

FINANCIAL ANALYSIS SUMMARY 2023

MCM
XXIII

1923
INVESTMENTS

1923 Investments p.l.c.

20 June 2023

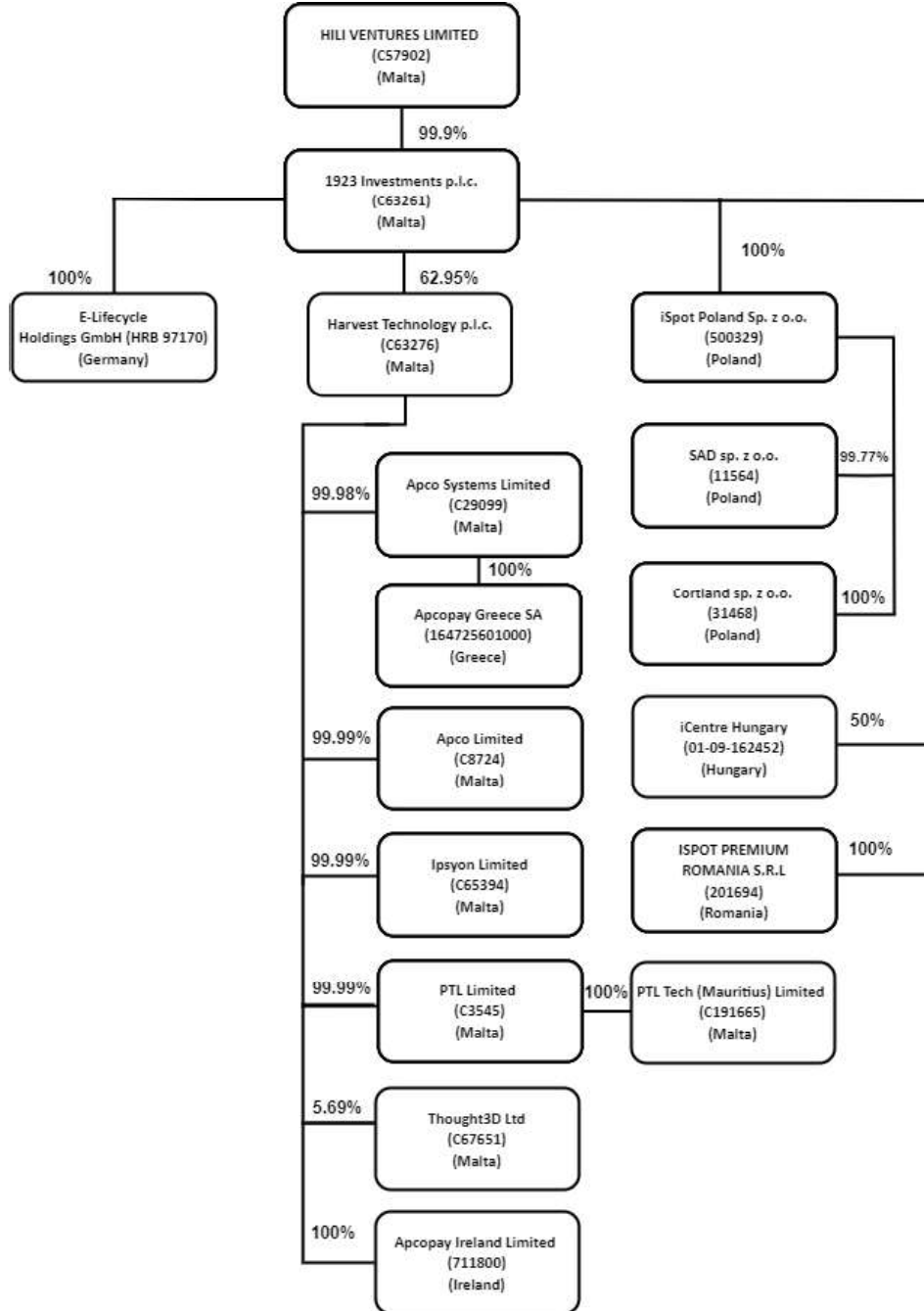
Prepared by Calamatta Cuschieri
Investment Services Ltd

Part 1	Information about the Issuer	4
1.1	Issuer’s Subsidiaries Key Activities and Structure	4
1.2	Major Assets owned by 1923 Investments p.l.c.	5
1.3	Directors and Key Employees	6
1.4	Operational Developments	7
1.4.1	E-Lifecycle Holdings GmbH	7
1.4.2	iSpot	7
1.4.3	Harvest Technology plc	7
1.4.4	Hili Logistics Limited	7
1.5	Subsequent events after the reporting period	8
1.5.1	Sale of Hili Logistics Limited	8
1.5.2	Cortland acquisition	8
1.6	War in Ukraine	8
1.7	Assumptions undertaken in projections utilised for the purpose of this document	8
1.8	Related party securities	9
Part 2	Historical Performance and Forecasts	10
2.1	Issuer’s Consolidated Statement of Comprehensive Income	10
2.1.1	Variance Analysis	13
2.2	Issuer’s Consolidated Statement of Financial Position	14
2.2.1	Variance Analysis	17
2.3	Issuer’s Consolidated Statement of Cash Flow	18
2.3.1	Variance Analysis	19
Part 3	Key Market and Competitor Data	20
3.1	General Market Conditions	20
3.2	Comparative Analysis	21
Part 4	- Glossary and Definitions	24

Part 1 Information about the Issuer

1.1 Issuer's Subsidiaries Key Activities and Structure

The current organisation structure is as follows:



1923 Investments p.l.c. (the “**Issuer**”, the “**Company**” or “**1923 Investments**”) was incorporated on 23 December 2013 as a holding company. The Issuer has an authorised share capital of €70,000,000 divided into 70,000,000 ordinary shares of €1 each. The issued share capital is of €52,135,000 divided into 52,135,000 ordinary shares, each 100% paid up. The Issuer is wholly owned by Hili Ventures Limited, except for one ordinary share which is held by APM

Holdings Limited. The operating and financial performance of 1923 Investments is directly related to the operating and financial performance of its subsidiary companies.

1923 Investments operates a retail division which includes: (1) iSpot Poland sp. z o.o. and its subsidiaries, Cortland sp. z o.o. and SAD sp. z o.o. (“**iSpot**”); and (2) iCentre Hungary, a joint venture in which it has a 50% stake. The retail division

is currently engaged in the sale and distribution of Apple products and third-party electronic products in Poland and Hungary through authorised stores known as Apple Premium Resellers (“APR”). The business operations of iSpot Premium Romania s.r.l. were sold in April 2019 and as a result, this company is non-trading.

On 31 March 2023, iSpot acquired Cortland sp. z o.o., a Polish company operating sixteen APRs across Poland and a B2B sector established over the last thirty years. iSpot management plans to grow the Apple retail business further organically and through synergies which exist between the two companies.

On 23 June 2022, 1923 Investments announced that it had signed a master franchise agreement with iRiparo s.r.l. to represent the brand in thirty-one countries, starting in Germany. iRiparo is a leading European chain engaged in the repair and sale of used electronics. On 28 June 2022, 1923 Investments established E-Lifecycle Holdings GmbH in Germany (“E-Lifecycle”) and assigned to it the master franchise agreement with iRiparo for Germany. E-Lifecycle will operate the iRiparo brand together with Uzed, a refurbished device brand. The Issuer is investing to develop the business across Germany over the medium term. By the end of 2022, E-Lifecycle had opened two stores in Germany, with a further eight by the end of May 2023.

