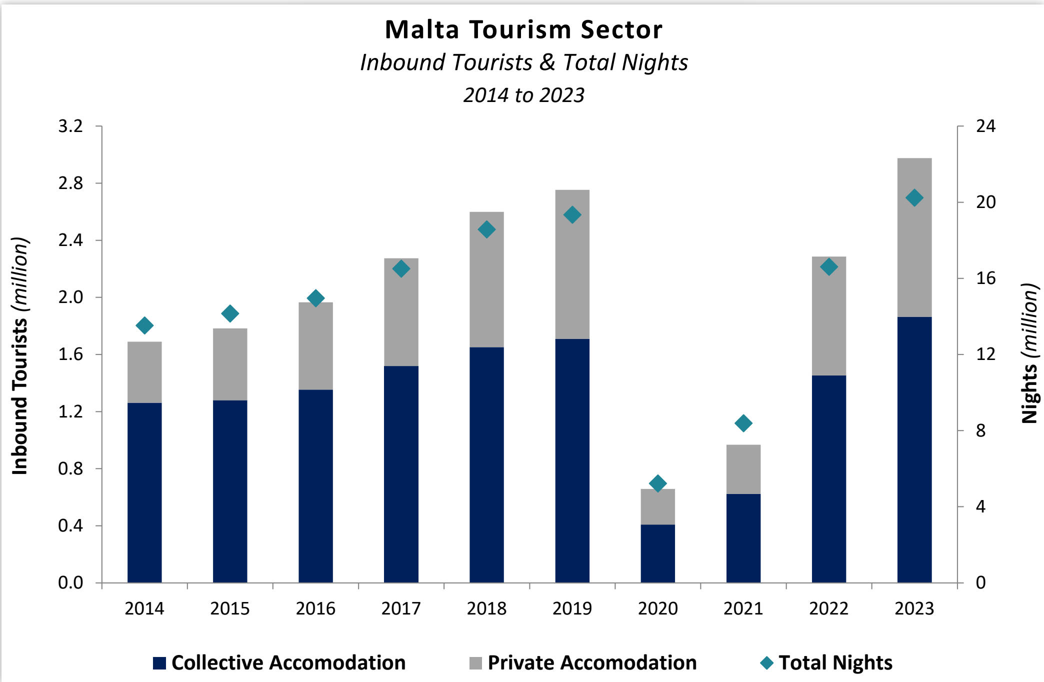
Total revenue as a share of GDP is expected to remain relatively stable, while total expenditure is projected to decline, driven by reductions in subsidies and other current expenditures. The government's structural budget deficit is expected to narrow, but the debt-to-GDP ratio will continue to rise due to persistent primary deficits and other debt-increasing factors.

Key Economic Indicators	**2023 Actual**	**2024 Forecast**	**2025 Forecast**	**2026 Projection**
Real GDP growth *(%, year-on-year)*	5.70	4.40	3.50	3.40
Inflation *(%, year-on-year)*	5.60	2.50	2.10	2.00
Unemployment (%)	3.10	3.00	3.10	3.00
General Government budget balance *(% of GDP)*	(4.90)	(4.10)	(3.60)	(3.10)
Gross public debt *(% of GDP)*	50.30	52.30	53.30	54.10

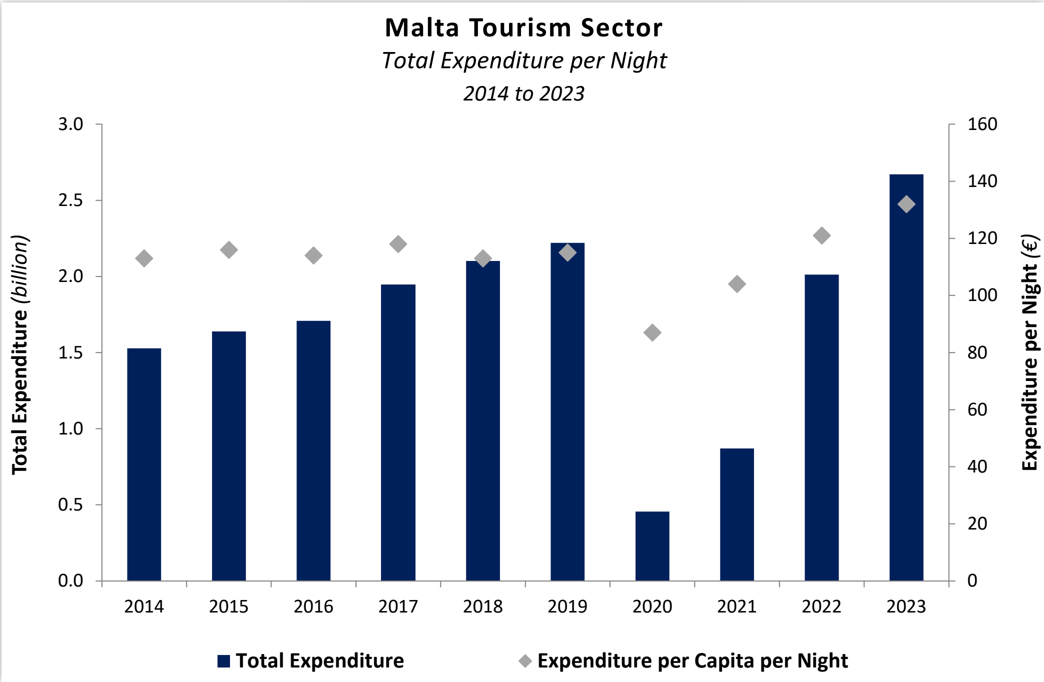
8.2 HOSPITALITY[4]

Total inbound tourists to Malta amounted to just over 3 million in 2023 (2022: 2.33 million)[5], thus exceeding the previous high of 2.77 million recorded in 2019 by 8.33%. Overall, inbound tourists spent a total of 20.24 million nights (2019: 19.34 million), or 6.80 nights per inbound tourist (2019: 7.02 nights per inbound tourist), the majority of which (17.12 million) were spent in rented accommodation which comprises collective accommodation (10.57 million nights)[6] and other rented accommodation (6.55 million nights).[7] On the other hand, inbound tourists only spent 3.12 million nights at non-rented accommodation.[8] Accordingly, inbound tourists spent a total of 10.57 million nights at collective accommodation (or 52.20% of the total nights spent) whilst the remaining portion (9.68 million nights – or 47.80%) were spent at private accommodation.

The total expenditure by inbound tourists in 2023 amounted to €2.67 billion which was 20.30% higher than the previous all-time high of €2.22 billion recorded in 2019. This also translated into a spend of €132 per night which was 14.78% higher than the expenditure of €115 per night registered in 2019.



4 National Statistics Office Malta.
5 Including overnight cruise passenger which in 2023 amounted to 27,153 visitors (2022: 43,723 visitors).
6 Collective accommodation comprises hotels, guesthouses, hostels, tourist villages, holiday complexes, bed & breakfast, and campsites.
7 Other rented accommodation comprises holiday furnished premises (farmhouses, flats, and villas), host families, marinas, convents, rented yachts, and student dormitories.
8 Non-rented accommodation typically comprises private residences (owned dwellings, caravans, and, or yachts), stays with friends or relatives, and other private accommodation such as timeshare.



Almost 68% (or 2.02 million) of inbound tourists in 2023 came from EU countries, of which 80.58% represented markets within the euro area, the largest of which were Italy (0.55 million inbound tourists who spent circa €107 per night), followed by France (0.29 million inbound tourists / €127 per night), and Germany (0.22 million inbound tourists / €133 per night). Outside of the euro area, the largest markets were the United Kingdom (0.54 million inbound tourists / €148 per night), followed by Poland (0.17 million inbound tourists / €120 per night), and Sweden (0.11 million inbound tourists / €120 per night).

The bulk of inbound tourists visiting Malta in 2023 were for leisure purposes (2.71 million) who opted not to take a packaged holiday (2.23 million). Similarly, the large majority (2.31 million – or 77.47%) where first-time tourists whilst the number and percentage of repeat tourists trended lower when compared to 2019. In fact, 0.67 million were repeat tourists in 2023, representing 22.53% of the inbound tourists, compared to a total of 0.70 million in 2019 who represented 25.32% of the inbound tourists who visited Malta that year.

