FINANCIAL ANALYSIS SUMMARY

Update 2022

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

27 June 2022

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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Important Information

Purpose of the Document

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

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (www.midimalta.com), the Company's audited financial statements for the years ended 31 December 2019, 2020 and 2021 and forecasts for financial year ending 31 December 2022.

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

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

Previous FAS Issued

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

FAS dated 28 June 2016 (appended to the prospectus)

FAS dated 19 June 2017

FAS dated 20 June 2018

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

FAS dated 23 June 2020

FAS dated 23 June 2021

PART A BUSINESS & MARKET OVERVIEW UPDATE

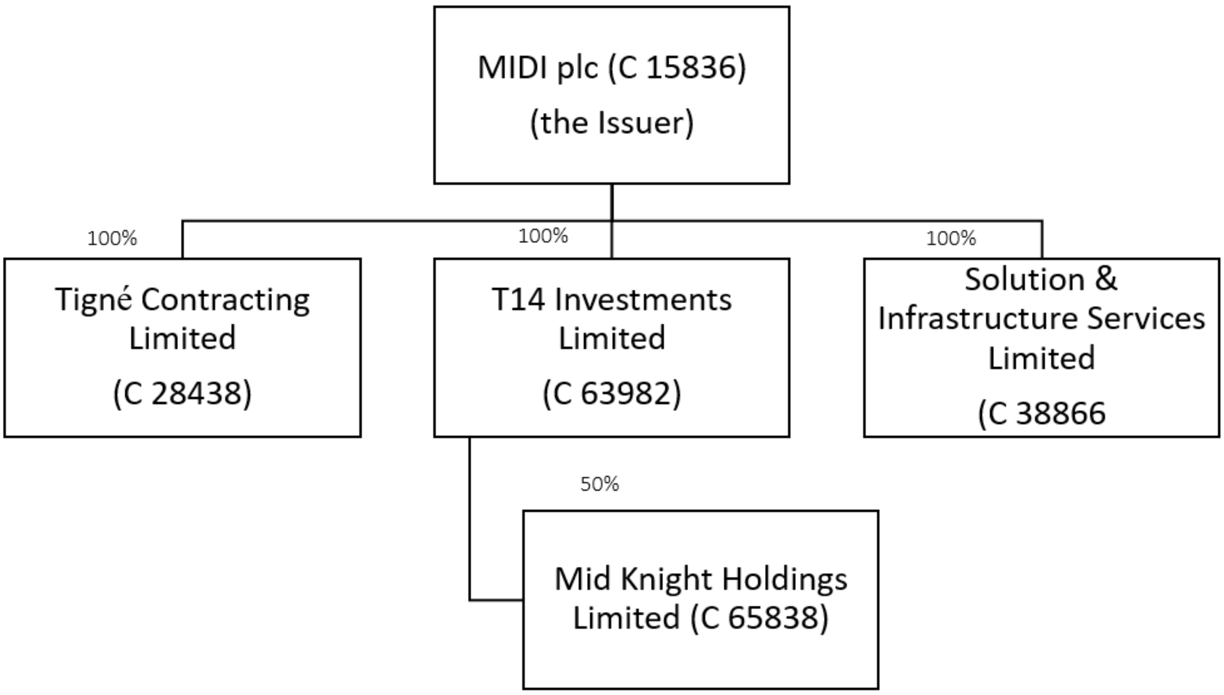
1. INTRODUCTION

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

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

MIDI AND ITS SUBSIDIARIES (THE "GROUP")

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



TCL

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

T14 INVESTMENTS LIMITED AND MID KNIGHT HOLDINGS LIMITED

T14 Investments Limited ("**T14IL**") was established in Malta on 21 February 2014 as a private limited liability company. During that same year, T14IL entered a joint venture with Benny Holdings Limited – Mid Knight

Holdings Limited – with a view to develop and manage a business centre (known as The Centre) located at Tigné Point.

Solution & Infrastructure Services Limited

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

The principal operations of SIS are now focused on the operation of an HVAC centralised system which consists of the provision of heating and cooling to various residential and commercial components at Tigné Point.

Apart from HVAC, other building technologies such as fire detection, access control and CCTV services are also provided by SIS at Tigné Point, albeit to a lesser extent.

2. Key Assets and Developments

Tigné Point

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

Q2

Development of the Q2 residential block was concluded during 2018, and 45 of the 60 units were delivered during financial year 2018, additional to a penthouse that was delivered during FY2016. A further 11 apartments were delivered during FY2019, and the remaining 3 units were delivered in FY2021. As such, the Company does not have any further stock to dispose of as all units within this development are now sold and delivered.