Harvest Technology p.l.c. (“Harvest”) and its subsidiary companies are involved in the technology business and are primarily engaged in the sale, maintenance and servicing of information technology solutions, the provision of physical professional security systems, as well as the delivery of electronic payment solutions. During 2022, through Harvest, the Issuer established a new subsidiary in Mauritius, PTL Tech (Mauritius) Limited, which focuses on the sale of IT solutions and security systems and aims to expand Harvest’s presence in the African continent following previous successful projects. A new subsidiary was also established in 2022, ApcoPay Greece S.A. with the aim of offering payment gateway services in Greece.

Until April 2023, the Issuer also owned Hili Logistics Limited and its subsidiary companies (“Hili Logistics”), which operate in the transport and logistics sector in Malta, United Kingdom and Poland.

On 28 April 2023, the Company announced that it had sold its 100% stake in Hili Logistics to its sister company, HV Marine Limited (C 96365). It therefore no longer forms part of the Company Structure. In terms of forward-looking

expectations, Hili Logistics will also be outside of the scope of this Analysis. This is explained in further detail in section 1.5.1.

1.2 Major Assets owned by 1923 Investments p.l.c.

1923 Investments’ major assets are comprised of the following:

- **Goodwill**

Goodwill represents the value reflected in the purchase consideration of subsidiaries acquired by 1923 Investments over and above the fair value of specific identifiable net assets at the time of acquisition. During 2022, goodwill increased by *circa* €0.4m or 0.01% to €63.3m (2021: €62.9m) due to foreign exchange movements. This represents 55.1% of total non-current assets and is apportioned across the subsidiary companies as follows:

Goodwill (€'000s)	2022
iSpot	18,014
APCO Systems Limited	3,861
APCO Limited	2,168
PTL Limited	1,464
Hili Logistics	37,776
Total	63,283

- **Intangible assets**

The consolidated intangible assets, primarily include patents and trademarks, and internally developed software and acquired licences. The consolidated intangible assets as at December 2022 amounted to approximately €12.1m and are mainly composed of:

- APR operations concerning the iSpot brand including related contracts.** Given that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to iSpot, the useful life of this asset is considered to be indefinite. As at December 2022, this amounted to €10m. This assessment is revised periodically taking into account the stability of the industry and changes in demand for such products.
- APCO Systems’ payment gateway.** In view of possible technological obsolescence, the useful life of the intellectual property is considered to be finite and its cost of €1m is being depreciated over the

useful life of the asset. As from 2018, the yearly amortisation on this asset amounted to €90k. In addition, the intangible asset in relation to the payment gateway also includes internally generated software invested to upgrade the gateway in line with the requirements of the market.

• Plant and equipment

The consolidated plant and equipment are classified into improvements to premises, equipment, motor vehicles and furniture, fixtures and fittings used in its operations. As at December 2022, the consolidated plant and equipment amounted to €13.7m and represented *circa* 11.9% of 1923 Investments' total non-current assets.

• Right-of-use assets

In terms of leased assets, the consolidated right-of-use assets refers to contractual lease agreements concerning buildings and motor vehicles under IFRS16, which was adopted in 2019. As per latest results, the consolidated right-of-use assets amounts to approximately €11m, which equates to approximately 9.6% of 1923 Investments' total non-current assets.

A detailed breakdown of the consolidated right-of-use assets and lease liabilities may be found in the tables below.

ROU assets (€'000s)	2022
Buildings	10,501
Motor vehicles	519
Total	11,020

Lease liabilities (€'000s)	Within 1 year	Within 2-5 years	After 5 years	Total
Lease payments	4,245	8,568	211	13,024
Finance charges	(703)	(745)	(11)	(1,459)
Net present value	3,542	7,823	200	11,565

1.3 Directors and Key Employees

Board of Directors - Issuer

As at the date of this Analysis, the board of directors of the Issuer is composed as follows:

Name	Office Designation
Mr. David Bonett (1)	Chairman and independent non-executive director
Mr. Carmelo sive Melo Hili	Non-executive director
Mr. Dorian Desira	Non-executive director
Dr. Annabel Hili (2)	Non-executive director
Dr. Ann Fenech	Independent non-executive director
Mr. Karl Fritz	Independent non-executive director/ Audit committee chairman

(1) Appointed on 29 May 2023

(2) Appointed on 20 September 2022

The senior management team of 1923 Investments consists of:

Name	Office Designation
Mr. Keith Busuttill	Chief Executive Officer
Mr. Rudolph Mifsud Saydon	Chief Financial Officer
Mr. Neacail Micallef	Integration Management Officer
Mr. Lorn Chetcuti	Director of Information Technology
Mr. Aristarco Cefai	Director of Human Resources
Ms. Michèle Dandria	Director of Marketing

The business address of all the directors is the registered office of the Issuer. Mr. Adrian Mercieca was appointed company secretary of the Issuer on 1 July 2022 (Previously Mr. Mifsud Saydon).

The board meets regularly, with a minimum of four times annually, and is currently composed of six members, three of whom are independent of the Issuer.

Mr. Charles Borg resigned as non-executive chairman and director on 29 May 2023 while Mr. Bonett was appointed in that position on the same day. The board is responsible for the overall long-term direction of the Company, in particular in being actively involved in overseeing the systems of control and financial reporting and that the Company communicates effectively with the market.

Board meetings are also attended by the Chief Executive Officer of 1923 Investments who provides an update on ongoing matters, developments and operations within the Company and its subsidiaries. The Chief Executive Officer is joined by the Chief Financial Officer who provides detailed updates regarding the financial position of the Company and its subsidiaries.

As at the date of this Analysis, the Issuer has a total of nine employees and, in aggregate, the Company and its subsidiaries currently have 625 employees, with an average ratio of 75:25 between operational employees and administrative employees.

1.4 Operational Developments

1.4.1 E-Lifecycle Holdings GmbH

As detailed in section 1.1, the Issuer will carry out the business of repair and sale of second hand phones as a result of the master franchise agreement signed through E-Lifecycle Holdings GmbH. Due to the start-up nature of this venture in a new country, the business is expected to generate losses in its early stages.

E-Lifecycle operates to support the principles of the circular economy, which is the circulation of products and materials, the elimination of waste and the regeneration of materials.

1.4.2 iSpot

iSpot's APR business in Poland offers the full range of Apple products as well as an extensive range of third-party products and software services.

In 2022 due to the positive performance of brick- and-mortar stores in Poland, iSpot opened four more outlets to further expand its national footprint. By the end of 2022, iSpot operated thirty-one stores under the iSpot brand, together with a well-developed online proposition, which enabled iSpot to achieve robust financial results following the pandemic. At present, iSpot also has eight service points in Poland. iSpot plans to open two more retail stores by the end of 2023.

Through the acquisition of Cortland, the Issuer's APR business in Poland will operate a combined nationwide network of forty-seven stores and two e-commerce sites as well as a strong B2B business which has grown significantly over the last thirty years.

iSpot adheres to Apple's strict APR requirements and has been recognised by Apple for providing top-level customer care. Through its technical staff, iSpot offers support and repair services to its customers.

iSpot is also involved in turnkey solutions for business customers. Moreover, as a certified Apple Authorised Training Centre, iSpot has, since incorporation, participated in numerous projects relating to the implementation of Apple technology in higher education.

1.4.3 Harvest Technology plc

Harvest's main operating companies are: PTL Limited ("PTL"), APCO Systems Limited ("APCO Systems"), and APCO Limited ("APCO").

PTL

PTL is a multi-brand IT solutions provider in the private and public sectors. PTL provides comprehensive and integrated solutions for its customers' technology needs through the company's broad hardware, software and value-added service offerings. Other services include configuration and management services, virtualisation, collaboration, information security, application integration and migration, mobility and cloud computing.