In terms of the demographic profile of inbound tourists in 2023, 0.66 million (or 22.14%) were below 25 years, 1.16 million (or 38.97%) were aged between 25 years and 44 years, 0.89 million (or 29.79%) were aged between 45 years and 64 years, whilst the remaining portion amounting to 0.27 million (or 9.10%) were over 64 years. All age brackets contracted slightly as a proportion of inbound tourists in 2023 when compared to 2019, except for the youngest tourists aged below 25 years as this section gained 2.36 percentage points relative to 2019.

JANUARY TO JULY 2024

In the first seven months of 2024, inbound tourists amounted to 1.98 million, representing a growth of 22.40% over the same period in 2023 (1.61 million). Overall, they spent a total of 12.21 million nights (+14.30%) compared to 10.68 million nights in the corresponding period in 2023, which translated into an average length of stay of 6.16 nights (January-June 2023: 6.61 nights).

During this period, total expenditure by inbound tourists amounted to €1.70 billion which was 23.61% higher than the total of €1.37 billion recorded between January and July 2023. The expenditure per night also increased markedly year-on-year to €139 compared to €128 in the same period in 2023.

Almost 68% (or 1.33 million) of inbound tourists in the period from January to July 2024 came from EU countries, of which 78.04% (or 1.04 million) represented markets within the euro area, the largest of which were Italy (0.34 million inbound tourists who spent circa €113 per night), followed by France (0.17 million inbound tourists / €126 per night), and Germany (0.13 million inbound tourists / €140 per night). Outside the euro area, the largest markets were the United Kingdom (0.39 million inbound tourists / €159 per night), followed by Poland (0.15 million inbound tourists / €124 per night), and the Scandinavia (0.05 million inbound tourists / €147 per night).

The bulk of inbound tourists visiting Malta in the first seven months of 2024 were for leisure purposes (1.81 million). The large majority (1.56 million – or 79.02%) where first-time tourists whilst the tourists who opted for a non-packaged type of stay (1.49 million – or 75.32%) also represented the lion's share of inbound tourists.

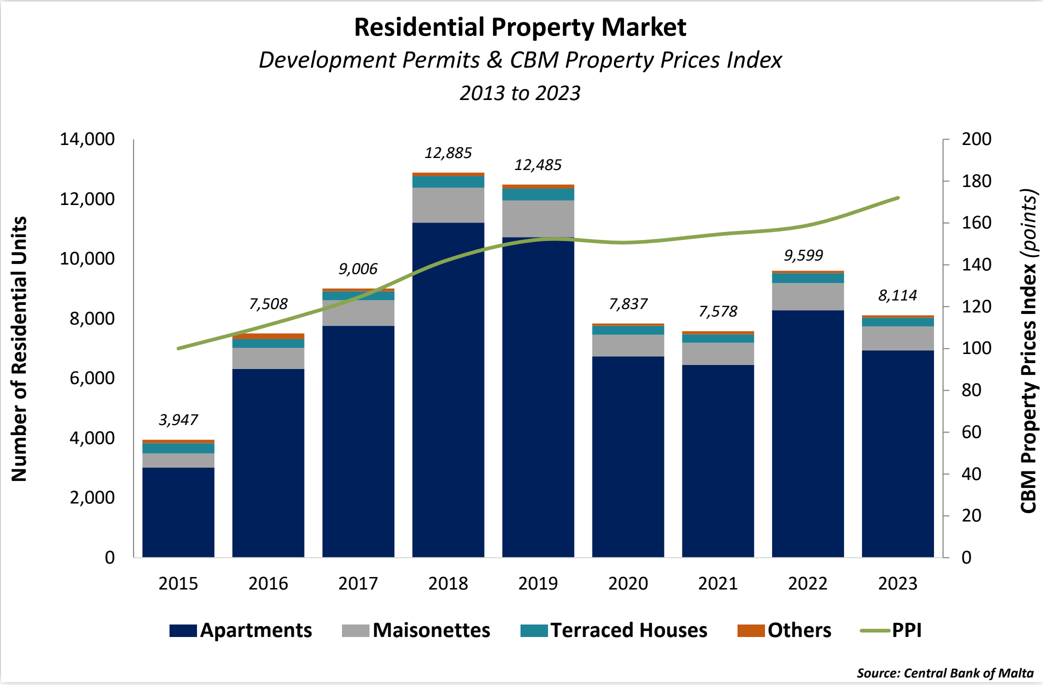
In terms of the demographic profile of inbound tourists between January and July 2024, 0.48 million (or 24.33%) were below 25 years, 0.73 million (or 36.74%) were aged between 25 years and 44 years, 0.58 million (or 29.36%) were aged between 45 years and 64 years, whilst the remaining portion amounting to 0.19 million (or 9.58%) were over 64 years.

8.3 PROPERTY MARKET

DEVELOPMENT PERMITS FOR DWELLINGS

Data provided by the Central Bank of Malta ("**CBM**") and the National Statistics Office ("**NSO**") shows that in 2023, the total number of permits for the construction of new dwellings increased by 24.78% to 1,586 permits (2022: 1,271 permits). However, the total number of approved new residential units declined by 15.47% year-on-year to 8,114 units, mostly comprising apartments which totalled 6,935 units (2022: 8,280 apartments) representing 85.47% of the total number of approved new units in 2023. The sharpest year-on-year percentage decline in the number of approved residential units was for the construction of apartments (-16.24%), followed by terraced houses (-12.31% to 292 units), and maisonettes (-11.54% to 805 units). On the other hand, other type of dwellings including villas, bungalows, and farmhouses increased by 7.89% to 82 units.

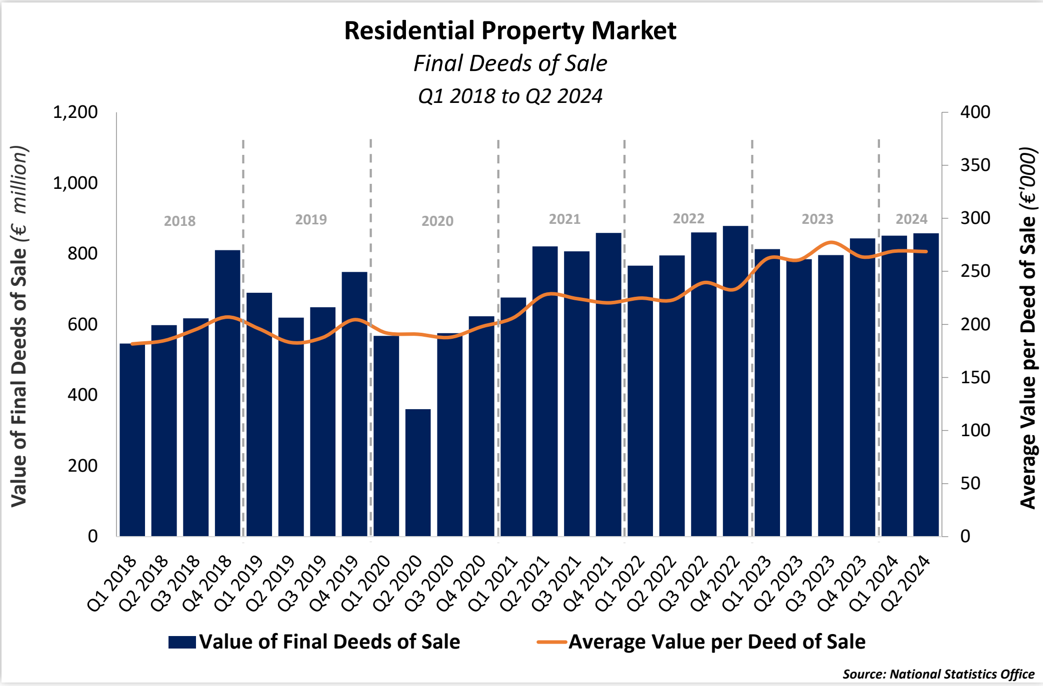
The highest ever number of approved new residential units in a single year took place in 2018 as 2,363 permits were issued for the construction of a total of 12,885 residential units. Between 2019 and 2021, the total number of approved new residential units trended lower each year, reaching a five-year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



PROPERTY PRICES & TRANSACTIONS

In nominal terms, the CBM Property Prices Index – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – reached an all-time high of 176.80 points in Q2 2024, representing an increase of 3.39% over the same period in 2023 (171.00 points). The sharpest year-on-year percentage increase took place in the prices of apartments which saw their advertised prices increase by 8.79%. The advertised prices of terraced houses and maisonettes increased by 3.19% and 1.53% respectively, whilst the advertised prices of 'other property' comprising town houses, houses of character and villas advanced by 6.42%.