The Centre

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

Recent Developments

COVID-19 Update

Although the COVID-19 pandemic continued to affect the business of MIDI also in FY2021, the impact was less than in FY2020. In fact, the Company managed to dispose of the last three remaining units whilst the concessions granted to its tenants at the Pjazza and the car park operator were lower. This resulted in higher revenues generated during the year and an improved financial performance in FY2021.

The projections for FY2022 presented in Part B of this report reflect the fact the local health authorities have now lifted all pandemic related restrictions. Therefore, the projections anticipate rental revenues to regain pre-pandemic levels as revenues will be largely in line with contracted lease agreements throughout FY2022. Nonetheless, the Company is still expecting a weaker financial result in FY2022 given that it has no stock of properties for sale.

New Development – the Q3 (ex-T20) Site

Permits for the development of the last remaining site within the Tigné Point complex, Q3 (previously known as T20), were approved by the Planning Authority in April 2020. This permit was subject to an appeal which was lodged by third parties, which appeal has not been upheld by the Environmental and Planning Review Tribunal in a decision published on 5 April 2022. As a result of this decision and the fact that both the design and procurement processes of the development are at an advanced stage, the Company has commenced civil works.

The development will comprise 63 residential units spread over 16 floors (including the ground floor), additional car parking facilities, as well as the embellishment of the Garden Battery and adjoining areas. This development is expected to be completed by 2026.

Developments on the Manoel Island Project

During FY2021, the Company continued to focus on the Manoel Island project.

On 16 September 2021, the Company announced that the Board of the Planning Authority approved the revised Masterplan (subsequent to additional site investigations which revealed that a part of the site earmarked for the development to be of archaeological importance) and the revised Outline Development (following the submission of a fresh Environment Impact Assessment ("**EIA**")). Nonetheless, although the Outline Permit is not subject to appeal, the decision by the Environmental Resources Authority ("**ERA**") to approve the EIA is subject to an appeal filed by third parties.

In the meantime, the detailed design process for Manoel Island has commenced with the aim of submitting a full development permit application to the Planning Authority towards the later part of 2022. In parallel, the Company also revealed that on 20 December 2021 it entered into a non-binding memorandum of understanding ("**MoU**") with AC Enterprises Limited (C 49755) to explore the possibility of establishing a joint-venture with respect to the development of Manoel Island. Discussions are ongoing and as at the date of this report, no transaction has been concluded.

3. Governance and Senior Management

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

Board of Directors	Role
Dr Alec A. Mizzi	Chairman & Non-Executive Director
Mr Joseph Bonello	Non-Executive Director
Mr David Demarco	Non-Executive Director
Mr Joseph A. Gasan	Non-Executive Director
Ms Jackie Briffa	Non-Executive Director *(appointed on 16 June 2022)*
Mr Joseph Said	Non-Executive Director
Mr Mark Portelli	Executive (Managing) Director, CEO
Mr Gordon Polidano	Non-Executive Director
Mr Alfredo Munoz Perez	Non-Executive Director

Mr Alan Mizzi resigned from the Board of Directors on 16 June 2022.

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

Executive Management	Role
Mr Mark Portelli	Chief Executive Officer
Dr Catherine Formosa	Company Secretary
Mr Jesmond Micallef	Chief Financial Officer
Mr Ivan Piccinino	Senior Project Manager

4. MARKET OVERVIEW

THE PROPERTY MARKET

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

The outbreak of COVID-19 disrupted the momentum that was building in the local economy as all sectors were adversely affected. The construction and real estate industry was no exception although the data indicated that the industry has been relatively resilient.

The most recent data issued by the Central Bank of Malta[1] shows that residential property prices in Malta (based on advertised prices) increased by 1.7% in 2020, and an additional 2.6% in 2021. The CBM Property Price Index also shows that property prices in Malta have increased by a compound average growth rate ("**CAGR**") of 5.56% per annum (in nominal terms) since 2000.

COMMERCIAL PROPERTY

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

Furthermore, the outbreak of the pandemic is also leading to accelerated changes in the way companies operate. In fact, whilst employment figures have remained resilient throughout the pandemic and the government maintains its efforts to both support existing business and attract other companies to the island, new and innovative ways of working, such as remote working, are gaining popularity. Such trends may

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[1] *Central Bank of Malta, 2022, Property Prices Index based on Advertised Prices, available from* *https://www.centralbankmalta.org/site/Subscriber%20Categories/Real%20Economy%20Indicators/house_prices.xls?rnd=20220509150955&revcount=2421 [Accessed 9 May 2022]*

[2] *Central Bank of Malta, 2022, Development Permits for Commercial, Social and Other Purposes, available from* *https://www.centralbankmalta.org/site/Subscriber%20Categories/Real%20Economy%20Indicators/dev_permits.xls?rnd=20220509150955&revcount=6095 [Accessed 9 May 2022]*

adversely impact demand for office space which in the meantime is growing in supply as new developments are completed.