PTL is the preferred local partner of IBM and represents other major partners such as NCR, CISCO and Lenovo.

PTL has three main revenue segments:

- Products – the sale of hardware and licences;
- Maintenance and support – ongoing agreements with customers for servicing and maintenance of products sold; and
- Services – the revenue stream encompassing all other services.

APCO Systems

APCO Systems is a payment solutions provider operating a payment platform under the brand name 'APCOPAY'. APCOPAY offers e-commerce processing services for retailers and internet-based merchants. The primary business model of APCO Systems is to enable merchants to accept a variety of card and alternative payment options on their respecting e-commerce portals and applications. APCOPAY is PCI-DSS certified (Payment Card Industry Data Security Standards).

APCO Limited

APCO Limited is a supplier of a broad range of automation and security solutions catering to various sectors, including the banking, retail and fuel sectors. Through major partner relationships such as Diebold Nixdorf, Gemalto and Gilbarco, APCO's portfolio includes ATMs, point-of-sale terminals, plastic cards, deposit machines, currency exchanges, fuel payment systems, and other cash-handling equipment.

1.4.4 Hili Logistics Limited

Hili Logistics is a rapidly growing group of companies engaged in air, road, sea logistics services, customs

brokerage, warehousing, ship agency, ship-to-ship operations and project cargo.

A high-level overview of the main subsidiary companies operating within Hili Logistics is provided below:

- **Carmelo Caruana Company Limited (“CCCL”):** CCCL is principally focused on warehousing, agency and ship-to-ship operation services.
- **Carmelo Caruana Freeport Operations Limited (“CCFO”):** CCFO is in the process of being merged into CCCL.
- **Global Parcels Limited:** This business was discontinued in 2020 and the entity is in the process of being merged into CCCL.
- **CCFO Malta Limited (“CCFO Malta”):** CCFO Malta is currently being merged into CCCL.
- **Allcom Sp. z o.o. (“Allcom”):** Allcom provides freight forwarding and warehousing services to customers across diverse sectors in Poland. Allcom’s core business is door-to-door and port-to-door freight forwarding of containerised cargo. The company also provides customs clearance, project cargo and warehousing solutions.
- **CMA CGM Malta Agency Ltd:** Hili Logistics has a 49% interest in CMA, with the remaining 51% being held by CMA CGM Agencies Worldwide. CMA is a local liner agent for CMA CGM, the world’s third largest shipping line.
- **STS Marine Solutions:** Apart from its core STS activities, STS Marine Solutions is engaged in global operations across twenty bases in the provision of oil and gas support services and LNG operations, with this further expanding into LNG management, emergency support services and consultancy. The demand for STS services is predominantly driven by the volume of oil traded between oil majors and independent traders, and also by production where local port infrastructure is unable to accommodate large tankers.

1.5 Subsequent events after the reporting period

1.5.1 Sale of Hili Logistics Limited

On 28 April 2023, through a company announcement titled “Signing of Share Purchase Agreement”, the Company

announced the sale of Hili Logistics to a sister company, HV Marine Limited for a consideration of thirty-seven million Euro. The Company informed the market that, following the sale of Hili Logistics, it would focus its attention on strengthening its retail operation following the recent acquisitions on that front – namely iSpot’s acquisition of Cortland.

1.5.2 Cortland acquisition

On 31 March 2023, iSpot Poland acquired 100% of the shares in Cortland. Cortland is the second largest operator of APRs in Poland, with sixteen outlets across Poland which are in locations that are complementary to those currently operated by iSpot. Through this new acquisition, iSpot also acquired a strong B2B franchise and plans to grow the combined business further through synergies and a tailored focus on its corporate and individual customers.

1.6 War in Ukraine

While 1923 Investments has no direct interest vested in Ukraine, the Company is monitoring the effects of the ongoing war on its operations, especially those in Poland and Hungary. Inflationary pressures, supply chain disruption and heightened wage costs are presently being experienced by certain operations within the company. On the other hand, Poland benefitted from higher volume of transactions arising from an increase in the Ukrainian community in Poland as well as Ukrainian companies doing more business in Poland.

Since the start of the war in Ukraine, management suspended certain business transactions within the Hili Logistics business in accordance with US and European sanctions. It is challenging to quantify the effects this situation has had and will continue to have on the Company’s results.

1.7 Assumptions undertaken in projections utilised for the purpose of this document

Business activity is projected to further improve when compared to 2022 despite the potential impact the Ukraine war might have on the Company, particularly in terms of sustained inflationary pressures. These projections are also based on the 2022 actual financial performance and on the

actual performance of the first few months of 2023, which management reported to be positive. These projections also cater for the new business ventures that the company entered into during 2023 such as the acquisition of Cortland.

1.8 Related party securities

1923 Investments is a subsidiary of Hili Ventures. Within the same group of companies, Premier Capital p.l.c., Hili Properties p.l.c., Hili Finance Company p.l.c. and Harvest Technology p.l.c. have the following listed securities. The table on the right also includes 1923 Investments' current outstanding securities.

Security	ISIN	Amount
5.1% 1923 Investments p.l.c. Unsecured € 2024	MT0000841206	€36,000,000
Harvest Technology p.l.c. Ord €0.50	MT0002370105	22,780,636 Shares
4.5% Hili Properties p.l.c. 2025	MT0000941204	€37,000,000
3.75% Premier Capital p.l.c. Unsecured € 2026	MT0000511213	€65,000,000
4% Hili Finance Company p.l.c. 2027	MT0001891226	€50,000,000
3.85% Hili Finance Company p.l.c. 2028	MT0001891200	€40,000,000
3.8% Hili Finance Company p.l.c. 2029	MT0001891218	€80,000,000
Hili Properties p.l.c. Ord €0.20	MT0000940107	400,892,700 Shares

Part 2 Historical Performance and Forecasts

The financial information below is extracted from the audited consolidated financial statements of 1923 Investments for the financial years ended 31 December 2020, 2021 and 2022. The projected financial information for the year ending 31 December 2023 has been provided by the management. The projected financial information detailed below relates to events in the future and is based on assumptions which the management believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1 Issuer's Consolidated Statement of Comprehensive Income

1923 Investments p.l.c. Statement of Comprehensive Income for the year ended 31 December	2020A	2021A	2022A	2023P
	€'000s	€'000s	€'000s	€'000s
Revenue	149,734	172,155	232,714	316,503
Net operating expenses	(137,201)	(155,734)	(214,206)	(297,740)
EBITDA	12,533	16,421	18,508	18,763
Depreciation and amortisation	(4,922)	(5,938)	(6,448)	(7,734)
EBIT	7,611	10,483	12,060	11,029
Share of results, dividends of associates & jointly controlled entities	480	824	1,130	485
Other income/ (expenses) including one-off post acquisition	157	-	86	183
Gain on termination of leases	-	521	-	-
Net finance costs	(3,946)	(3,512)	(3,846)	(4,040)
Profit before tax	4,302	8,316	9,430	7,657
Taxation	(883)	(2,478)	(2,184)	(1,543)
Profit for the year	3,419	5,838	7,246	6,114
Other comprehensive income				
Exchange differences - foreign operations	(4,978)	1,641	666	-
Total Comprehensive income	(1,559)	7,479	7,912	6,114

EBITDA Derivation	2020A	2021A	2022A	2023P
	€'000s	€'000s	€'000s	€'000s
EBITDA has been calculated as follows:				
Operating profit (EBIT)	7,611	10,483	12,060	11,029
<i>Adjustments:</i>				
Depreciation and amortisation	4,922	5,938	6,448	7,734
EBITDA	12,533	16,421	18,508	18,763

Ratio Analysis	2020A	2021A	2022A	2023P
Profitability				
Growth in Revenue (YoY Revenue Growth)	11.0%	15.0%	35.2%	36.0%
EBITDA Margin (EBITDA / Revenue)	8.4%	9.5%	8.0%	5.9%
Operating (EBIT) Margin (EBIT / Revenue)	5.1%	6.1%	5.2%	3.5%
Net Margin (Profit for the year / Revenue)	2.3%	3.4%	3.1%	1.9%
Return on Common Equity (Net Income / Average Equity)	7.5%	11.9%	12.9%	9.6%
Return on Assets (Net Income / Average Assets)	2.5%	4.1%	4.6%	3.5%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	12.2%	15.5%	16.0%	14.1%

Consolidated revenue improved by 35.2% from 2021 to 2022 and reached €232.7m. This growth was predominantly driven by robust financial performances registered by iSpot, Hili Logistics and Harvest during the year. Revenue generated by iSpot and Hili Logistics increased by 44.5% and 13.4% respectively.