The NSO Property Price Index – which is based on actual transactions involving apartments, maisonettes, and terraced houses – reached an all-time high of 159.98 points as at the end of Q1 2024 – representing a year-on-year increase of 6.73% in nominal terms. During 2023, a total of 12,178 final deeds of sale were registered compared to 14,331 deeds in 2022 and 14,368 deeds in 2021. However, the total value of final deeds of sale dropped by 1.91% in 2023 to €3.24 billion compared to the record of just under €3.30 billion registered in 2022. On the other hand, the average value per deed of sale increased to €265,800 million compared to €230,200 million in 2022 and €220,100 million in 2021.



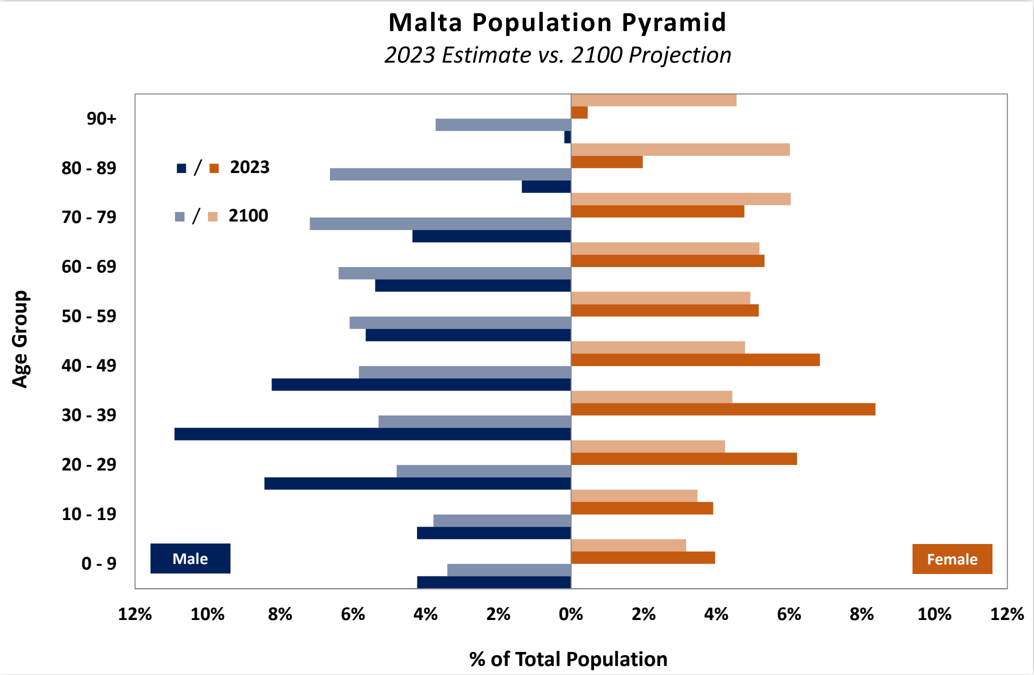
JANUARY TO JUNE 2024

In the first six month of 2024, the total number of approved new residential units declined by 5.63% to 4,714 when compared to the same period in 2023 (4,995 permits). Excluding 'other type' of dwellings including villas, bungalows, and farmhouses, the sharpest year-on-year percentage decline in the number of approved residential units was for the construction of terraced houses (-7.74% to 143 units), followed by maisonettes (-5.58% to 423 units), apartments (-5.51% to 3,363 units), and penthouses (-5.39% to 737 units).

During the first six months of 2024, a total of 6,353 final deeds of sale were registered compared to 6,108 deeds in 2023 and 6,974 deeds in 2022. However, the total value of final deeds of sale increased strongly in H1 2024 to €1.71 billion compared to €1.60 billion registered in H1 2023 and €1.56 billion in H1 2022. Furthermore, the average value per deed of sale increased to €268,900 million compared to €261,500 million in H1 2023 and €223,800 million in H1 2022.

8.4 LONG-TERM CARE

Estimates provided by the National Statistics Office[9] show that the total population of Malta as at the end of 2023 stood at 563,443 persons, representing an increase of 3.95% when compared to 2022.[10] Of these, 405,075 persons (or 71.89%) were Maltese whilst 158,368 persons (or 28.11%) were foreign nationals. Furthermore, persons whose age was between 30 years and 69 years represented 55.90% (2022: 55.64%) of Malta's total population, while persons under the age of 29 years, and persons whose age was 70 years and over represented 31.00% (2022: 31.15%) and 13.10% (2022: 13.22%) of Malta's population respectively.



Projections prepared by the United Nations Population Division[11] show that Malta's population is expected to continue changing dramatically in the years and decades ahead, with life expectancy to be close to 87 years by 2050 from the current level of just over 83 years, before increasing further and reach 92 years by 2100. Moreover, the median age of Malta's population is projected to increase from the current level of just over 40 years to 53 years by 2050 and 55 years by 2100 amid an evident ageing of Malta's population. In fact, just over 34% of Malta's population is expected to be 70 years and older by 2100, whilst persons whose age will be between 30 years and 69 years, and those below 30 years, will represent circa 43% and 23% of the total population.

Against this background, it is expected that both the quantity and the quality of demand for long-term care will continue to intensify, particularly for the services provided by community care centres and other state-run institutions, as well as facilities operated by the Church and the private sector.

[9] **Source:** https://nso.gov.mt/population/.
[10] The 2023 population increase of 21,392 was largely due to net migration of 20,960, with over 93% coming from non-EU countries.
[11] **Source:** United Nations Secretariat, '*2024 Revision of World Population Prospects*', available at: https://population.un.org/wpp/.

PART 2 – PERFORMANCE REVIEW

9. FINANCIAL INFORMATION RELATING TO THE ISSUER

The historical information is extracted from the audited annual financial statements of SD Finance for the years ended 31 March 2022, 31 March 2023, and 31 March 2024.

The forecast information for the current financial year ending 31 March 2025 has been provided by the Group and is based on assumptions deemed reasonable. However, actual outcomes may be affected by unforeseen circumstances, and the variation between forecasts and actual results could be material.

SD Finance p.l.c. **Income Statement** **For the financial year 31 March**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Forecast** **€'000**
Finance income	3,015	3,057	3,059	3,061
Finance costs	(2,917)	(2,921)	(2,925)	(2,927)
Administrative expenses	(90)	(128)	(126)	(126)
Profit before tax	**8**	**8**	**8**	**8**
Taxation	(3)	(3)	(3)	(3)
Profit for the year	**5**	**5**	**5**	**5**

SD Finance p.l.c. **Statement of Cash Flows** **For the financial year 31 March**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Forecast** **€'000**
Net cash from / (used in) operating activities	2,825	54	77	77
Net cash from / (used in) investing activities	(2,100)	-	-	-
Net movement in cash and cash equivalents	**725**	**54**	**77**	**77**
Cash and cash equivalents at beginning of year	2,293	3,018	3,072	3,149
Cash and cash equivalents at end of year	**3,018**	**3,072**	**3,149**	**3,226**

SD Finance p.l.c. Statement of Financial Position As at 31 March	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
ASSETS				
Non-current assets				
Loans receivable	64,333	64,333	64,333	64,333
	64,333	64,333	64,333	64,333
Current assets				
Trade and other receivables	93	175	204	205
Cash and cash equivalents	3,018	3,072	3,149	3,226
	3,111	3,247	3,353	3,431
Total assets	**67,444**	**67,580**	**67,686**	**67,764**
EQUITY				
Capital and reserves				
Called up share capital	250	250	250	250
Retained earnings	35	40	45	50
	285	**290**	**295**	**300**
LIABILITIES				
Non-current liabilities				
Bonds	64,491	64,585	64,780	64,780
	64,491	64,585	64,780	64,780
Current liabilities				
Trade and other payables	2,668	2,705	2,611	2,684
	2,668	2,705	2,611	2,684
Total liabilities	**67,159**	**67,290**	**67,391**	**67,464**
Total equity and liabilities	**67,444**	**67,580**	**67,686**	**67,764**

In **FY2024**, the Issuer generated finance income of €3.06 million and incurred finance costs of €2.93 million, both of which remained relatively unchanged from the previous two financial years. After accounting for administrative costs and tax charges, SD Finance recorded a profit after tax of less than €0.01 million in each of FY2022, FY2023, and FY2024.