Economic Results

Despite all the disruptions, primarily brought about by COVID-19, property remains an important contributor to the country's GDP. In fact, Gross Value Added ("GVA") of the construction sector increased by 5.8% to €528.1 million in 2021 compared to €499.2 million in the previous year. Similarly, the GVA related to real-estate activities expanded by 8.3% to €673.1 million. Over the same period, the percentage share of the construction sector and real estate activities to Malta's GVA remained relatively stable at 10.3% in 2021, compared to 10.4% in 2020[3].

[3] *National Statistics Office, 2022, Gross Domestic Product: 2021, available from: https://nso.gov.mt/en/News_Releases/Documents/2022/03/News2022_037.pdf [Accessed 9 May 2022]*

5. REVIEW OF THE INCOME STATEMENT

<u>Note on revenue recognition from sale of property:</u> In terms of accounting standards, revenue arising from the Company's sale of property can only be recognised in its income statement when significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This means that while the Company may enter into a number of promise of sale agreements and receive the relative deposits, no such cash flows can be recognised as revenue until the deed of sale is published for each of the apartments, i.e. when the ownership of the apartment is completely transferred from the Company to the new owner.

for the year ended 31 December	ACTUAL FY2019 *€'000*	ACTUAL FY2020 *€'000*	ACTUAL FY2021 *€'000*	FORECASTS FY2022 *€'000*
Revenue	27,724	2,816	9,417	3,089
Cost of Sales	(13,135)	(1,727)	(5,052)	(1,840)
Gross Profit	**14,589**	**1,089**	**4,365**	**1,249**
Other net operating costs	(2,515)	(2,050)	(2,255)	(2,361)
EBITDA	**12,074**	**(961)**	**2,110**	**(1,112)**
Depreciation	(392)	(262)	(246)	(228)
Results from operating activities	**11,682**	**(1,223)**	**1,864**	**(1,340)**
Net finance costs	**(2,074)**	**(2,311)**	**(2,446)**	**(2,621)**
Other income	-	50	50	50
Share of (loss)/profit of joint venture	1,626	1,893	2,031	1,950
(Loss) / Profit before tax	**11,234**	**(1,591)**	**1,499**	**(1,961)**
Tax income / (expense)	(3,019)	(525)	(942)	(540)
(Loss) / Profit for the period	**8,215**	**(2,116)**	**558**	**(2,501)**

FY2021 REVIEW

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

Revenue and Other Income Analysis by Operating Segment

	ACTUAL	ACTUAL	ACTUAL
	FY2019	FY2020	FY2021
	€'000	*€'000*	*€'000*
Development and sale of property	24,286	213	6,612
Rental and management of commercial property	3,438	2,603	2,806
Total Revenue	27,724	2,816	9,418

In FY2021, MIDI sold and delivered the last three remaining units from its development of Q2 which in turn generated €6.6 million in revenue.

Meanwhile, the rental and management of commercial property segment contributed €2.8 million to the revenue of the Company for FY2021. This was 7.8% higher than the revenue generated by this segment in the previous year as the amount of concessions granted to its tenants at the Pjazza outlets and the car park operator were lower than in FY2020 given the initial rebound following the unprecedented adverse impact of the COVID-19 outbreak as well as the relaxation of certain restrictions.

Given the aforementioned sale of apartments, cost of sales also increased substantially to €5.1 million (FY2020: €1.7 million) largely comprising the previously capitalised costs related to these same residential units and the respective sales commissions. Nonetheless, the sales contributed positively towards the Group's performance as gross profit surged to €4.4 million in FY2021 compared to €1.1 million in FY2020 (no property sales were recognised in FY2020).

Operating costs also increased by 10% to €2.3 million largely reflecting the effect of a one-off transaction in FY2020 related to the reversal of a provision for doubtful debts (incurred in 2019) which was not repeated in FY2021. Nevertheless, given the positive contribution generated from the sale of the aforementioned residential units, EBITDA still improved to €2.1 million in contrast to the negative result of €0.9 million in FY2020.

Depreciation charge for the year stood at €0.2 million (FY2020: 0.3 million).

Net finance costs increased by 5.8% to €2.4 million, largely reflecting higher effective interest rates on the Group's bank borrowings (the weighted average effective interest rate on bank borrowings increased from 1.2% in FY2020 to 1.9% in FY2021) as well as the incidence of higher banking fees.

MIDI's share of profit from the joint venture (Mid Knight Holdings Limited) that operates *The Centre* at Tigné Point was just over €2.0 million in FY2021, reflecting contractual increases in rent rates and lower finance costs in further repayments of borrowings which were only partially offset by a higher tax expense. During FY2021, *The Centre* remained fully-tenanted.