In terms of forward-looking expectations, 1923 Investments' management is expecting to generate revenue of circa €316.5m during 2023, implying an overall expected improvement of 36% when compared to 2022. This increase relates to better organic performance of the existing businesses along with the contribution of the new business ventures, namely the acquisition of Cortland and new iRiparo stores in Germany.

1923 Investments incurred €214.2m in consolidated operating expenditure during 2022, reflecting an overall increase of 37.6% over the prior year.

EBITDA for the year also improved significantly reaching €18.5m in 2022 (2021: €16.4m), primarily due to the aforementioned increase in revenue, which notably surpassed previous expectations. EBITDA margin for 2022 stood at 8% (2021: 9.5%).

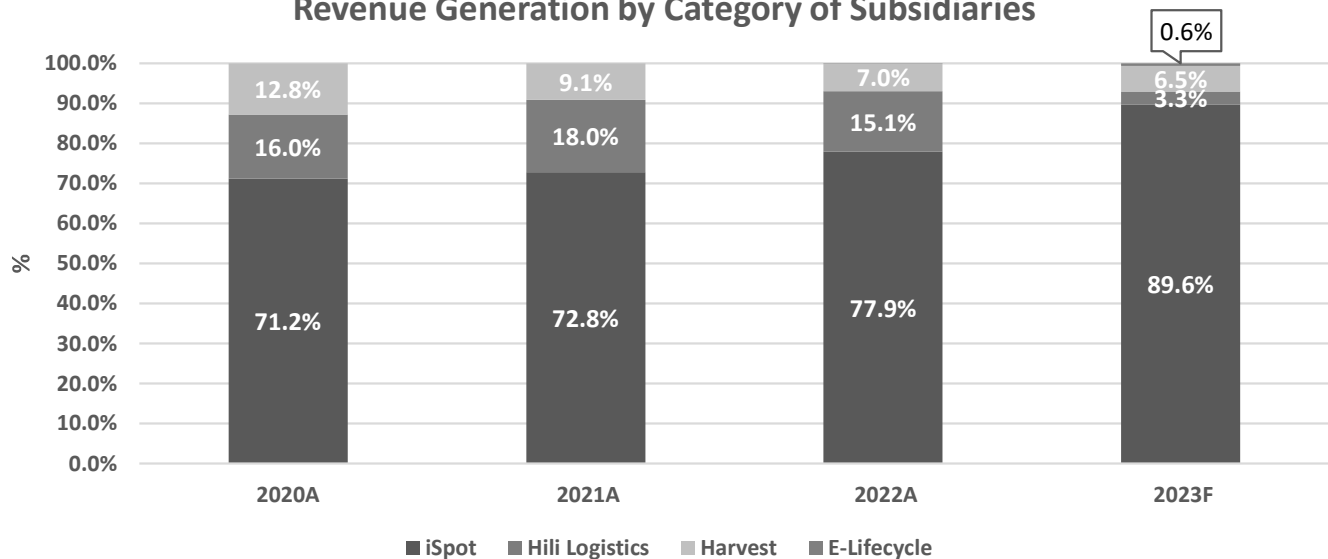
The increased revenue expectation in 2023 is projected to result in an EBITDA of €18.8m, which is marginally higher than the €18.5m generated in 2022. The four main reasons for the projected EBITDA margin dilution in 2023 are (i) disposal of Hili Logistics which historically had an EBITDA margin above the group average; (ii) post-acquisition integration costs at iSpot along with lower margins in the acquired Cortland business; (iii) negative EBITDA at E-Lifecycle; and (iv) the sales mix and investment in the gateway platform at Harvest.

1923 Investments p.l.c. divisional analysis for the year ended 31 December	2020A	2021A	2022A	2023F
Revenue	€'000s	€'000s	€'000s	€'000s
E-Lifecycle	N/A	N/A	28	1,959
iSpot	106,578	125,396	181,243	283,708
Hili Logistics	23,939	31,011	35,166	10,418
Harvest Technology	19,217	15,748	16,276	20,418
Total	149,734	172,155	232,714	316,503
% of total revenue				
E-Lifecycle	N/A	N/A	0.0%	0.6%
iSpot	71.2%	72.8%	77.9%	89.6%
Hili Logistics	16.0%	18.0%	15.1%	3.3%
Harvest Technology	12.8%	9.1%	7.0%	6.5%
% growth				
E-Lifecycle	N/A	N/A	N/A	N/A*
iSpot	3.8%	17.7%	44.5%	56.5%
Hili Logistics	47.7%	29.5%	13.4%	N/A**
Harvest Technology	19.7%	-18.1%	3.4%	25.4%
Total Growth	11.0%	15.0%	35.2%	36.0%

* Due to the fact that only negligible revenue is projected for FY23 no meaningful comparison can be made

** Hili Logistics was sold to a sister company as per company announcement on 28 April 2023

Revenue Generation by Category of Subsidiaries



The depreciation and amortisation charge during 2022 amounted to €6.5m compared to €5.9m during 2021, primarily due to capital expenditure on new equipment. This is expected to increase to €8.2m in 2023, mainly on account of continued routine capital expenditure and the additional depreciation charge expected to be incurred concerning the acquisition of Cortland.

Taking the above developments into consideration, during 2022, 1923 Investments registered an improved consolidated operating profit of €12.1m (2021: €10.5m). EBIT margins, however, decreased from 6.1% in 2021 to 5.2% in 2022. As per above presented projections, EBIT is envisaged to decrease to €11m in 2023.

Finance costs mainly consist of interest incurred on the 1923 Investments bond currently in issue, in addition to finance costs on bank borrowings and finance lease liabilities (IFRS 16). Net finance costs increased to €3.9m in 2022 (2021: €3.5m). These are expected to amount to €4m in 2023, mainly as a result of increased debt to finance new investments.

During the year under review, consolidated profit before tax increased to €9.4m (2021: €8.3m). This increase was mainly driven by solid financial performances at iSpot, Hili Logistics and Harvest as noted above. Meanwhile, profit before tax is expected to be €7.7m during 2023 as a result of the additional costs being incurred to fund the early start-up cost for iRiparo.

In 2022, 1923 Investments benefited from a positive movement in the exchange reserve amounting to €0.7m as a result of a weaker Polish Zloty (PLN) against the Euro which closed at PLN 4.685 at 30 December 2022 (2021: PLN 4.574). The US Dollar also benefited against the Euro and reached USD 1.0702 at 31 December 2022 (2021: USD 1.1323).

Overall, the management expects total comprehensive income to amount to €6.1m during 2023 (2022: €7.9m). Given the difficulty to predict foreign exchange trends going forward, it is to note that no exchange differences in terms of foreign operations are projected during 2023.