The Issuer's Statement of Financial Position is primarily made up of the €65 million 4.35% unsecured and guaranteed bonds which mature on 25 April 2027, trade and other payables, cash reserves (which amounted to €3.15 million as at 31 March 2024), and loans receivable from the Group.

No material movements in the Income Statement, Statement of Cash Flows, and the Statement of Financial Position have been projected for **FY2025**.

10. FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The historical information is extracted from the audited consolidated annual financial statements of SD Holdings for the years ended 31 March 2022, 31 March 2023, and 31 March 2024.

The forecast information for the current financial year ending 31 March 2025 has been provided by the Group and is based on assumptions deemed reasonable. However, actual outcomes may be affected by unforeseen circumstances, and the variation between forecasts and actual results could be material.

The estimates for the current financial year ending 31 March 2025 assume that the carrying values of the Group's principal properties will neither be revalued upwards nor impaired. Consequently, no adjustments have been made for potential uplifts or impairments in the value of these assets which could materially affect the Income Statement and the Statement of Financial Position.

SD Holdings Limited **Income Statement** **For the financial year 31 March**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Forecast** **€'000**
Revenue	40,360	70,799	88,725	92,103
Net operating costs	(20,398)	(46,047)	(57,377)	(60,121)
EBITDA	**19,962**	**24,752**	**31,348**	**31,982**
Depreciation and amortisation	(9,000)	(9,555)	(11,042)	(15,218)
Operating profit / (loss)	**10,962**	**15,197**	**20,306**	**16,764**
Net finance costs	(4,342)	(5,289)	(5,348)	(7,788)
Share of results of associates	4,468	5,651	5,487	5,387
Profit / (loss) before tax	**11,088**	**15,559**	**20,445**	**14,363**
Taxation	(524)	(3,185)	(6,171)	(3,200)
Profit / (loss) for the year	**10,564**	**12,374**	**14,274**	**11,163**
Other comprehensive income				
Fair value movements on land and buildings, net of tax	-	-	51,053	-
Other movements	154	126	126	126
Total comprehensive income (net of tax)	**10,718**	**12,500**	**65,453**	**11,289**

SD Holdings Limited Key Financial Ratios	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast
EBITDA margin *(%)* *(EBITDA / revenue)*	49.46	34.96	35.33	34.72
Operating profit margin *(%)* *(Operating profit / revenue)*	27.16	21.46	22.89	18.20
Net profit margin *(%)* *(Profit after tax / revenue)*	26.17	17.48	16.09	12.12
Return on equity *(%)* *(Profit after tax / average equity)*	7.72	8.41	7.85	5.14
Return on assets *(%)* *(Profit after tax / average assets)*	3.11	3.41	3.36	2.09
Return on invested capital *(%)* *(Operating profit / average equity and net debt)*	5.71	6.83	7.34	4.64
Interest cover *(times)* *(EBITDA / net finance costs)*	4.60	4.68	5.86	4.11

INCOME STATEMENT

Revenues increased substantially to €40.36 million in **FY2022**, primarily on account of the gradual recovery in business following the removal of some of the restrictions imposed by health authorities in relation to the COVID-19 pandemic. Furthermore, the Group opened four new Starbucks outlets to a total of eight by the end of the year.

EBITDA also rose markedly to €19.96 million whilst the EBITDA margin rebounded to 49.46%. During the year, the Group received €4.74 million from the COVID-19 Wage Supplement Scheme. Although net finance costs rose by 10.91% to €4.34 million, the interest cover strengthened materially to 4.60 times.

Depreciation and amortisation charges increased marginally to €9 million. On the other hand, the share of results of associates more than doubled to €4.47 million primarily on account of the higher earnings generated by MHC. The Group's operating profit of €10.96 million translated into a margin of 27.16% and a return on invested capital of 5.71%.

Overall, SD Holdings reported a profit after tax of €10.56 million which translated into a margin of 26.17%.

Revenues surged to €70.80 million in **FY2023** reflecting the strong underlying dynamics of the post-COVID-19 pandemic recovery. Hotel occupancy increased to 85% (FY2022: 54%) which was higher than the level of 81% in FY2020 prior to the outbreak of the COVID-19 pandemic. Moreover, the Group's food and beverage division recorded robust growth partly on the back of the opening of two new restaurants (LOA and Sonora) in St Paul's Bay and six additional Starbucks outlets to a total of 14.

EBITDA grew at a slower pace than revenues and reached €24.75 million. As a result, the EBITDA margin contracted to 34.96% in view of the negative impact of high inflation, as well as an increase in payroll costs and other operational and administrative expenses in anticipation of the planned growth of the Group's both in Malta and oversees. Furthermore, the Group benefitted from a lower amount of COVID-19 Wage Supplement (which totalled €0.95 million) when compared to the prior year.

Net finance costs increased by 21.82% to €5.29 million, but the interest cover still improved, albeit marginally, to 4.68 times. Meanwhile, the year-on-year increase in depreciation and amortisation charges (+6.17% to €9.56 million) was offset by the superior performance of the Group's associates which contributed €5.65 million (+26.48%) to the Group's profitability.

Overall, SD Holdings reported a net profit of €12.37 million (+17.13%) which resulted in an upward movement in the return on equity to 8.41% (FY2022: 7.72%) and the return on assets to 3.41% (FY2022: 3.11%). The return on invested capital also trended higher year-on-year to 6.83% despite the contraction in the operating profit margin to 21.46%.

Revenues increased by 25.32% to €88.73 million in **FY2024**. The overall occupancy rate of the Group's hotel portfolio increased to an all-time high of 89% reflecting both the buoyant conditions of the local tourism market as well as the attractiveness and competitiveness of the Group's hotels. Furthermore, the food and beverage sector also experienced better turnover figures amid the opening of four new restaurants located in Sliema, Mellieħa and Malta International Airport, and the inauguration of three new Starbucks outlets (located in St Paul's Bay, Sliema, and Malta International Airport) to a total of 17 spread across Malta and Gozo.

Cost of sales increased at the same percentage growth as revenues. As a result, EBITDA surged by €6.60 million (+26.65%) to €31.35 million and the EBITDA margin remained stable at the 35% mark.

Although depreciation and amortisation charges trended higher by 15.56% to €11.04 million, operating profit still increased by 33.62% to €20.31 million compared to €15.20 million in FY2023. Furthermore, the operating profit margin and the return on invested capital improved year-on-year to 22.89% and 7.34% respectively.

Meanwhile, the share of results of associates amounted to €5.49 million, thus marginally offsetting the net costs related to financing which totalled €5.35 million. The interest cover strengthened notably to 5.86 times.

After accounting for tax charges of €6.17 million (FY2023: €3.19 million), the Group recorded a net profit €14.27 million (FY2023: €12.37 million), which corresponded to a profit margin of 16.09% compared to 17.48% in the prior year. The return on equity and the return on assets moved lower year-on-year to 7.85% and 3.36% respectively.