After deducting a tax charge of €0.9 million, up from €0.5 million in FY2020 due to the property sales and a higher tax expense related to the Group's rentals as well as car parking, the Group registered a net profit of €0.6 million (FY2020: net loss of €2.1 million).

FORECASTS FY2022

Revenue in FY2022 is expected to contract to €3.1 million as the Company does not have any stock of properties available for sale and there is still a considerable lead time in the development projects of Q3 and Manoel Island. Meanwhile, income from the Group's 'property rental and management activities' division are expected to increase by 10% to around €3.1 million, as rental revenues are expected to reach pre-pandemic levels, largely in line with contracted lease agreements throughout the whole of FY2022.

Variances to the cost of sales are directly related to the number of units sold during the respective year. Given that no sales are being envisaged for FY2022, costs of sales are expected to contract to €1.8 million representing the expenses related to the rental and management operations of the Group. Meanwhile, administrative expenses are expected to further increase by 4.7% mainly reflecting an increase in marketing expenditure in connection with the Q3 development.

As a result (primarily reflecting the absence of any property sales), the Group is expecting to register a negative EBITDA of €1.1 million in FY2022. After accounting for a forecasted depreciation charge of €0.2 million (FY2021: €0.25 million), the Group anticipates an operational loss of €1.3 million in contrast to the €1.9 million operating profit registered in FY2021.

Finance costs are expected to increase from €2.4 million to €2.6 million reflecting drawdowns on new bank facilities. Moreover, the share of profit from its JV for FY2022 is expected to be in the region of €2.0 million.

Overall, MIDI is projecting a loss before tax of €2.0 million, representing a sharp drop from the pre-tax profit of €1.5 million registered in FY2021. As explained above, the difference emanates from the fact that the Group is not projecting any property sales in FY2022 as it has no stock left to sell. The tax charge for FY2022 is estimated at *circa* €0.5 million, and as such, the Group will end FY2022 in a net loss position of €2.5 million.

6. REVIEW OF CASH FLOWS STATEMENT

for the year ended 31 December	ACTUAL FY2019	ACTUAL FY2020	ACTUAL FY2021	FORECASTS FY2022
	€'000	*€'000*	*€'000*	*€'000*
Net cash from / (used for) operating activities	1,118	(11,552)	(2,704)	(11,065)
Net cash from / (used for) investing activities	(46)	1,812	1,393	1,683
Free Cash Flow	1,072	(9,740)	(1,311)	(9,382)
Net cash from / (used for) financing activities	7,554	(633)	(468)	355
Net movements in cash and cash equivalents	**8,626**	**(10,372)**	**(1,779)**	**(9,027)**
Cash and cash equivalents at beginning of the year	13,275	21,901	11,529	9,750
Cash and cash equivalents at end of year	**21,901**	**11,529**	**9,750**	**723**

FY2021 REVIEW

Notwithstanding the cash generated from the delivery of the last three units within the Q2 development, the Group still recorded a net cash flow outflow from operating activities of €2.7 million (FY2020: outflow of €11.6 million) after accounting for the interest and tax paid during the year. This was partially offset by the €1.4 million in cash from investing activities largely comprising the dividend received from the 50% shareholding in Mid Knight Holdings Limited. Meanwhile, the Group incurred a cash outflow of €0.5 million from its financing activities related to the principal element of lease payments.

Overall, the Group reported a net cash outflow of €1.8 million and as a result its cash balance dropped from €11.5 million as at the end of FY2020 to €9.8 million as at the end of FY2021.

FORECASTS FY2022

Given that no property sales are forecasted for FY2022, the Group's operating cash flows are expected to widen again to €11.1 million, which is similar to the outflow recorded in FY2020, a year during which no property sales were recorded. Meanwhile, cash flows from investing activities are expected to amount to €1.7 million and largely comprising the projected dividend from the Group's stake in Mid Knight Holdings Limited. Similarly, cash flows from financing activities are expected to be €0.4 million, representing new bank facilities drawn down and offset by the repayment of other bank borrowings and lease payments.

Overall, the Group is anticipating a net cash outflow of just over €9.0 million and as a result its cash balance is expected to drop from €9.8 million as at the end of FY2021 to €0.7 million as at the end of FY2022.