2.1.1 Variance Analysis

1923 Investments p.l.c. Statement of Comprehensive Income for the year ended 31 December 2022	Dec-22	Dec-22	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Revenue	216,911	232,714	15,803
Net operating expenses	(201,114)	(214,206)	(13,092)
EBITDA	15,797	18,508	2,711
Depreciation and amortisation	(6,481)	(6,448)	33
EBIT	9,316	12,060	2,744
Share of results, dividends of associates & jointly controlled entities	653	1,130	477
Other income/ (expenses)	(44)	86	130
Net finance costs	(3,646)	(3,846)	(200)
Profit before tax	6,279	9,430	3,151
Taxation	(1,916)	(2,184)	(268)
Profit for the year	4,363	7,246	2,883
Other comprehensive income			
Exchange differences - foreign operations	-	666	666
Total Comprehensive income	4,363	7,912	3,549

Actual revenue for FY22 was higher than previously anticipated by €15.8m. This favourable variance is attributed mainly to the exceptional performance at iSpot, which generated revenue of €26.5m above forecasts. Hili Logistics and Harvest on the other hand generated revenue of €2.1m and €6.7m below what was forecasted. When it comes to E-Lifecycle, operations were expected to begin in July 2022 but actually began in October 2022 and this had a negative effect on revenue of €1.8m. The net effect of all these revenue variances was a positive variance of €15.8m. In view of this, actual operating expenditure was €13.1m higher than previously anticipated, with 1923 Investments recording a positive variance in EBITDA of €2.7m.

Share of results, dividends of associates and jointly controlled entities was higher when compared to previous expectations by *circa* €0.5m. The management noted that this increase in profitability follows the same trend experienced at iSpot, with iCentre Hungary performing better than expected. CMA CGM Malta Agency also contributed towards this improvement in profitability, mainly as a result of the increase in freight rates recorded during the year.

Overall, total comprehensive income amounted to €7.9m compared to a forecasted total comprehensive income of €4.4m. Apart from the robust financial performance recorded during 2022, the positive variance also relates to favourable exchange differences on foreign operations.

2.2 Issuer's Consolidated Statement of Financial Position

1923 Investments p.l.c. Statement of Financial Position for the year ended 31 December	2020A	2021A	2022A	2023P
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Goodwill and other intangibles	73,380	74,952	75,362	82,055
Property, plant and equipment	10,057	11,370	13,664	6,890
Investments in associates and joint ventures	1,512	2,919	3,363	2,671
Right-of-use assets	8,555	11,499	11,020	12,364
Loans and receivables	1,847	1,745	9,419	28,287
Deferred tax asset	1,608	1,560	1,945	2,613
Total non-current assets	96,959	104,045	114,773	134,880
Current assets				
Inventory	9,692	11,094	19,061	31,421
Trade and other receivables	12,616	17,098	13,966	11,362
Other current assets	4,845	7,784	5,526	3,767
Cash and cash equivalents	11,380	9,666	10,312	7,577
Total current assets	38,533	45,642	48,865	54,127
Total assets	135,492	149,687	163,638	189,007
Equity				
Share capital	49,575	52,135	52,135	52,135
Reserves	(8,474)	(4,268)	2,362	9,855
Non-controlling interest	4,473	4,964	5,039	5,245
Total equity	45,574	52,831	59,536	67,235
Liabilities				
Non-current liabilities				
Debt securities	35,677	35,758	35,839	35,920
Borrowings and other financial liabilities	13,215	6,960	10,433	19,701
Lease liabilities	6,537	8,882	7,913	8,993
Other non-current liabilities	1,436	1,502	1,967	1,656
Total non-current liabilities	56,865	53,102	56,152	66,270
Current liabilities				
Bank overdrafts	4,719	-	4,701	6,908
Borrowings and other financial liabilities	827	5,050	2,279	593
Lease liabilities	2,302	3,035	3,652	3,376
Other current liabilities	25,205	35,669	37,318	44,625
Total current liabilities	33,053	43,754	47,950	55,502
Total liabilities	89,918	96,856	104,102	121,772
Total equity and liabilities	135,492	149,687	163,638	189,007

Ratio Analysis	2020A	2021A	2022A	2023P
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	53.2%	48.6%	47.8%	50.3%
Gearing 2 (Total Liabilities / Total Assets)	66.4%	64.7%	63.6%	64.4%
Gearing 3 (Net Debt/ Total Equity)	113.9%	94.7%	91.5%	101.0%
Net Debt / EBITDA	4.1x	3.0x	2.9x	3.6x
Current Ratio (Current Assets / Current Liabilities)	1.2x	1.0x	1.0x	1.0x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.9x	0.8x	0.6x	0.4x
Interest Coverage 1 (EBITDA / Cash interest paid)	4.6x	5.3x	6.3x	7.2x
Interest Coverage 1 (EBITDA / Finance Costs)	3.2x	4.7x	4.8x	4.6x

Total assets as at December 2022 amounted to €163.6m (2021: €149.7m) and principally comprise of goodwill and intangible assets at €75.4m, current assets excluding cash balances of €38.6m and cash and cash equivalents of €10.3m. Notable increases in 2022 include a €2.3m increase in PPE and a €7.7m increase in loans and receivables. The increase in loan and receivables mainly relates to a €7.6m receivable from the Polish Tax office in relation to VAT paid on account of ongoing tax proceedings covering February and March to July 2015. If the case is decided in iSpot's favour, the amount will be recovered along with interest.

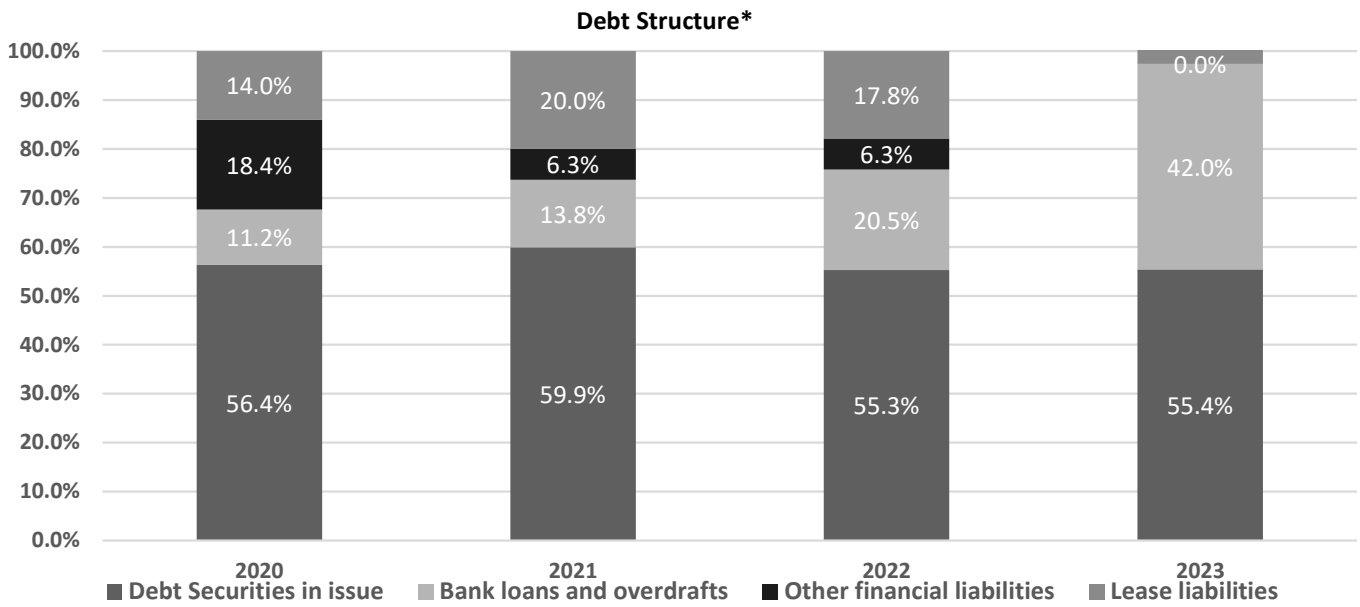
Total assets are projected to amount to €189m at end of 2023, a substantial increase over prior year. In this regard, specific positive movements may be noted in the company's goodwill and other intangibles, loans and receivables, right-of-use assets as well as inventory. Recent developments are expected to have a twofold effect on goodwill. The sale of Hili Logistics will decrease the goodwill on the balance sheet whilst the purchase of Cortland is expected to have the opposite effect. The addition of Cortland is also expected to increase the group's inventory and right-of-use assets in 2023. right-of-use assets are also expected to increase due to additional stores from E-Lifecycle. Lastly, loans and receivables are expected to increase sharply due to additional loans granted by 1923 Investments to iSpot for the acquisition of Cortland and the loans to HV Marine for the purchase of Hili Logistics.