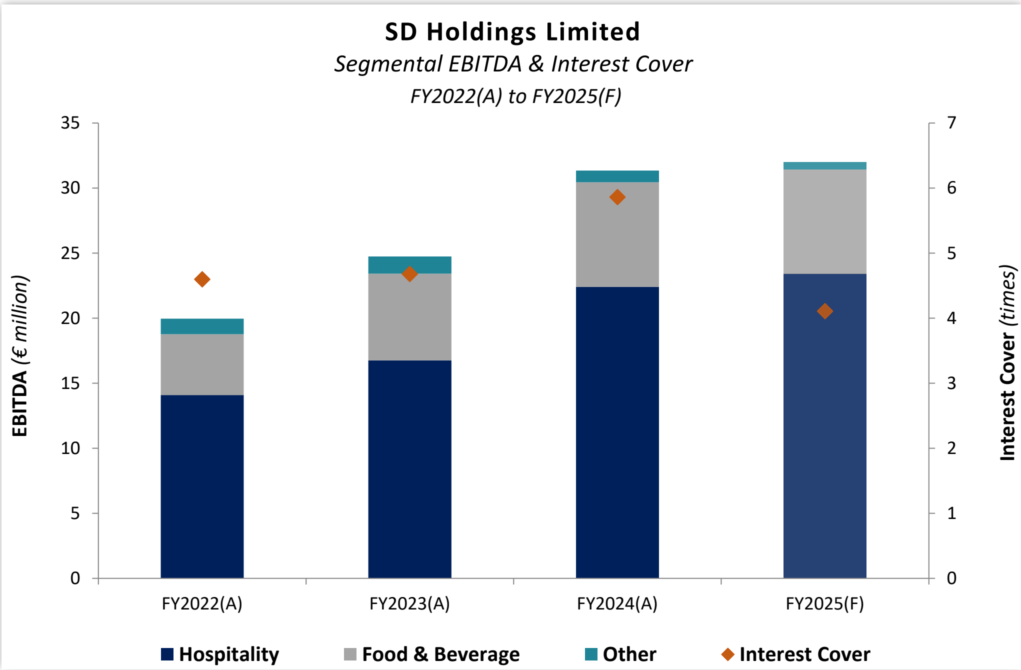
'Other comprehensive income' amounted to €65.45 million in FY2024 (FY2023: €12.50 million) and mainly comprised a net gain of €51.05 million in the fair value of the Seabank and San Antonio. The aforementioned uplift in property values resulted from an upward revision in the respective financial forecasts following the strong recovery and the positive performance achieved after the negative impact of the COVID-19 pandemic. The location of the assets, possible future development and the resulting potential for future income generation were also taken into consideration.

For **FY2025**, the Group is expecting a 3.81% increase in revenues to €92.10 million as the forecasted drop in turnover from merchandise, retailing activities, and other revenue is anticipated to be outweighed by the growth of hospitality and ancillary services (+9.60% to €52.28 million) and the food and beverage segment (+5.62% to €37.55 million).

EBITDA is anticipated to increase by just over 2% to €31.98 million, resulting in a margin of 34.72%. Nonetheless, due to a projected 37.82% increase in depreciation and amortisation charges to €15.22 million, mainly on account of the revalued properties in the prior year, operating profit is expected to decrease by 17.44% year-on-year to €16.76 million. The latter will translate into a margin of 18.20% and a return on invested capital of 4.64%.

In view of the significant projected increase of 45.62% in net finance costs to €7.79 million, the interest cover is forecasted to decrease to 4.11 times. Meanwhile, the share of results of associates is expected to remain broadly unchanged year-on-year at €5.39 million, mostly reflecting the contribution from MHC.

After accounting for a tax charge of €3.20 million, the Group is forecasting a net profit of €11.16 million and a profit margin of 12.12%. The Group expects to register a return on equity and the return on assets of 5.14% and 2.09% respectively.



SD Holdings Limited Statement of Cash Flows For the financial year 31 March	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
Net cash from / (used in) operating activities	10,761	25,021	26,371	(1,060)
Net cash used in investing activities	(4,993)	(7,697)	(11,834)	(96,710)
Free cash flow	**5,768**	**17,324**	**14,537**	**(97,770)**
Net cash from / (used in) financing activities	2,116	(3,051)	2,261	80,903
Net movement in cash and cash equivalents	**7,884**	**14,273**	**16,798**	**(16,867)**
Cash and cash equivalents at beginning of year	31,582	39,466	53,739	70,537
Cash and cash equivalents at end of year	**39,466**	**53,739**	**70,537**	**53,670**

STATEMENT OF CASH FLOWS

Net cash generated from operating activities increased considerably to €10.76 million in **FY2022** principally due to the significant recovery in the Group's operational activities and profitability. During the year, SD Holdings used €4.99 million for its investing activities mainly related to the acquisition of PPE as well as capital expenditure in relation to the Group's investment property. On the other hand, cash generated from financing activities amounted to €2.12 million and mainly comprised advances from associates of €2.99 million less lease obligations amounting to €0.74 million.

Net cash generated from operating activities increased further to €25.02 million in **FY2023**, reflecting the material growth in business. Cash used in investing activities amounted to €7.70 million and primarily represented outflows relating to the opening of new restaurants and catering outlets, as well as capital expenditure in relation to the Group's investment property. Cash inflows relating to investing activities amounted to €2.72 million and represented the dividend received from associates.

Cash outflows relating to financing activities amounted to €3.05 million and comprised net repayment of bank borrowings (€1.43 million) and principal elements of leases (€1.62 million). Overall, the Group ended 2023 with a cash balance of €53.74 million compared to €39.47 million as at 31 March 2022.

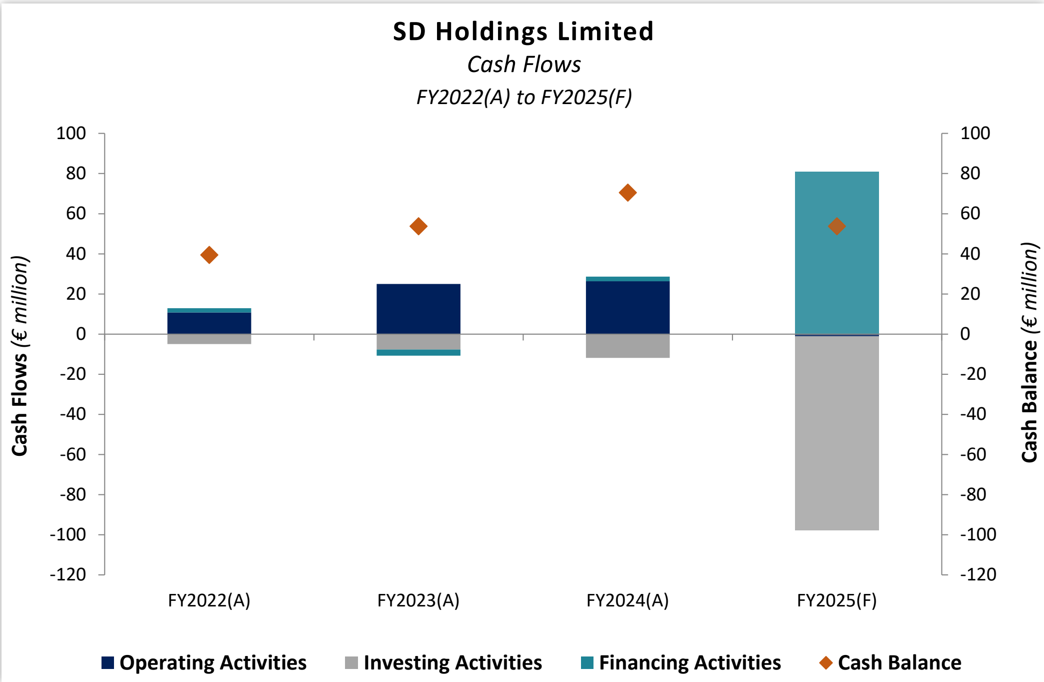
During **FY2024**, the Guarantor increased its cash balances by €16.80 million to €70.54 million. Net cash from operating activities amounted to €26.37 million whilst a further €2.26 million was generated from financing activities. The latter comprised net proceeds from bank borrowings of €4.47 million which were partly offset by the payment of principal elements of leases totalling €2.21 million.

In terms of investing activities, the Group utilised a total of €11.83 million which was predominantly applied to acquire PPE (€8.77 million), financial assets (€2 million), and investment property (€1.39 million).

For **FY2025**, the Group is projecting an aggregate negative net cash movement of €16.87 million which would thus reduce the total cash balance by 23.91% to €53.67 million. Net cash used in operating activities is expected to amount of €1.06 million, mainly on account of a projected increase in inventories of €7.30 million which represents development of property earmarked for resale forming part of the db St George's Bay project.