7. Review of Statement of Financial Position

as at 31 December	ACTUAL FY2019 €'000	ACTUAL FY2020 €'000	ACTUAL FY2021 €'000	FORECASTS FY2022 €'000
ASSETS				
Property, plant and equipment	2,619	2,429	2,215	2,020
Right of Use Asset	13,135	12,964	12,628	12,331
Investment property	37,078	37,078	37,282	37,282
Investment in joint ventures	29,843	29,903	30,326	30,796
Available-for-sale financial assets	532	525	512	514
Loans receivable from joint ventures	-	-	-	-
Deferred tax assets	607	92	59	59
Total non-current assets	**83,814**	**82,990**	**83,022**	**83,002**
Inventories - development project	125,423	130,287	130,671	139,384
Trade and other receivables	3,417	2,782	2,253	2,391
Current tax asset	62	62	-	-
Cash and cash equivalents	21,901	11,529	9,750	723
Total current assets	**150,803**	**144,659**	**142,674**	**142,498**
Total assets	**234,617**	**227,649**	**225,696**	**225,500**
LIABILITIES				
Borrowings	49,395	49,395	49,579	63,170
Lease Liabilities	12,990	13,383	13,784	14,185
Trade and other payables	18,086	13,599	8,734	3,507
Total non-current liabilities	**80,471**	**76,377**	**72,096**	**80,862**
Borrowings	10,000	10,000	10,000	-
Lease Liabilities	654	633	633	633
Trade and other payables	39,526	38,706	40,580	44,119
Total current liabilities	**50,180**	**49,338**	**51,212**	**44,752**
Total liabilities	**130,651**	**125,715**	**123,309**	**125,614**
EQUITY				
Share capital	42,832	42,832	42,832	42,832
Share premium	15,879	15,879	15,879	15,879
Other reserves	1,311	1,304	1,291	1,291
Retained earnings	43,943	41,828	42,385	39,884
Total equity	**103,965**	**101,842**	**102,388**	**99,886**
Total equity and liabilities	**234,616**	**227,557**	**225,696**	**225,500**

FY2021 Review

MIDI's asset base at the end of FY2021 stood at €225.7 million (FY2020: €227.6 million). The split remained largely unchanged. In fact, non-current assets were relatively unchanged at €83 million. Most elements within current assets were also relatively unchanged, with the exception of cash balances which contracted by 15.4% to €9.8 million as the Group utilised its cash to cover the overall cash shortfall for the year as explained in section 6.

The most material changes in liabilities relate to the aggregate amount of current and non-current trade and other payables as the amount of 'payments received on account' and 'accruals and deferred income' contracted following the property sales concluded in FY2021. Meanwhile, all other liability elements remained relatively unchanged including the Group's total borrowings at around €60 million of which around €50 million comprise the bonds in issue.

As a result, the Group's equity base was also relatively stable with the only material change relating to retained earnings with a 1.3% increase to €42.4 million, representing the profit registered during FY2021.

Forecasts FY2022

Looking ahead, management is not anticipating any major changes in FY2022. In fact, total assets are expected to remain relatively unchanged at €225.5 million (FY2021: €225.7 million). Nonetheless, the Group's cash balance is expected to contract further to €0.7 million (FY2021: €9.8 million), as the Group repays its current bank borrowings. This is expected to be offset by a similar increase in 'Inventories – development project' from €130.7 million to €139.4 million representing principally capitalised costs in connection with the development works on Q3.

Meanwhile, total liabilities are forecasted to increase by 1.9% to €125.6 million largely reflecting the net increase in bank borrowings as the Group raised fresh finance to fund its ongoing operations and its upcoming Q3 project.

The composition of the equity component is also not expected to be materially different than that of FY2021, with the only material change being that in retained earnings reflecting the net loss for the year.

NET ASSET VALUE

	ACTUAL FY2019	ACTUAL FY2020	ACTUAL FY2021	FORECASTS FY2022
NAV per Share *(Total equity / Number of shares in issue)*	€0.485	€0.476	€0.478	€0.466

The Group's net asset value was largely unchanged in FY2021 at €0.478 given the stable equity base. In FY2022, management is forecasting a 2.5% drop in net asset value to €0.466 in line with the aforementioned drop in retained earnings.

8. Ratio Analysis

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

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

Profitability Ratios

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

	ACTUAL FY2019	ACTUAL FY2020	ACTUAL FY2021	FORECASTS FY2022
Gross Profit margin *(Gross Profit / Revenue)*	52.62%	38.66%	46.35%	40.43%
EBITDA margin *(EBITDA / Revenue)*	43.55%	n/a	22.41%	n/a
Operating Profit margin *(Operating Profit / Revenue)*	42.14%	n/a	19.80%	n/a
Net Profit margin *(Profit for the period / Revenue)*	29.63%	n/a	5.92%	n/a
Return on Equity *(Profit for the period / Average Equity)*	8.16%	n/a	0.55%	n/a
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	5.13%	n/a	0.35%	n/a
Return on Assets (ROA) *(Profit for the period / Average Assets)*	3.61%	n/a	0.25%	n/a

Given the property sales executed in FY2021, the Group's profitability improved considerably as explained in section 5. As a result, in FY2021, the Group reported positive profit margins and a positive return on equity, capital employed and assets. Nonetheless, given that no units are available for sale and hence no property sales are forecasted for FY2022, the Group is anticipating a loss for the current financial year. As such, the majority of the performance-related ratios above could not be computed.