Meanwhile, current assets are expected to amount to €54.1m mainly a result of higher inventory.

Total equity amounted to €59.5m at end of 2022, with this projected to reach *circa* €67.2m at end of 2023. This increase is mainly attributable to the Company's anticipated positive financial performance, with this ultimately expected to boost the Company's reserves to €9.9m (2022: €2.4m).

Total financial debt, which is primarily composed of debt securities, borrowings, other financial liabilities and lease liabilities, amounted to €64.8m at end of 2022 (2021: €59.7m). The increase in non-current other financial liabilities at December 2022 is mainly attributable to long-term amounts owed to ultimate parent of €4.1m. Current borrowings in 2022 increased mainly due to the Company making use of its bank overdraft facility. Moreover, total liabilities at end of the year under review amounted to €104.1m.

1923 Investments' total financial debt is expected to increase to €75.5m at December 2023, mainly on account of additional borrowings undertaken to finance future growth. Total liabilities during 2023 are projected to amount to €119.8m.



**Further visibility is given in the debt structure chart presented above, showing debt securities in issue, bank loans and overdrafts, other financial liabilities and lease liabilities separately.*

2.2.1 Variance Analysis

1923 Investments p.l.c. Statement of Financial Position for the year ended 31 December	Dec-22	Dec-22	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Assets			
Non-current assets			
Goodwill and other intangibles	75,343	75,362	19
Property, plant and equipment	14,727	13,664	(1,063)
Investments in associates and joint ventures	1,589	2,213	624
Right-of-use assets	9,136	11,020	1,884
Other investments	1,156	1,150	(6)
Loans and receivables	1,796	9,419	7,623
Deferred tax asset	2,364	1,945	(419)
Total non-current assets	106,111	114,773	8,662
Current assets			
Inventory	14,647	19,061	4,414
Trade and other receivables	14,016	13,966	(50)
Other current assets	5,404	5,526	122
Cash and cash equivalents	9,633	10,312	679
Total current assets	43,700	48,865	5,165
Total assets	149,811	163,638	13,827
Equity			
Share capital	52,135	52,135	-
Reserves	(402)	2,362	2,764
Non-controlling interest	5,386	5,039	(347)
Total equity	57,119	59,536	2,417
Liabilities			
Non-current liabilities			
Debt securities	35,839	35,839	-
Borrowings and other financial liabilities	10,369	10,433	64
Lease liabilities	6,123	7,913	1,790
Other non-current liabilities	1,799	1,967	168
Total non-current liabilities	54,130	56,152	2,022
Current liabilities			
Bank overdrafts	1,477	4,701	3,224
Borrowings and other financial liabilities	4,326	2,279	(2,047)
Lease liabilities	3,258	3,652	394
Other current liabilities	29,501	37,318	7,817
Total current liabilities	38,562	47,950	9,388
Total liabilities	92,692	104,102	11,410
Total equity and liabilities	149,811	163,638	13,827

The main variances arising within 1923 Investments' non-current assets during 2022 relate to an increase in loans and receivables and right-of-use assets. The right-of-use assets variance relates mainly to no right-of-use assets being forecasted at E-Lifecycle but actual amounts resulted in €1.1m being realised. Meanwhile, management noted that the variance in PPE is mainly due to negative variances of €0.7m and €0.4m being recognised at Hili Logistics and E-Lifecycle respectively. The positive variance in investments in associates and joint ventures relates to the increase in the value of the investments in line with the increase in the Company's share of profits. Lastly, the variance in loans and receivables relates to VAT paid on account to the Polish Tax Office.

With respect to current assets, the cash and cash equivalents variance relates to the banking facility which is available to the Company and which is included at consolidation but not taken into consideration in the financial statements unless utilised.

From an equity perspective, the positive reserve variance relates to increased profitability registered during the year. When it comes to other current liabilities €2.8m is related to iSpot, €2.4m is related to a reclassification from non-current to current liabilities pertaining to Hili Logistics and €1.2m is related to Harvest.

2.3 Issuer's Consolidated Statement of Cash Flow

1923 Investments p.l.c. Statement of Cash Flows for the year ended 31 December	2020A	2021A	2022A	2023P
	€'000s	€'000s	€'000s	€'000s
Cash flows from operating activities	12,283	21,911	8,087	9,035
Interest paid	(2,716)	(3,111)	(2,919)	(2,616)
Income tax paid	(1,920)	(3,482)	(3,830)	(4,447)
Tax refund	450	509	448	1,048
Net cash used in discontinued operations	-	-	-	-
Net cash flows generated from operating activities	8,097	15,827	1,786	3,020
Net cash flows generated from/(used in) investing activities	(18,997)	(7,892)	(1,697)	(26,131)
Net cash flows generated from / (used in) financing activities	3,182	(4,930)	(4,144)	18,169
Movement in cash and cash equivalents	(7,718)	3,005	(4,055)	(4,942)
Cash and cash equivalents at start of year	14,379	6,661	9,666	5,611
Cash and cash equivalents at end of year	6,661	9,666	5,611	669

Ratio Analysis	2020A	2021A	2022A	2023P
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	€9,162	€14,562	€(792)	€905

Net cash generated from operating activities in 2022 amounted to €1.8m, compared to a net cash inflow of €15.8m in 2021. The decrease in cash flow from operating activities reflected the increase in finished goods and goods held for resale which have negatively impacted cash and cash equivalents. In 2023, net cash from operating activities is expected to result in a net cash inflow of *circa* €9.0m, principally due to a higher level of cash flow from operating activities during the year.

Net cash outflows from investing activities amounted to €1.7m during 2022 (2021: €7.9m) and mainly comprise of capital expenditure and movement in loans and receivables to a related party. In view of the Company's continued expansion strategy plans, net cash used in investing activities is projected to amount to *circa* €26.1m during 2023. This net amount includes an outflow of €42.2m to purchase Cortland and an inflow of €23.2m from HV Marine for the sale of Hili Logistics.

In 2022, net cash outflows from financing activities amounted to €4.1m, which includes loans advanced by related parties, payments to third parties and additional proceeds from bank loans.

2.3.1 Variance Analysis

Net cash inflows from financing activities in 2023 are expected to amount to €18.2m. Main inflows are expected to relate to €21.4m from HSBC which are to be used to finance the purchase of Cortland.