Net cash outflows in relation to investing activities are anticipated to amount to €96.71 million, mostly reflecting the ongoing investment in the db St George's Bay project, the acquisition of 66.77% shareholding of Porto Azzurro Limited and Porto Azzurro Resort Club Limited, and capital expenditure linked to new restaurants in Malta and London. Furthermore, the Group plans to allocate €12.5 million for investment in international projects.

Most of the above-mentioned capital expenditure will be financed by bank borrowings. As such, net cash flows from financing activities are estimated at €80.90 million. Net proceeds from bank borrowings are projected to amount to €83.65 million, while lease payments are estimated to amount to €2.75 million.



SD Holdings Limited Statement of Financial Position As at 31 March	2022 Actual €'000	2023 Actual €'000	2024 Actual €'000	2025 Forecast €'000
ASSETS				
Non-current assets				
Property, plant and equipment	183,853	184,344	247,681	306,196
Investment property	80,660	82,628	18,199	18,199
Intangible assets	908	929	889	884
Inventories	-	-	68,901	106,948
Investments in associates	15,890	19,047	24,139	43,481
Right-of-use assets	9,901	15,366	19,702	25,601
Deferred tax assets	4,581	1,952	873	200
Financial assets	-	-	2,232	2,455
Trade and other receivables	333	335	4,631	12,870
	296,126	304,601	387,247	516,834
Current assets				
Inventories	1,472	2,018	2,182	2,291
Trade and other receivables	12,169	13,546	11,984	18,976
Current tax assets	-	1,509	1,508	1,508
Cash and cash equivalents	40,188	54,419	71,037	53,670
	53,829	71,492	86,711	76,445
Total assets	**349,955**	**376,093**	**473,958**	**593,279**
EQUITY				
Capital and reserves				
Share capital	4,000	4,000	4,000	4,000
Reserves	87,005	86,879	133,489	133,489
Retained earnings	51,063	61,290	73,890	85,179
	142,068	**152,169**	**211,379**	**222,668**
LIABILITIES				
Non-current liabilities				
Bonds	64,491	64,678	64,780	64,780
Bank borrowings	13,630	12,115	15,666	94,215
Lease liabilities	9,750	60,868	64,857	68,056
Deferred tax liabilities	18,619	19,405	27,110	27,110
Trade and other payables	59,468	12,252	11,394	10,812
Redeemable preference shares	-	-	4,673	4,673
	165,958	169,318	188,480	269,646
Current liabilities				
Bank overdrafts	722	680	500	-
Bank borrowings	4,047	4,036	4,856	9,958
Lease liabilities	675	9,764	12,367	12,905
Current tax liabilities	455	1,186	5,980	3,200
Trade and other payables	36,030	38,940	50,396	74,902
	41,929	54,606	74,099	100,965
Total liabilities	**207,887**	**223,924**	**262,579**	**370,611**
Total equity and liabilities	**349,955**	**376,093**	**473,958**	**593,279**
Total debt	*93,315*	*152,141*	*163,026*	*249,914*
Net debt	*53,127*	*97,722*	*91,989*	*196,244*
Invested capital (total equity plus net debt)	*195,195*	*249,891*	*303,368*	*418,912*

SD Holdings Limited Key Financial Ratios	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast
Net debt-to-EBITDA *(times)* *(Net debt / EBITDA)*	2.66	3.95	2.93	6.14
Net debt-to-equity *(times)* *(Net debt / total equity)*	0.37	0.64	0.44	0.88
Net gearing *(%)* *(Net debt / net debt and total equity)*	27.22	39.11	30.32	46.85
Debt-to-assets *(times)* *(Total debt / total assets)*	0.27	0.40	0.34	0.42
Leverage *(times)* *(Total assets / total equity)*	2.46	2.47	2.24	2.66
Current ratio *(times)* *(Current assets / current liabilities)*	1.28	1.31	1.17	0.76

STATEMENT OF FINANCIAL POSITION

Total assets amounted to €349.96 million as at the end of **FY2022** and mainly comprised the principal assets listed in Section 6 of this Analysis and cash balances of €40.19 million.

Right-of-use assets increased to €9.90 million on account of additional properties leased by the Group that are operated as food and beverage outlets. Trade and other receivables were higher on a year-on-year basis by 68.74% to €12.50 million and reflect the increase in business operations from the previous financial year.

Total liabilities amounted to €207.89 million and included total debt of €93.32 million. Other liabilities of €114.57 million mainly comprised trade and other payables of €95.50 million of which €52.76 million represented amounts due to Government in relation to the db St George's Bay project.

The net gearing ratio decreased by 310 basis points to 27.22%. The net debt-to-EBITDA multiple and the net debt-to-equity ratio also improved year-on-year to 2.66 times and 0.37 times respectively. Likewise, the current ratio strengthened to 1.28 times from 1.20 times in FY2021 as at the end of FY2021.

The Group's asset base expanded by 7.47% to €376.09 million in **FY2023**. Year-on-year, the most material increase related to cash balances which rose by €14.23 million to €54.42 million. Furthermore, non-current assets increased by €8.48 million to €304.60 million (31 March 2022: €296.13 million) principally on account of the higher value of investment property to €82.63 million (31 March 2022: €80.66 million), investments in associates to €19.05 million (31 March 2022: €15.89 million), and right-of-use assets to €15.37 million. On the other hand, non-current deferred tax assets decreased by €2.63 million to €1.95 million (31 March 2022: €4.58 million) on a comparable basis.

Total liabilities increased by 7.71% to €223.92 million reflecting the higher level of debt to €152.14 million which was partly offset by the reduction in trade and other payables to €51.19 million. During FY2024, the Group reclassified the amounts due to Government in relation to the db St George's Bay project to lease liabilities in line with the disclosure requirements of IFRS 16 – Leases. Together with the conclusion of other concession agreements related to the operation of additional restaurants, the amount of lease liabilities increased markedly year-on-year to €70.63 million compared to €10.43 million in FY2022.

During FY2023, the Group's equity based strengthened to €152.17 million (31 March 2022: €142.07 million) on account of the €10.23 million increase in retained earnings to €61.29 million (31 March 2022: €51.06 million). However, due to the reclassification of the amounts due to Government in relation to the db St George's Bay as part of lease liabilities which translated into a notable increase in debt, the net debt-to-equity ratio and the net gearing ratio trended higher to 0.64 times and 39.11% respectively. Likewise, the net debt-to-EBITDA multiple and the debt-to-assets ratio deteriorated to 3.95 times and 0.40 times respectively. On the other hand, the leverage ratio remained virtually unchanged year-on-year at 2.47 times (31 March 2022: 2.46 times).

Total assets increased by 26.02% to €473.96 million in **FY2024** largely driven by the uplift in the value of Seabank and San Antonio, as well as the higher level of cash balances. Investment property under development represents construction of the db St George's Bay project and as at 31 December 2024 amounted to €18.20 million (2023: €82.63 million). At year end, the amount of €61.76 million was reclassified to inventories (being work-in-progress on residential properties for resale) and €4.74 million was reclassified to PPE. Additions for the year under review amounted to €2.08 million.

During 2024, development costs allocated to inventories amounted to €7.14 million and increased from €61.76 million to €68.90 million. Investments in associates increased from €19.05 million as at 31 March 2023 to €24.14 million as at 31 March 2024 (+€5.09 million).

Right-of-use assets increased year-on-year by €4.33 million to €19.70 million. Additions of €6.53 million (FY2023: €6.68 million) pertained to premises rented for operations of newly opened establishments (bars and restaurants). Amortisation charge for the year amounted to €2.20 million (FY2023: €1.20 million).

Total liabilities increased year-on-year by €38.66 million (+17.26%) to €262.58 million, mainly on account of an aggregate increase of €10.79 million in lease liabilities and bank borrowings to €77.22 million and €21.02 million respectively (31 March 2023: €70.63 million and €16.83 million respectively) and an increase of €7.70 million in deferred tax liabilities due to the uplifts in hotel properties. During the year, SD Holdings also issued €4.67 million in redeemable preference shares as part of a shareholding reorganisation exercise.