Liquidity Ratios

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

	ACTUAL FY2019	ACTUAL FY2020	ACTUAL FY2021	FORECASTS FY2022
Current Ratio *(Current Assets / Current Liabilities)*	3.01x	2.93x	2.79x	3.18x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.44x	0.23x	0.19x	0.02x

As explained earlier, in FY2021, the Group used up part of its cash balances to further its operations. In view of this depletion in the cash balances coupled with the increase in current liabilities (largely reflecting an increase in trade payables), the current ratio, but more especially, the cash ratio, were impacted negatively. In FY2022, the cash ratio is expected to weaken even further in line with the further utilisation of the Group's cash balance for the repayment of its existing bank borrowings. On the other hand, the repayment of the bank borrowings, which are presently classified as current liabilities, will lead to a reduction in current liabilities and in turn an improved current ratio.

Solvency Ratios

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

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

	ACTUAL FY2019	ACTUAL FY2020	ACTUAL FY2021	FORECASTS FY2022
Interest Coverage ratio *(EBITDA / Net finance costs)*	5.82x	n/a	0.86x	n/a
Gearing Ratio *(Net debt / [Net Debt + Total Equity])*	0.27x	0.32x	0.33x	0.38x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	36.36%	36.84%	36.78%	38.74%
Net Debt to EBIDTA *(Net Debt / EBIDTA)*	3.11x	n/a	23.61x	n/a

In FY2021, although the Group generated a positive EBITDA, this was still insufficient to cover all of the net finance costs as reflected in the interest coverage ratio of less than one.

The Group's activities and operations continued to be financed through a mix of bank debt, bonds and equity. As explained earlier, the funding mix of the Group was relatively unchanged in FY2021, and hence the gearing ratios remained at acceptable levels in line with FY2020 figures. Meanwhile, the net debt to EBITDA ratio amounted to 23.6 times which although is considered to be elevated, this ratio is not commensurate with the nature of the Group's business which tends to fluctuate from one year to the next in line with the number of unit sales recorded.

In fact, in FY2022, the Group is anticipated to register a negative EBITDA figure in the absence of any property sales and therefore some of these ratios could not be computed. Meanwhile, the Group is expected to draw down on new bank facilities to fund ongoing operations and to start financing the developments works at Q3. This will lead to a marginal increase in the Group's leverage as evidenced by the increase in the gearing ratios presented in the table above.

ADDITIONAL RATIOS

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

	ACTUAL FY2019	ACTUAL FY2020	ACTUAL FY2021	FORECASTS FY2022
Earnings per Share (EPS) *(Net profit / No. of shares in issue)*	€0.0384	n/a	€0.0026	n/a
Dividend Cover *(EPS / Dividend paid per share)*	n/a	n/a	n/a	n/a

The EPS can only be computed for years in which the Group registers a profit. Hence, the ratio was only computed for FY2019 and FY2021 with the EPS for FY2021 being significantly less than that for FY2019 in view of the much lower number of units sold. Meanwhile the Dividend Cover ratio could not be computed as the Group did not declare any dividends during the years under review.

9. VARIANCE ANALYSIS

STATEMENT OF COMPREHENSIVE INCOME	FORECASTED	ACTUAL	
for the year ended 31 December	FY2021	FY2021	
	€'000	*€'000*	
Revenue	8,884	9,417	*6.0%*
Cost of Sales	(5,427)	(5,052)	*-6.9%*
Gross Profit	**3,457**	**4,365**	*26.3%*
Other net operating costs	(2,230)	(2,255)	*1.1%*
EBITDA	**1,227**	**2,110**	*72.0%*
Depreciation	(252)	(246)	*-2.4%*
Results from operating activities	**975**	**1,864**	*91.2%*
Net finance costs	(2,430)	(2,446)	*0.7%*
Other Income	-	50	*N/A*
Share of (loss)/profit of joint venture	1,959	2,031	*3.7%*
(Loss) / Profit before tax	**504**	**1,499**	*197.5%*
Tax income / (expense)	(871)	(942)	*8.1%*
(Loss) / Profit for the period	**(367)**	**558**	*251.9%*

MIDI's performance in FY2021 was better than expected with the variations mainly related to the sale of the last remaining units forming part of the Q2 development.

In fact, revenue was 6% higher than forecasted in the FAS Update for FY2021 as the Group managed to sell the last remaining Q2 apartments at a higher than projected price. Moreover, the direct costs related to the same sales was lower than anticipated leading to a cost of sales figure which is almost 7% below that forecasted.