1923 Investments p.l.c. Statement of Cash Flows for the year ended 31 December	Dec-22	Dec-22	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Cash flows from operating activities	11,137	8,087	(3,050)
Interest paid	(4,294)	(2,919)	1,375
Income tax paid	(3,769)	(3,830)	(61)
Tax refund	1,037	448	(589)
Net cash flows generated from operating activities	4,111	1,786	(2,325)
Net cash flows generated from/(used in) investing activities	(2,514)	(1,697)	817
Net cash flows generated from / (used in) financing activities	(1,630)	(4,144)	(2,514)
Movement in cash and cash equivalents	(33)	(4,055)	(4,022)
Cash and cash equivalents at start of year	9,666	9,666	-
Cash and cash equivalents at end of year	9,633	5,611	(4,022)

Management reported that the variances concerning operating activities mainly relate to lease and interest payments which were forecasted to be part of operating activities but were then included in financing activities. Meanwhile, management also noted that lower interest was paid during 2022, due to a loan which was earmarked for withdrawal in August but was then postponed to December. A portion of the interest paid (€1.9m) was also forecasted as an operating activity but should have been included as a financing activity.

The positive investing activities variance of €0.8m relates to capex which amounted to €5.5m in 2022 but was forecasted to reach €6.3m.

The negative financing activities variance of €2.5m relates to a €1.8m trade finance loan along with €1m received from the ultimate parent, both of which were not included in forecasts. Lease payments and a portion of the interest were forecasted to be part of operating activities but were actually included as financing activities as per IFRS16. In view of this, net movement in cash and cash equivalents amounted to an outflow of €4.0m compared to a projected outflow of just €33k.

Part 3 Key Market and Competitor Data

3.1 General Market Conditions

European Economic Update¹

The European economy continues to show resilience in a challenging global context. Lower energy prices, abating supply constraints and a strong labour market supported moderate growth in the first quarter of 2023, dispelling fears of a recession. This better-than-expected start to the year lifts the growth outlook for the EU economy to 1.0% in 2023 and 1.7% in 2024. Upward revisions for the euro area are of a similar magnitude, with GDP growth now expected at 1.1% and 1.6% in 2023 and 2024 respectively. On the back of persisting core price pressures, inflation has also been revised upwards, to 5.8% in 2023 and 2.8% in 2024 in the euro area.

As inflation remains high, financing conditions are set to tighten further. Though the ECB and other EU central banks are expected to be nearing the end of the interest rate hiking cycle, the recent turbulence in the financial sector is likely to add pressure to the cost and ease of accessing credit, slowing down investment growth and hitting in particular residential investment.

After peaking in 2022, headline inflation continued to decline in the first quarter of 2023 amid a sharp deceleration of energy prices. Core inflation is, however, proving more persistent. In March it reached a historic high of 7.6%, whilst in April, the flash harmonised index of consumer prices estimate for the euro area, showed a marginal decline in the rate of core inflation. On an annual basis, core inflation in the euro area in 2023 is set to average 6.1%, before falling to 3.2% in 2024, remaining above headline inflation in both forecast years.

The EU labour market is expected to react only mildly to the slower pace of economic expansion. Employment growth is forecast at 0.5% this year, before edging down to 0.4% in 2024. The unemployment rate is projected to remain just above 6%. Wage growth has picked up since early 2022 but has so far remained well below inflation. More sustained wage increases are expected on the back of persistent tightness of labour markets, strong increases in minimum

wages in several countries and, more generally, pressure from workers to recoup lost purchasing power.

Despite the introduction of support measures to mitigate the impact of high energy prices, strong nominal growth and the unwinding of residual pandemic-related measures led the EU aggregate government deficit in 2022 to fall further to 3.4% of GDP. In 2023 and more markedly in 2024, falling energy prices should allow governments to phase out energy support measures, driving further deficit reductions, to 3.1% and 2.4% of GDP respectively. The EU aggregate debt-to-GDP ratio is projected to decline steadily to below 83% in 2024 (90% in the euro area), which is still above the pre-pandemic levels.

Malta Economic Update²

The Bank's Business Conditions Index (BCI) indicates that in April, annual growth in business activity increased, rising further above its long-term average, estimated since January 2000.

The European Commission confidence surveys show that sentiment in Malta increased compared to March, and stood above its long-term average, estimated since November 2002. In month-on-month terms, sentiment increased across all sectors, bar the services sector, with the strongest increase recorded in the construction sector.

Additional survey information shows that price expectations stood firmly above their year-ago level in the construction sector, and to a lesser extent, among services firms. By contrast, price expectations in industry, the retail sector and among consumers, stood considerably lower.

The European Commission's Economic Uncertainty Indicator (EUI) for Malta increased when compared with March, though it was still lower than last year's April level. Uncertainty increased mostly in industry.

In March, industrial production and retail trade grew at a slower rate compared to February. The unemployment rate stood at 2.9% in March, marginally lower than the rate of 3.0% registered in the previous month, and that registered in March 2022.

Commercial building and residential permits decreased in March relative to their year-ago level. In month-on-month terms, commercial permits increased while residential

¹ European Economic Forecast – Spring 2023

² Central Bank of Malta – Economic Update 5/2023

permits declined. In April, the number of promise-of-sale agreements rose on a year-on-year basis, while the number of final deeds of sales fell. Meanwhile, both the number of promise-of-sale agreements and the number of final deeds of sale fell on a month-on-month terms.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 6.4% in April, down from 7.1% in the previous month. Inflation based on the Retail Price Index (RPI) decreased to 5.8% from 7.0% in March.

Maltese residents' deposits expanded at an annual rate of 1.6% in March, following an increase of 3.6% in the previous month, while annual growth in credit to Maltese residents moderated to 5.4%, from 6.4% a month earlier.

In March, the Consolidated Fund recorded a lower deficit compared to a year earlier, as higher government revenue outweighed a smaller rise in government expenditure.

Apple products

The market in Poland for Apple products and services is competitive. As with other developed markets, the market is characterized by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of mobile communication and media devices, personal computers, and other digital electronic devices. iSpot competes with other resellers of Apple products and services, and therefore competing factors include mainly price of products, location of stores, quality of service provided and share of the business-to-business market.

The integration of Cortland into the iSpot group has greatly increased iSpot's market share in Poland. iSpot's main challenge is to differentiate the total service experience beyond the product. Apple is, however, designing new ways to expand the business generated from its retail platforms beyond the current B2C activity, which is expected to create growth opportunities for the company's already strong portfolio in the market.

iSpot is an official partner of Apple and benefits from the continuous introduction of new and improved products and services ahead of competitors so as to maintain high demand for Apple offerings. Principal competitive factors important to the iSpot brand include price, product features, relative price/performance, product quality and reliability, design innovation, a strong third-party software and peripherals ecosystem, marketing and reselling capability, service and support, and corporate reputation.

IT hardware, software and services industry

The IT services market is expected to register a CAGR of about 10.36% during the forecast period, 2022-2027. Globally, the increased IT spending, coupled with the widespread adoption of software-as-a-service and increased cloud-based offerings, indicates the demand for IT services in the industry. With an improved IT infrastructure, threats related to data (data breaches) are also on the rise. This demands advanced security solutions over traditional ones. With this trend gaining traction in the market, companies have started to invest their resources in enhancing their advanced security offerings.

Due to substantial complexity and concerns about security, risk, governance, and control, a significant proportion of banking and financial services organizations are aiming to deploy core systems to the cloud. Various market vendors are driving their investments to accelerate the digital transformation. For instance, EY and IBM have established a Centre of Excellence to assist financial institutions in accelerating digital transformation through hybrid cloud solutions. The Centre of Excellence is a unified virtual centre that provides offerings in regulatory compliance, digital trust, and security to assist clients in leveraging the cloud at scale.

3.2 Comparative Analysis

The purpose of the table below compares the proposed debt issuance of the Company to other debt instruments. Additionally, we believe that there is no direct comparable company related to the Issuer and as such we included a variety of Issuers with different maturities.

