FINANCIAL ANALYSIS SUMMARY 2023

BORTEX GROUP
FINANCE plc

Bortex Group Finance p.l.c.

27 April 2023

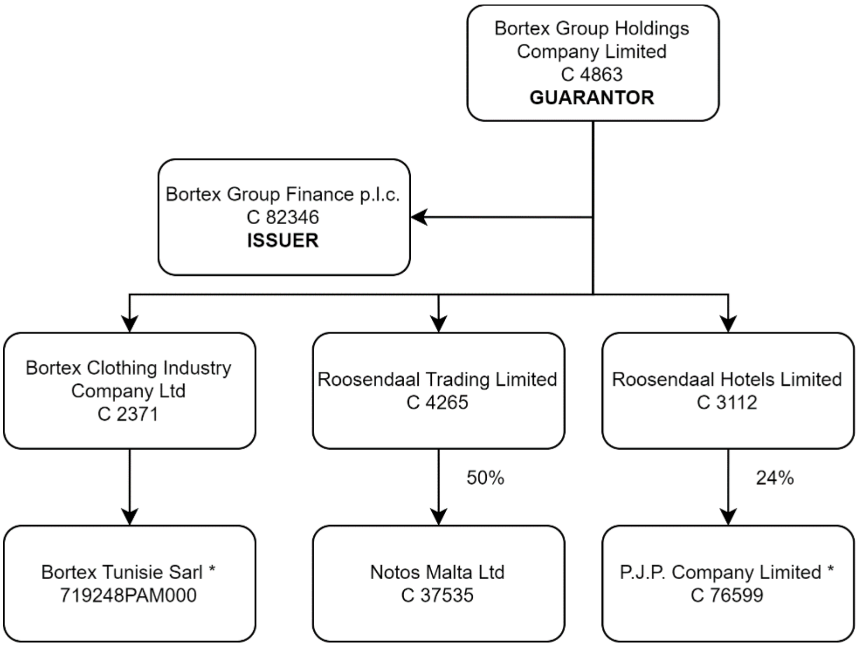
Prepared by Calamatta Cuschieri Investment Services Limited

Table of Contents

Part 1 - Information about the Group

1.1 Issuer's and Guarantor's Key Activities and Structure

The Group's summarised structure is as follows:



Ownership percentages are 100% unless otherwise indicated
* In liquidation.

Bortex Group Finance p.l.c. (the "**Issuer**"), company registration number C 82346, is a public limited company registered in Malta on 30 August 2017. The Issuer is, except for one share held by Mr Peter Borg and another held by Ms Karen Borg, a wholly owned subsidiary of Bortex Group Holdings Company Limited (the "**Guarantor**"), which latter entity is the parent company of the "**Group**". The Issuer, which was set up and established to act as a finance company, has as at the date hereof an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up.

The Guarantor is a private limited liability company incorporated and registered in Malta with company registration number C 4863. It was formerly known as Borchild Limited until 26 September 2017. The Guarantor is principally engaged, through several subsidiaries that operate in various jurisdictions, in the business of manufacturing garments for its own brand, Gagliardi, as well as for other private labels, retailing and distribution of garments in Malta as well as overseas, property development and management in addition to owning and managing hotels in Malta.

The authorised and issued share capital of the Guarantor is €46,587.46, divided into 20,000 ordinary shares having a nominal value of €2.329373 each. The ultimate beneficial owners of the Guarantor are Mr Peter Borg and Ms Karen Borg, in equal shares between them.

1.2 Directors and Key Employees

Board of Directors - Issuer

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

Name	Designation
Mr Peter Borg	Executive Director, rotating Chairperson
Ms Karen Borg	Executive Director, rotating Chairperson
Ms Christine Demicoli	Executive Director, Company Secretary
Mr Mario C. Grech	Independent, non-executive Director
Mr Paul Darmanin	Independent, non-executive Director
Mr Joseph Cachia	Independent, non-executive Director

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

Board of Directors - Guarantor

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

Name	Designation
Mr Peter Borg	Executive Director, rotating Chairperson
Ms Karen Borg	Executive Director, rotating Chairperson
Ms Christine Demicoli	Executive Director, Company Secretary
Ms Alexandra Borg	Executive Director
Mr Sam Borg	Executive Director
Mr David Debono	Executive Director

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

The executive directors of the Issuer and the Guarantor, on the strength of their respective knowledge and experience in the applicable business interests of the Group to which they contribute directly, occupy the senior management and key executive positions across the Group.