As a result, MIDI's EBITDA for FY2021 was 72% higher than the forecasted figure published in the FAS Update for FY2021. Moreover, these variances also led to a better-than-expected operating profit of €1.86 million compared to the forecasted €0.98 million and a profit before tax of €1.5 million which is considerably higher than the forecasted €0.5 million pre-tax profit in the FAS Update for FY2021.

The tax charge for FY2021 amounted to €0.94 million which is 8.1% higher than the forecasted figure of €0.87 million. This variance reflects the higher tax charge on the higher-than-expected revenues generated on the property sales as well as a higher-than-expected tax incidence in relation to the Group's rental income and car parking. Nonetheless, the net profit of €0.56 million for FY2021 far exceeded the forecasted net loss of €0.37 million for the reasons explained above.

PART C LISTED SECURITIES

SHARES

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

Issued Share Capital: 214,159,922 ordinary shares with a nominal value of €0.20 per share

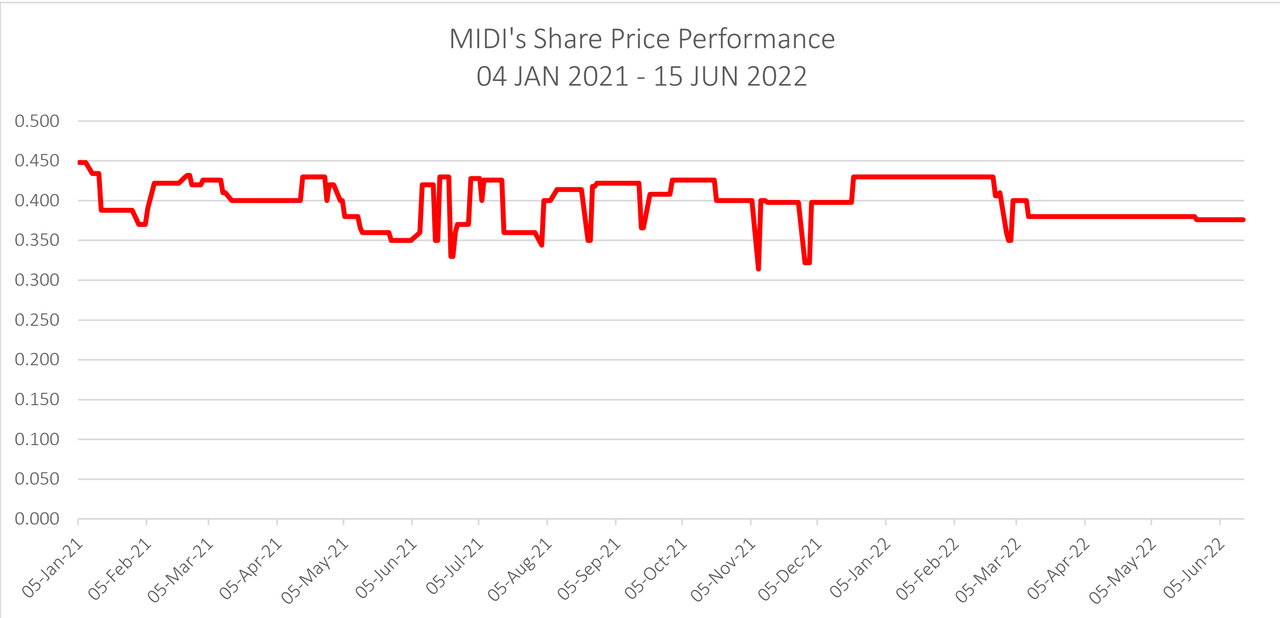
ISIN: MT0000420126

Highest price in 2021: €0.434

Lowest price in 2021: €0.314

Closing price in 2021: €0.430

Current price: €0.376 *(as at 15 June 2022)*



Enterprise Value (EV)[4]:	€130,352,446
Price to Earnings (P/E) Ratio[5]:	144.6x

[4] *Based on the market capitalisation as at 15 June 2022 and the figures extracted from the Statement of Financial Position as at 31 December 2021.*

[5] *Based on the share price as at 15 June 2022 and the earnings per share for the financial year ended 31 December 2021*

Debt Securities

MIDI's listed debt securities comprise:

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

PART D COMPARATIVES

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

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

Bond Details	Outstanding Amount	Total Equity	Gearing Ratio*	Net Debt to EBIDTA	Interest Cover**	YTM^
4.00% MIDI plc 2026 (Secured)	**50,000,000**	**102,388**	**32.7%**	**23.61**	**0.86**	**3.94%**
4.00% Int. Hotel Investments plc 2026 (Secured)	55,000,000	838,216	40.1%	38.14	0.58	3.94%
4.00% Int. Hotel Investments plc 2026 (Unsecured)	60,000,000	838,216	40.1%	38.14	0.58	4.12%
3.90% Plaza Centres plc 2026 (Unsecured)	5,695,000	26,830	14.7%	2.84	5.70	3.90%
3.25% AX Group plc 2026 (Unsecured)	15,000,000	237,143	25.6%	7.02	2.97	3.27%
3.75% Premier Capital plc 2026 (Unsecured)	65,000,000	68,710	47.2%	0.89	11.70	3.32%