One must note that given the material differences in profiles and industries, the risks associated with the Company's business and that of other issuers is therefore different.

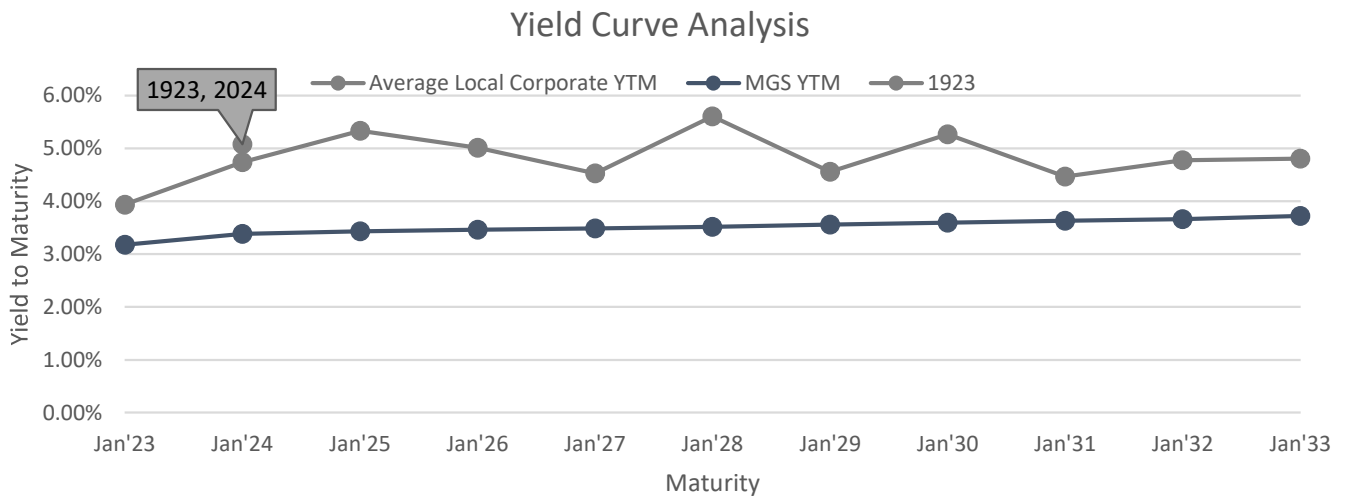
1923 Investments p.l.c.
FINANCIAL ANALYSIS SUMMARY 2023

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
6% AX Investments Plc € 2024	40,000	5.63%	2.6x	422.8	248.2	41.3%	30.0%	12.0x	1.1x	-0.1%	-0.7%	8.1%
6% International Hotel Investments plc € 2024	35,000	5.40%	0.7x	1,662.0	817.9	50.8%	36.2%	10.7x	0.8x	-0.3%	-1.0%	84.3%
5.3% Mariner Finance plc Unsecured € 2024	17,684	5.29%	4.8x	128.3	62.3	51.4%	49.9%	5.9x	2.6x	9.9%	29.3%	32.3%
5% Hal Mann Vella Group plc Secured € 2024	30,000	4.23%	2.9x	124.6	50.3	59.6%	51.8%	9.5x	1.2x	3.4%	7.0%	-5.6%
5.1% 1923 Investments plc Unsecured € 2024	36,000	5.08%	4.9x	163.6	59.5	63.6%	45.8%	2.7x	1.0x	12.9%	3.1%	35.2%
4.25% Best Deal Properties Holding plc Secured € 2024	6,415	2.53%	12.3x	34.5	9.2	73.4%	69.7%	6.2x	9.8x	31.6%	18.1%	-29.9%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.74%	0.7x	1,662.0	817.9	50.8%	36.2%	10.7x	0.8x	-0.3%	-1.0%	84.3%
4.5% Hili Properties plc Unsecured € 2025	37,000	5.18%	2.0x	256.4	124.9	51.3%	46.3%	12.5x	0.7x	5.1%	48.8%	48.6%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	2,985	4.83%	1.3x	58.2	23.8	59.1%	55.3%	18.6x	0.7x	0.8%	10.0%	19.9%
4.5% MedservRegis plc Unsecured € 2026	21,982	6.47%	2.2x	151.7	60.4	60.2%	47.0%	6.1x	2.1x	0.9%	0.8%	123.7%
5.75% MedservRegis plc Unsecured USD 2026	9,148	7.89%	2.2x	151.7	60.4	60.2%	47.0%	6.1x	2.1x	0.9%	0.8%	123.7%
4.35% Hudson Malta plc Unsecured € 2026	12,000	4.73%	8.5x	63.8	12.8	80.0%	71.7%	6.6x	1.4x	1.6%	0.4%	27.4%
4.25% CPHCL Finance plc Unsecured € 2026	40,000	3.87%	1.6x	1,807.8	875.4	51.6%	41.2%	13.8x	0.8x	-0.4%	-1.3%	85.6%
5.9% Together Gaming Solutions plc Unsec Call Bds €2024-2026	14,762	6.26%	0.3x	28.9	11.6	60.0%	-0.8%	(.4)x	7.8x	-22.5%	-143.0%	-46.1%
4% MIDI plc Secured € 2026	50,000	4.00%	(.4)x	231.9	101.3	56.3%	41.9%	(67.7)x	3.0x	-2.2%	-66.6%	-63.7%
4% International Hotel Investments plc Secured € 2026	55,000	4.17%	0.7x	1,662.0	817.9	50.8%	36.2%	10.7x	0.8x	-0.3%	-1.0%	84.3%
3.9% Plaza Centres plc Unsecured € 2026	5,680	4.06%	6.1x	36.8	26.6	27.7%	13.3%	2.1x	1.8x	2.7%	25.1%	12.4%
5% Dizz Finance plc Unsecured € 2026	8,000	5.33%	1.0x	84.6	12.4	85.4%	79.9%	13.9x	0.9x	-21.4%	-8.9%	13.6%
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	15,000	5.29%	0.9x	37.3	2.3	93.9%	89.6%	14.1x	0.8x	-69.2%	-10.4%	22.4%
3.75% Premier Capital plc Unsecured € 2026	65,000	4.54%	22.5x	370.0	100.8	72.8%	61.7%	2.1x	0.8x	48.1%	7.6%	31.6%
4% International Hotel Investments plc Unsecured € 2026	60,000	5.02%	0.7x	1,662.0	817.9	50.8%	36.2%	10.7x	0.8x	-0.3%	-1.0%	84.3%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.55%	2.6x	422.8	248.2	41.3%	30.0%	12.0x	1.1x	-0.1%	-0.7%	8.1%
Average *		4.98%										

Source: Latest available audited financial statements

Last closing price as at 08/06/2023

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



The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Yaxis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph also illustrates on a stand-alone basis, the yield of 1923 Investments p.l.c. bond.

As at 8 June 2023, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 1 to 3 years (2024-2026) was 152 basis points. The current 1923 Investments bond is trading at a YTM of 5.08%, translating into a spread of 170 basis points over the corresponding MGS. This means that this bond is trading at a premium of 18 basis points in comparison to the market.

Part 4 - Glossary and Definitions

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

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).

Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Capex	Represents the capital expenditure incurred by the Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.

Financial Strength Ratios

Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Company to refinance its debt by looking at the EBITDA.

Other Definitions

Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
--------------------------------	---



Calamatta Cuschieri

Calamatta Cuschieri Investment Services Ltd

Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR9034, Malta
www.cc.com.mt

Calamatta Cuschieri Investment Services Ltd. is a founding member of the Malta Stock Exchange
and is licenced to conduct investment services by the Malta Financial Services Authority