As of 31 October 2022, the average number of persons employed by the Group amounted to 156 (FY21: 145).

1.3 Major Assets owned by the Group

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company.

The Group's operations are divided into two principal segments; garment manufacturing and retailing on the one hand, and property development and hotel operations on the other. Although the core business of the Group knows its origins in the garment manufacturing sector and the eventual retailing of those garments, it has also established itself in the hospitality sector and operates two hotels namely 1926 Le Soleil, a luxury spa hotel with 170 rooms (previously Hotel 1926) as well as 1926 Le Parisot, a boutique hotel in Valletta (previously Palazzo Jean Parisot Boutique Suites).

Bortex Clothing Industry Company Ltd, a direct subsidiary of the Guarantor, carries out the design and manufacturing of a vast range of formal tailoring. Roosendaal Trading Limited, also a direct subsidiary of the Guarantor, is then involved in the sale and distribution of formal tailoring, outerwear, casual clothing, footwear and accessories through the operation of a number of retail outlets both in Malta as well as overseas, and also operates a number of mono-brand stores under international franchise. The business forming part of the Group's hospitality segment is carried out by Roosendaal Hotels Limited, another direct subsidiary of the Guarantor.

1.3.1 Garment manufacture and retail

The Group's own retail brand fascia "Bortex", is Malta's longest established name in formal men's tailoring. Bortex Clothing Industry Company Ltd was set up in October 1964 by Maltese entrepreneur Sunny Borg, originally to produce jeans and similar items of clothing when his import licences at the time were withdrawn. The venture went from strength to strength, and in 1971 Bortex entered into partnership with the renowned menswear brand, Van Gils of Holland, and the jeans factory was converted to produce high quality men's tailoring. The Van Gils shares were eventually bought by the British retail group Next plc in 1987, thereby enabling Bortex to penetrate the British market and spread its product profile into children's and ladies' wear.

In 1991, the Next plc shares in Bortex Clothing Industry Company Ltd were bought up by the Borg family – resulting in the company becoming 100% owned by the Borg family.

Over the years, the Group has diversified into direct retail both in Malta as well as overseas. It launched its own label Gagliardi in 2010, which offers a complete menswear proposition and has built a number of key partnerships with several leading fashion brands such as Ralph Lauren, Gant, Lacoste, Hackett, Barbour, Fynch Hatton, Pepe Jeans, Ben Sherman and Jack & Jones, amongst others.

On the Maltese market place, the Group operates a mix of large format multi-brand stores offering all the above labels as well as a number of flagship mono-brand stores. Outside of Malta, the Group operates a number of Gagliardi stores through a mixture of franchising arrangements, joint venture models and concessions.

Its principal markets, apart from Malta, include the UK, Poland, Serbia, and the Middle East. The Group is also active online through two e-commerce platforms - a Gagliardi website which offers worldwide delivery of the entire Gagliardi range and is focused exclusively on the international market, and a separate Bortex website which focuses exclusively on the Maltese marketplace and offers all the partner brand ranges listed above.

Manufacturing for private label clients still forms a substantial portion of the Group's garment manufacturing operations, with clients based primarily in the UK, France, Switzerland and Germany. The Group's operations in this sector have been refocused to cater for higher-end and higher-value products rather than higher-volume but lower-value items. Although competition in this sector remains high, the Group enjoys an enviable track record and can boast several long-standing relationships with established brands.

The Group has retained its small manufacturing facility in Malta, however, most of its larger orders are carried out overseas through third party sources. The headquarters of the manufacturing operation remain based in Malta, where product development, design, marketing and other knowledge-based activities are carried out. Shipments from Bortex factories worldwide often transit in Malta on their way to some of Europe's better-end department stores, chain store groups, and fashion houses.
Since 2021, the Group is focusing and constantly developing its school wear division, which is increasingly contributing to the Group's revenue. This market penetration strategy is continuing to bear fruits, with more schools added to the portfolio during 2022.

The Group has also introduced a 'Made-to-Measure' offer, whereby clients can order tailor-made garments. This service is growing at a steady pace in line with the Group's strategy.

Operational performance - Manufacturing and Retail

	2020A	2021A	2022A	2023F
Revenue (€'000)	13,565	14,189	17,727	17,519
Gross operating profit (€'000)	-132	2,373	2,186	2,275
Gross operating profit margin (%)	-0.97%	16.72%	12.33%	12.99%

1.3.2 Hospitality and Property Development

Roosendaal Hotels Limited is involved in the hospitality industry and currently owns and manages 1926 Le Solei and Spa and 1926 Le Parisot.