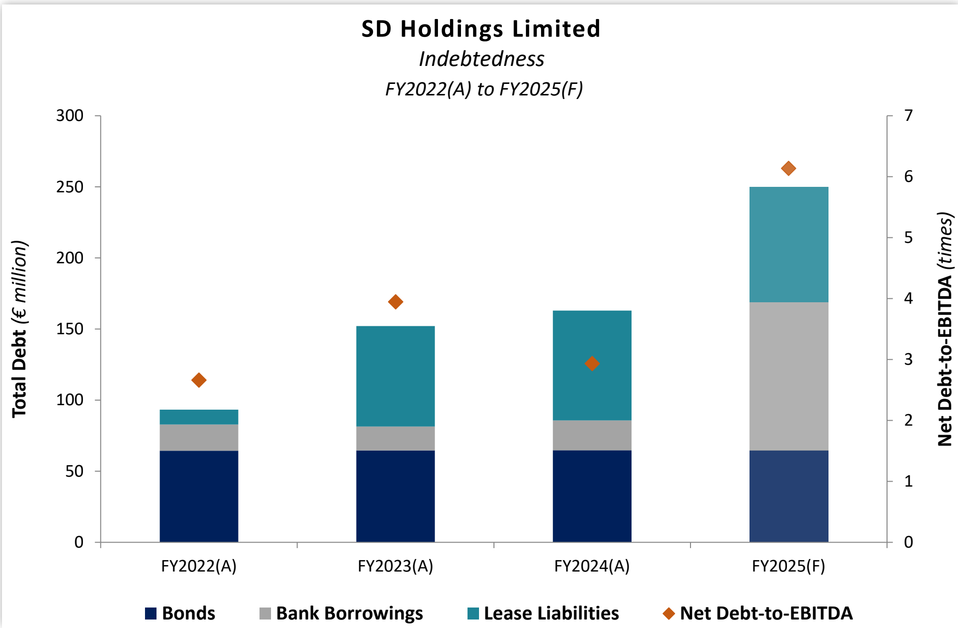
The Group's equity base expanded by almost 39% during the year to €211.38 million reflecting the increase in retained earnings and reserves. Coupled with the reduction in net debt to €91.99 million (31 March 2023: €97.72 million), the net debt-to-equity ratio and the net gearing ratio trended lower to 0.44 times and 30.32% respectively. Likewise, the debt-to-assets ratio and the leverage ratio also improved year-on-year to 0.34 times and 2.24 times respectively whilst the net debt-to-EBITDA multiple strengthened to 2.93 times. On the other hand, given the higher increase in current liabilities compared to current assets, the current ratio deteriorated to 1.17 times compared to 1.31 times as at the end of FY2023.

Total assets are expected to increase by €119.32 million (+25.18%) to €593.28 million in **FY2025** mainly reflecting ongoing expenditure on the db St George's Bay project as well as the continued expansion of the food and beverage segment through the opening of new restaurants in Malta and central London. Investments in associates are projected to increase year-on-year by €19.34 million to €43.48 million (31 March 2024: €24.14 million). In this regard, the Group plans to utilise €12.5 million to acquire a minority stake in one or more projects situated overseas.

In consequence of new outlets leased by the Group, right-of-use assets are expected to increase from €19.70 million in 2024 to €25.60 million (+€5.90 million).

Total liabilities are estimated to increase by €108.03 (+41.14%) to €370.61 million mainly on account of a projected increase in bank borrowings of €83.15 million year-on-year to €104.17 million (mainly supporting the significant investment in the db St George's Bay project). Additionally, trade and other payables are expected to increase by €23.92 million to €85.71 million (31 March 2024: €61.79 million).

Although the Group's equity is projected to increase by 5.34% to €222.67 million, in view of the sharp increase in indebtedness, all credit ratios are expected to deteriorate in FY2025. Indeed, the net debt-to-equity ratio and the net gearing ratio are anticipated to trend higher to 0.88 times and 46.85% respectively. Likewise, the debt-to-assets ratio and the leverage ratio are expected to increase to 0.42 times and 2.66 times respectively. Furthermore, the net debt-to-EBITDA multiple is forecasted to weaken to 6.14 times whilst in view of the estimated decrease in cash balances, the current ratio is anticipated to weaken to 0.76 times.



11. VARIANCE ANALYSIS

The following is an analysis that compares the forecasted financial information for the year ending 31 March 2024, as provided in the Financial Analysis Summary dated 19 September 2023, with the audited consolidated financial statements for the same year.

SD Holdings Limited Income Statement For the financial year 31 March	2024 Actual €'000	2024 Forecast €'000	
Hospitality and ancillary services	*47,702*	*43,678*	
Food and beverage	*35,551*	*31,809*	
Merchandise, retailing activities, and other revenue	*5,472*	*4,706*	
Revenue	**88,725**	**80,193**	***(1)***
Net operating costs	(57,611)	(54,839)	***(2)***
EBITDA	**31,114**	**25,354**	
Depreciation and amortisation	(11,042)	(12,037)	***(3)***
Operating profit	**20,072**	**13,317**	
Net finance costs	(5,347)	(6,016)	***(4)***
Changes in the fair value of investments	232	-	
Share of results of associates	5,487	5,650	
Profit before tax	**20,444**	**12,951**	
Taxation	(6,171)	(2,347)	***(5)***
Profit for the year	**14,273**	**10,604**	***(6)***
Other comprehensive income			
Fair value movements on land and buildings, net of deferred tax	51,054	-	***(7)***
Other movements	126	-	
Total comprehensive income	**65,453**	**10,604**	

INCOME STATEMENT

The Group reported a profit for the year of €14.27 million compared to the estimated figure of €10.60 million ***(6)***. The better-than-expected performance was largely due to the higher level of business across all activities of the Group which resulted in revenues amounting to €88.73 million compared to the target of €80.19 million ***(1)***. Furthermore, depreciation and amortisation charges ***(3)*** and net finance costs ***(4)*** were lower than previously anticipated. Conversely, net operating costs exceeded forecasts by €2.77 million ***(2)*** due to the higher volume of business, whilst the tax charge for the year was higher by €3.82 million ***(5)***.

Within 'Other comprehensive income', SD Holdings recognised a gain of €51.05 million (net of deferred tax) in relation to the fair value of land and buildings ***(7)***. This took place as the Group revised higher its financial forecasts following the strong recovery and the positive results achieved after the negative impact of the COVID-19 pandemic, and after having considered the location of the assets, the potential for future development, and the resulting potential for future income generation.

SD Holdings Limited Statement of Cash Flows For the financial year 31 March	2024 Actual €'000	2024 Forecast €'000	
Net cash from operating activities	26,371	18,984	*(1)*
Net cash used in investing activities	(11,834)	(36,164)	*(2)*
Free cash flow	**14,537**	**(17,180)**	*(3)*
Net cash from financing activities	2,261	21,335	*(4)*
Net movement in cash and cash equivalents	**16,798**	**4,155**	
Cash and cash equivalents at beginning of year	53,739	53,739	
Cash and cash equivalents at end of year	**70,537**	**57,894**	*(5)*

STATEMENT OF CASH FLOWS

The Group ended the 2024 financial year with a much higher cash balance of €70.54 million compared to the forecasted figure of €57.89 million ***(5)***. This was due to the higher amount of net cash generated from operating activities ***(1)*** and the lower amount of net cash used in investing activities ***(2)***, thus contributing to a positive free cash flow of €14.54 million compared to the estimated negative figure of €17.18 million ***(3)***. The assumed capital expenditure in PPE did not materialise in 2024 but has been carried forward to 2025.

Since capital expenditure in 2024 was lower than projected, the amount of net cash from financing activities was significantly lower than estimated as this totalled €2.26 million compared to the forecasted figure of €21.34 million ***(4)***.

STATEMENT OF FINANCIAL POSITION

The material variances between the actual and forecast Statement of Financial Position as at 31 March 2024 were:

(i) Total assets amounted to €473.96 million compared to the estimated figure of €417.03 million ***(5)***. PPE was mostly positively impacted by the revaluation of land and buildings which was not anticipated in the projected figures ***(1)***, whilst a substantial portion of the Group's investment property ***(2)*** was reclassified to inventory ***(3)*** and PPE. SD Holdings also ended FY2024 with a considerably higher cash balance of €71.04 million as explained above ***(4)***.