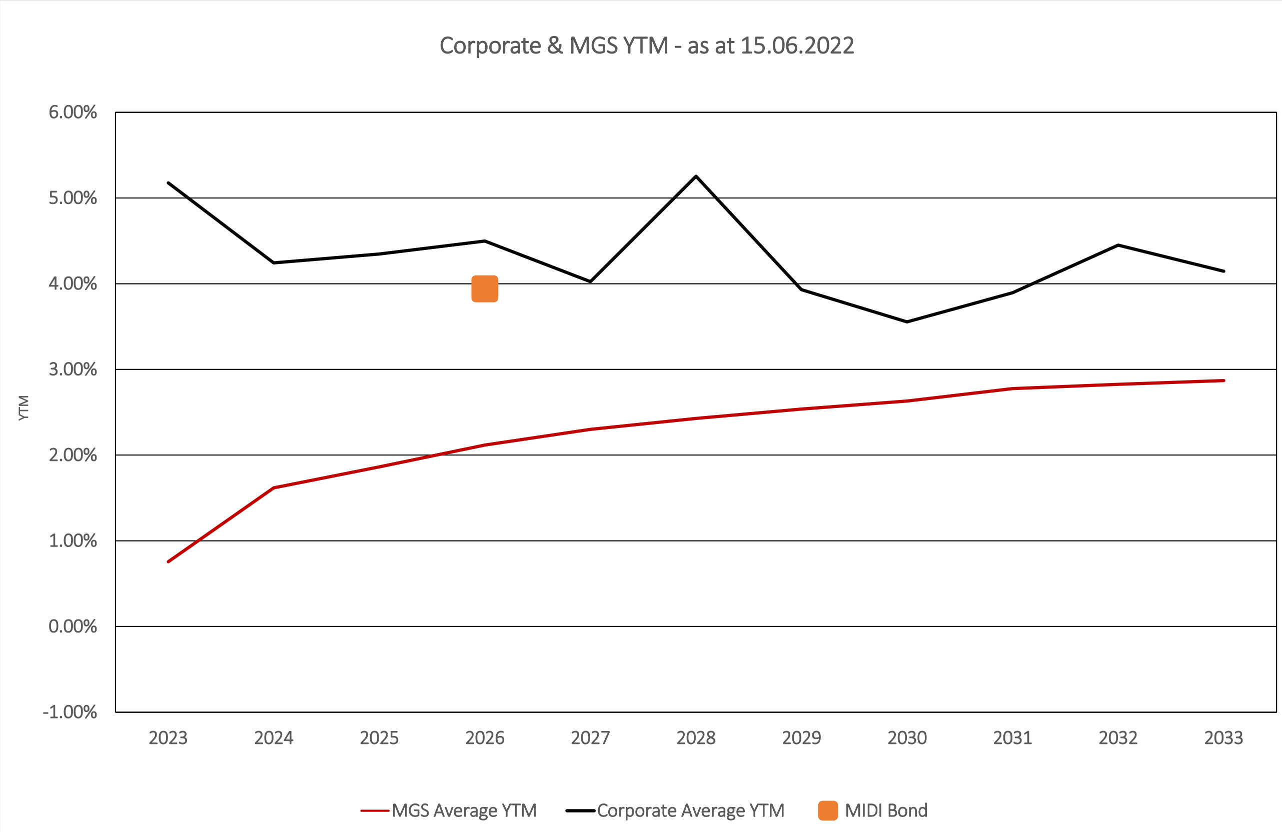
Source: Yield to Maturity from rizzofarrugia.com based on bond prices of 15 June 2022. Ratio workings and financial information quoted have been based on the respective issuers' published financial data (or their guarantors, where and as applicable) available as at 15 June 2022. Where negative, the respective ratios are marked as 'n/a' due to their incomparability.

^Yield to Maturity (YTM) based on bond prices as at 15 June 2022.

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

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

The chart overleaf shows the average yield to maturity of the MIDI bond compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 15 June 2022.



At a coupon of 4.00% per annum, the MIDI Bond 2026 currently yields 3.94%, which is approximately 182 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2026 and at a discount of approximately 56 basis points over the average yield to maturity of corporate bonds maturing in 2026 (data correct as at 15 June 2022).

PART E GLOSSARY

INCOME STATEMENT EXPLANATORY DEFINITIONS

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

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

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

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.

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

PROFITABILITY RATIOS

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

LIQUIDITY RATIOS

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

SOLVENCY RATIOS

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

OTHER DEFINITIONS

Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it

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