In the past, the Group developed and sold a block of luxury apartments named TEN in Hughes Hallet Street, Sliema. .

1.3.2.1 1926 Le Soleil Hotel & Spa and 1926 Le Parisot

1926 Le Soleil Hotel (hereinafter referred to as the "**Hotel**") is a luxury 4-star spa hotel located in a quiet residential area off Qui-si-Sana seafront in Sliema, operating since December 2018. The Hotel consists of a luxury spa, restaurant and a private beach club 200m away from the Hotel on the Qui-si-Sana seafront. The Hotel operates sustainably through smart design technology, including access control, energy management, thus substantially reducing the usage of plastic and paper.

1926 Le Parisot is a luxury boutique hotel in St Paul's Street, Valletta which has been operating since 2018.

[1] Previous FASs included figures relating solely to 1926 Le Soleil (previously Hotel 1926). This figure covers all hotels operated by the Group

Operational Performance - Hospitality

Hospitality[1]	2020A	2021A	2022A	2023F
Revenue (€'000)	1,984	3,147	5,694	6,176
Gross operating profit (€'000)	564	1,195	2,592	2,756
Gross operating profit margin (%)	28.43%	37.97%	45.52%	44.62%
Occupancy level	45.02%	50.85%	74.44%	84.23%
Average daily rate (ADR) (€)	68.68	95.80	118.41	113.50
Revenue per available room (Rev/PAR) (€)	30.92	48.71	88.14	95.60
Benchmark performance*				
Occupancy level (%)	46.9%	44.3%	70.5%	
Average daily rate (ADR) (€)	n/a	n/a	82.3	
Revenue per available room (Rev/PAR) (€)	n/a	n/a	n/a	

Due to the lack of data available, the benchmark performance data was re-stated in comparison to the previous Analysis. The occupancy level presented above now takes into account the overall 4-star occupancy during the year as a percentage of all type of accommodation, including 2-5-star hotels, guesthouses and hostels. It is to note that FY20-FY21 specific data regarding ADR and Rev/PAR data is not available.

In FY22, both the 1926 Le Soleil and the 1926 Le Parisot reported *circa* €5.7m in revenue (FY21: €3.1m) and generated €2.6m in gross operating profit (FY21: €1.2m). This translates to a gross profit margin of 45.5% (FY21: 37.9%).

The hospitality segment outperformed projections during FY22, with revenue and gross profit exceeding expectations by €769k and €437k, respectively. Both hotels achieved better occupancy rates than those projected (74% vs 69%) and better ADR (€118 vs €110).

The projected figures for FY23 forecast a revenue of €6m and a gross operating profit of €2.8m.

1.3.2.2 TEN Apartments in Sliema, Malta

As at the date of this Analysis, 26 car spaces were still under the ownership of Roosendaal Hotels Limited. Management noted that the ground floor area is currently being used as offices for the Group.

In summary, the below table formulates the principal assets and operations owned by the respective Group companies:

Owning Company	Name of Property	Location	Description	Ownership Status
Roosendaal Hotels Limited	1926 La Soleil	Sliema, Malta	Hotel management & operation	100% owned
Roosendaal Hotels Limited	Ground floor of TEN apartments and 26 car spaces	Sliema, Malta	Investment property	100% owned
Roosendaal Hotels Limited	1926 Le Parisot	Valletta, Malta	Hotel management & operation	100% owned
Roosendaal Hotels Limited	Commercial Premises	Sliema, Malta	Investment property	100% owned
Roosendaal Trading Limited	Bortex Retail Outlet, Mosta	Mosta, Malta	Retail outlet & 2 other commercial levels with own airspace	100% owned
Roosendaal Trading Limited	Bortex Retail Outlet, Tower Road, Sliema	Sliema, Malta	Retail outlet	Emphyteusis
Roosendaal Trading Limited	Bortex Retail Outlet, Mriehel	Mriehel, Malta	Retail outlet on the first 2 levels, 3 levels of commercial office space and 3 other basement levels	100% owned
Roosendaal Trading Limited	1926 La Galarie	Valletta, Malta	Hotel management & operation	100% owned
Bortex Clothing Industry Company Ltd	Bortex Warehouse, Zebbug	Zebbug, Malta	Warehouse	100% owned
Bortex Clothing Industry Company Ltd	Bortex Warehouses (A11 and A12), Marsa	Marsa, Malta	Warehouses	Emphyteusis
Bortex Clothing Industry Company Ltd	Bortex Retail Outlet, MIDI Complex	Sliema, Malta	Retail outlet	Rented
Bortex Clothing Industry Company Ltd	Bortex Retail Outlet, Tigné	Sliema, Malta	Retail outlet	Rented
Bortex Clothing Industry Company Ltd	Bortex Retail Outlet, St. Julian's	St. Julian's Malta	Retail outlet	Rented
Bortex Clothing Industry Company Ltd	Bortex Retail Outlet, Pama Shopping Complex	Mosta, Malta	Retail outlet	Rented
Bortex Clothing Industry Company Ltd	Bortex Retail Outlet, The Plaza	Sliema, Malta	Retail outlet	Rented
Bortex Clothing Industry Company Ltd	Bortex Retail Outlet, Valletta	Valletta, Malta	Retail outlet	Rented