(ii) The Group's equity position stood at €211.38 million compared to the forecasted figure of €162.77 million ***(7)***, largely reflecting the positive impact of the fair value gain on land and buildings to the Group's reserves ***(6)***.

(iii) Total liabilities exceeded forecasts by €8.33 million ***(9)*** primarily due to the higher level of lease liabilities ***(8)*** which offset the lower amounts of bank borrowings, and other current and non-current liabilities.

SD Holdings Limited Statement of Financial Position As at 31 March	2024 Actual €'000	2024 Forecast €'000	
ASSETS			
Non-current assets			
Property, plant and equipment	247,681	205,545	*(1)*
Investment property	18,199	82,628	*(2)*
Intangible assets	889	929	
Inventories	68,901	-	*(3)*
Investments in associates	24,139	24,697	
Right-of-use assets	19,702	24,371	
Deferred tax assets	873	539	
Financial assets	2,232	-	
Trade and other receivables	4,631	335	
	387,247	339,044	
Current assets			
Inventories	2,182	2,218	
Trade and other receivables	11,984	16,600	
Current tax assets	1,508	1,271	
Cash and cash equivalents	71,037	57,894	*(4)*
	86,711	77,983	
Total assets	**473,958**	**417,027**	*(5)*
EQUITY			
Capital and reserves			
Share capital	4,000	4,000	
Reserves	133,489	86,880	*(6)*
Retained earnings	73,890	71,894	
	211,379	**162,774**	*(7)*
LIABILITIES			
Non-current liabilities			
Bonds	64,780	64,585	
Bank borrowings	15,666	34,205	
Lease liabilities	64,857	22,037	*(8)*
Deferred tax liabilities	27,110		
Trade and other payables	11,394	75,951	
Redeemable preference shares	4,673		
	188,480	196,778	
Current liabilities			
Bank overdrafts	500	-	
Bank borrowings	4,856	3,950	
Lease liabilities	12,367	2,334	*(8)*
Current tax liabilities	5,980	51,191	
Trade and other payables	50,396		
	74,099	57,475	
Total liabilities	**262,579**	**254,253**	*(9)*
Total equity and liabilities	**473,958**	**417,027**	
Total debt	*163,026*	*127,111*	
Net debt	*91,989*	*69,217*	
Invested capital (total equity plus net debt)	*303,368*	*231,991*	

PART 3 – COMPARATIVE ANALYSIS

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

Comparative Analysis*	Amount Issued (€'000)	Yield-to-Maturity / Worst (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
5.10% 6PM Holdings p.l.c. Unsecured 2025**	13,000	5.06	16.04	0.65	17.79	0.20
4.50% Hili Properties p.l.c. Unsecured & Guaranteed 2025	37,000	4.49	1.80	8.70	46.06	0.45
5.75% International Hotel Investments p.l.c. Unsecured 2025	45,000	5.63	1.61	10.49	43.07	0.41
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.34	1.24	21.28	39.42	0.36
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	5.58	1.45	11.49	43.52	0.41
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	5.00	2.27	8.24	80.39	0.57
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.16	5.64	6.37	77.20	0.60
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.61	10.49	43.07	0.41
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	3.99	1.61	10.49	43.07	0.41
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	4.01	10.89	2.16	65.14	0.57
3.90% Gap Group p.l.c. Secured & Guaranteed 2024-2026	15,910	3.89	n/a	3.15	52.66	0.56
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.07	5.43	4.21	26.73	0.24
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	3.67	4.60	4.44	69.59	0.61
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	4.48	5.42	2.67	20.40	0.19
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	5.08	5.86	2.93	30.32	0.34
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	3.82	5.67	4.17	22.93	0.21
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	15,000	4.75	57.57	7.98	65.66	0.64
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	5.43	n/a	3.15	52.66	0.56
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.28	4.60	4.44	69.59	0.61
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	4.68	5.42	2.67	20.40	0.19
5.75% Plan Group p.l.c. Secured & Guaranteed 2028	12,000	5.00	7.37	9.26	54.58	0.48
3.75% AX Group p.l.c. Unsecured 2029	10,000	4.07	1.24	21.28	39.42	0.36
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.97	4.60	4.44	69.59	0.61
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.42	4.60	4.44	69.59	0.61
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	3.83	5.67	4.17	22.93	0.21
5.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2027-2029	15,000	4.62	57.57	7.98	65.66	0.64
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	5.38	1.81	6.89	96.76	0.83
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.56	1.61	10.49	43.07	0.41
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	4.68	2.04	12.44	49.30	0.45
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.14	4.89	6.08	50.77	0.50
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.01	1.24	21.28	39.42	0.36
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	4.81	1.61	10.49	43.07	0.41
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	4.70	2.21	9.47	51.49	0.43
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.50	3.09	16.34	74.89	0.65
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.13	1.13	39.37	60.27	0.55

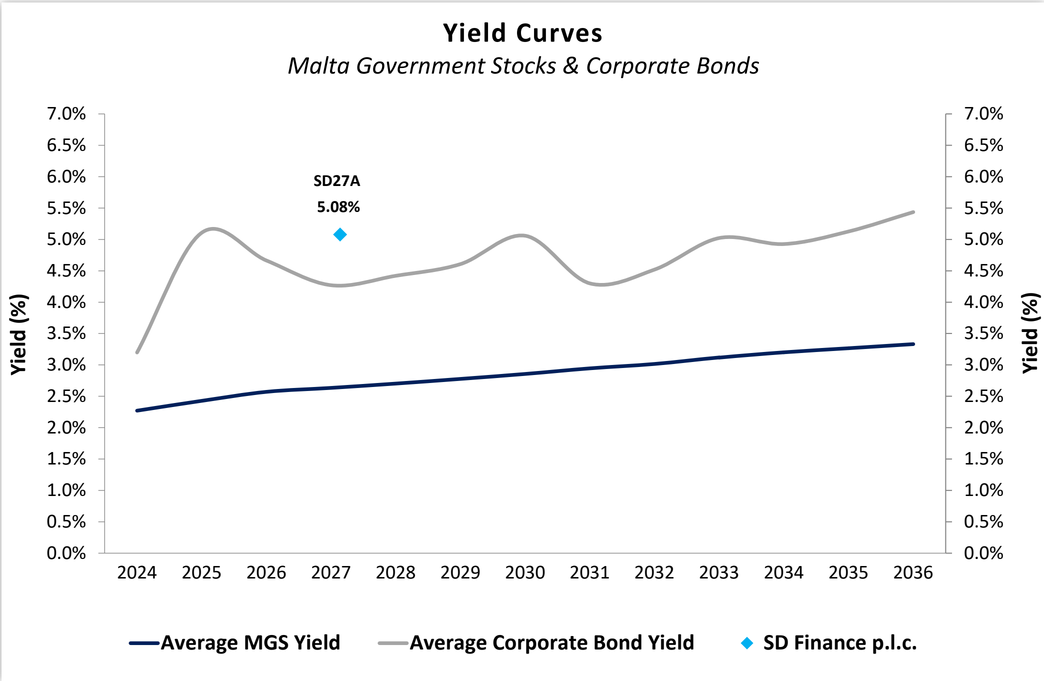
As at 23 September 2024

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

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for Juel Group p.l.c. (FY2024 forecast, as included in the Financial Analysis Summary dated 28 June 2024).



The closing market price as at 23 September 2024 for the **4.35% SD Finance p.l.c. unsecured and guaranteed bonds 2027** (SD27A) was 98.25%. This translated into a yield-to-maturity ("**YTM**") of 5.08% which was 81 basis points above the average YTM of 4.27% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity (2.63%) stood at 245 basis points.

PART 4 – EXPLANATORY DEFINITIONS

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

Profitability Ratios	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
Return on assets	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
Return on invested capital	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

Statement of Cash Flows	
Net cash from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Net cash from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Net cash from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.

Statement of Financial Position

Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

Financial Strength / Credit Ratios

Interest cover	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing net debt by the level of invested capital.
Debt-to-assets	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
Leverage	Shows how many times a company is using its equity to finance its assets.
Current ratio	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.