1.4 Operational Developments

1.4.1 Manufacturing and Retail

1.4.1.1 The Group's factory in Tunisia

The factory in Tunisia was closed in May 2021 and, as at the date of the Analysis, Bortex Tunisie Sarl is currently in the hands of an appointed liquidator.

Following this closure, manufacturing is currently being sub-contracted to factories in Morocco, Turkey and the Far East. Bortex head office in Malta still retains the functions of design, raw material sourcing and purchasing, production planning, and all finance related functions.

1.4.1.2 Gagliardi retail stores

As noted in the previous Analysis, the Group's intentions were to expand its Gagliardi brand in overseas territories via owned and franchised retail outlets.

However, following a halt to this proposed endeavour due to the COVID-19 pandemic, the focus is now to optimise the performance of existing stores.

During the year under review, the Group has launched a shop-in-shop Gagliardi store in York, England, albeit the strategy is still one of optimisation of current stores.

1.4.1.3 Local retail stores

The Group boasts a fair number of developments during 2022 in terms of local retail stores. First development being that Roosendaal Trading Limited has acquired 50% shareholding of Notos Malta. Notos Malta operates the Lacoste shop at the Tigné Point shopping mall, and has the exclusive license to distribute Lacoste on the Maltese market through wholesale channels.

Moreover, the Group will be launching a Bortex multi-brand store in the Shoreline Mall planned for late 2023. The date of completion is dependent on the opening of the said mall.

Finally, in terms of retail stores on the island, Bortex and Bluerock have entered into a joint venture, Scale Operations Limited (a company registered in Malta, bearing company registration number C 103603), which will commercialise the first floor of the Mercury Towers Shopping Mall (2,000m^2) into a premium department store and food and beverage outlet. This is also planned for late 2023 and, like the store planned for the Shoreline Mall, this is dependent on the opening of the Mercury Towers Shopping Mall.

1.4.1.4 Redevelopment of the Group's existing retail outlet in Mosta, Malta

The Group owns a 2-storey building in Constitution Street, Mosta, which is currently being used as one of the Group's retail outlets. It is built on a site area of 181m^2.

In 2021, the Group purchased the property adjacent to this and is now in the process of developing these two properties into a mixed-use commercial concept. This is earmarked to include a Bortex retail store, a coffee shop with outdoor seating and 11 apartments over 3 further floors. The plan is for the property to be retained and rented out, generating rental income, with the exception of the site for the Bortex retail store. The plan is for this project to be completed in 2023.

1.4.1.5 Development of a mixed-use complex in Mriehel, Malta

In accordance with the provision of the Prospectus, during 2018, the Group has successfully completed the development of its Mriehel complex, which was constructed on a plot of land stretching over an area of approximately 438m^2 overlooking the Mriehel bypass that the Group had previously acquired. As at the date of this Analysis, this mixed-use commercial complex comprises of 5 floors, with a retail outlet on levels 1 and 2, and office space that is entirely leased to third parties on levels 3 to 5.

The complex includes 3 levels of underground parking which are also leased. The retail store is currently being utilised by the Group as a clearance outlet.

1.4.1.6 Liquidation of Bortex Clothing Industry Company Ltd UK

Management confirmed that during FY22 Brotex UK was closed by means of liquidation.

1.4.2 Hospitality

1.4.2.1 Brand rollout and rebranding

During year ending 2022**,** the Group has undertaken a rebranding exercise of its hotels which will now be marketed under the 1926 Collection and which will include 1926 Le Soleil Hotel & Spa, 1926 Le Parisot, 1926 La Plage**,** and two new hotels which the Group will be developing, namely 1926 Les Bains and 1926 La Galerie (see below).

1926 Les Bains

The Group has entered into a preliminary agreement on a property adjacent to 1926 Le Soleil as well as a rental agreement on a similar property also adjacent to same hotel.

The site will be developed into a luxury spa hotel, consisting of 32 suites with private spa, a rooftop pool as well as a roman style spa. This property is scheduled to open its doors in summer 2025, marketed in a luxury niche market.

1926 La Galerie

The Group currently owns a palazzo in Valletta, Malta, which will be developed into a luxury seven room art gallery boutique hotel. This property is scheduled to open its doors in autumn 2024.

The Group will also be investing in the continuous upgrading of its flagship property with an addition of a panoramic rooftop restaurant and a second infinity pool.

The Group has also purchased two street level outlets adjacent to the hotel.

1.4.2.2 Liquidation of P.J.P. Company Limited

Management confirmed that P.J.P. Company Limited, a subsidiary of Roosendaal Hotels Limited, is currently in liquidation.

Part 2 - Historical Performance and Forecasts

The financial information in sections 2.1 to 2.3 is extracted from the audited financial statements of the Issuer for the financial years ended 31 December 2020, 2021 and 2022. The financial information in section 2.4 to 2.6 is extracted from the audited financial statements of the Guarantor for the financial years ended 31 December 2020, 2021 and 2022.

The projected financial information for the year ending 31 October 2023 has been provided by the Group's management. This financial information relates to events in the future and are based on assumptions which the Group 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 Income Statement

Income Statement for the year ended 31 October	2020A	2021A	2022A	2023F
	€000s	€000s	€000s	€000s
Finance income	539	560	562	562
Finance costs	(501)	(502)	(503)	(503)
Net finance income	**38**	**58**	**59**	**59**
Administrative expenses	(36)	(51)	(57)	(57)
Profit before tax	**2**	**7**	**2**	**2**
Taxation	-	(3)	(1)	(1)
Profit after tax	**2**	**4**	**1**	**1**

Ratio Analysis	2020A	2021A	2022A	2023F
Gross Profit Margin (Net finance income / Finance income)	7.1%	10.4%	10.5%	10.5%
Net Margin (Profit after tax / Finance income)	0.4%	0.7%	0.2%	0.2%

The Issuer registered a profit before tax of €2k for FY22 (FY21: €7k). This represents the spread between the interest received from loans granted to Group companies over the bond's coupon, less administrative expenses and tax incurred. The Issuer's results for FY22 were in line with previous expectations, except for a slight increase in administrative expenses (partially offset by a subsequent lesser tax charge), which resulted in a profit after tax slightly lower than previously forecast.

In FY23, same as FY22, the Issuer expects to generate finance income of €562k, with finance costs expected to amount within the region of €503k, reflecting the 3.75% coupon incurred on the outstanding €12.75m bond issue, coupled with the bond amortisation costs.

Administrative expenses are expected to amount to €57k, with the Issuer forecasting a profit before tax of €2k.

The Issuer has limited trading activity since it acts solely as a finance vehicle.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position as at 31 October	2020A	2021A	2022A	2023F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Loans and receivables	12,497	12,497	12,497	12,497
Current assets				
Receivables	492	516	515	515
Cash and cash equivalents	307	314	347	367
Tax receivable	-	-	2	-
	799	830	864	882
Total assets	**13,296**	**13,327**	**13,361**	**13,379**
Equity and liabilities				
Capital and reserves				
Share capital	250	250	250	250
Retained earnings	31	37	38	39
Total equity	**281**	**287**	**288**	**289**
Non-current liabilities				
Amortised bond issue	12,562	12,586	12,611	12,637
Current liabilities				
Current tax liabilities	-	3	-	-
Payables	453	7	15	6
Accrued bond interest	-	444	447	447
	453	454	462	453
Total liabilities	**13,015**	**13,040**	**13,073**	**13,090**
Total equity and liabilities	**13,296**	**13,327**	**13,361**	**13,379**

Total assets in FY22 amounted to €13.4m, which predominantly were made up of €12.5m loans and receivables to fellow subsidiaries carried until the maturity of the loans, in line with the eventual redemption of the bond issue in 2027. Assets were approximately in line with previous projections, except for cash and cash equivalents which were €28k higher than projected as the Issuer received more in terms of interest payments.

Total liabilities in FY22 amounted to *circa* €13.1m, out of which €12.6m reflect the amortised bond issue, which is expected to increase marginally over the lifetime of the bond as issue costs continue to be amortised.

Current liabilities during FY22 amounted to €462k, slightly higher than the projected €430k, with management primarily attributing this increase to higher accrued bond interest. One is to note that the Issuer's bond interest is presented separately from other payables as a single line item.

Meanwhile, the Issuer's equity amounted to €288k, with this being in line with what was projected in the previous Analysis.

In FY23, the Issuer expects its financial position to remain stable, with total assets expected to remain relatively unchanged and amount to €13.4m.

2.3 Issuer's Statement of Cash Flows

Cash Flow Statement for the year ended 31 October	2020A	2021A	2022A	2023F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
Cash generated from operations	(43)	(55)	(49)	(67)
Interest paid	(477)	(475)	(475)	(475)
Interest received	562	537	562	562
Taxation paid	(5)	-	(5)	-
Net cash flows generated from operating activities	**37**	**7**	**33**	**20**
Cash flows from investing activities				
Movement in related party balances	150	-	-	-
Net cash flows used in investing activities	**150**	**-**	**-**	**-**
Net cash flows generated from financing activities	-	-	-	-
Movement in cash and cash equivalents	187	7	33	20
Cash and cash equivalents at start of year	120	307	314	347
Cash and cash equivalents at end of year	**120**	**314**	**347**	**367**

The cash flow statement reflects the limited trading activity of the Issuer, whereby in FY22 the Issuer recorded €33k in cash generated from operating activities, this being higher than previously expected due to more interest having been received.

As expected, the Issuer recorded no investing or financing activities. In this respect, the Issuer closed FY22 with an increase of €33k in cash and cash equivalents to €347k. The Issuer's cash flow performance in FY22 was marginally better than what was projected. This was due to the slight increase in interest received over what was expected. This led to the Issuer closing the year with a cash reserve of €347k compared with a previously forecasted balance of €319k.

The Issuer is forecasting its cash flow position to increase slightly during FY23, where it expects to generate €20k in cash flows from operating activities. Accordingly, the cash reserve as at end of FY23 is expected to amount to €367k.

2.4 Group's Income Statement

Income Statement for the year ended 31 October	2020A	2021A	2022A	2023F
	€000s	€000s	€000s	€000s
Revenue	22,358	19,669	23,860	23,695
Cost of sales	(14,183)	(11,650)	(13,039)	(12,602)
Gross profit	**8,175**	**8,019**	**10,821**	**11,093**
Operating expenses (excl. depreciation)	(4,056)	(3,607)	(6,305)	(6,288)
Other income	217	1,414	354	226
EBITDA	**4,336**	**5,826**	**4,870**	**5,031**
Reported EBITDA	4,336	5,826	4,870	5,031
Loss from discontinued operations	(2,320)	(1,244)	-	-
Normalised EBITDA	2,016	4,582	4,870	5,031
Impairments	(423)	(297)	-	-
Depreciation and amortisation	(1,681)	(1,738)	(1,838)	(1,734)
EBIT	**(88)**	**2,547**	**3,032**	**3,297**
Investment and other income	1	-	19	-
Finance income	52	27	26	-
Finance costs	(1,086)	(1,047)	(1,135)	(1,382)
Share of profit from associate	(54)	1	(16)	-
Profit before tax	**(1,175)**	**1,528**	**1,926**	**1,915**
Income tax	(13)	(448)	(20)	-
Profit after tax	**(1,188)**	**1,080**	**1,906**	**1,915**

Ratio Analysis - Profitability[2]	2020A	2021A	2022A	2023F
Growth in Revenue (YoY Revenue Growth)	9.4%	-12.0%	21.3%	-0.7%
Gross Profit Margin (Gross profit / Revenue)	36.6%	40.8%	45.4%	46.8%
EBITDA Margin (EBITDA / Revenue)	19.4%	29.6%	20.4%	21.2%
Operating (EBIT) Margin (EBIT / Revenue)	-0.4%	12.9%	12.7%	13.9%
Net Margin (Profit after tax / Revenue)	-5.3%	5.5%	8.0%	8.1%
Return on Common Equity (Net Income / Total equity)	-4.4%	3.6%	5.7%	5.1%
Return on Assets (Profit after tax / Total assets)	-2.0%	1.7%	2.8%	2.7%

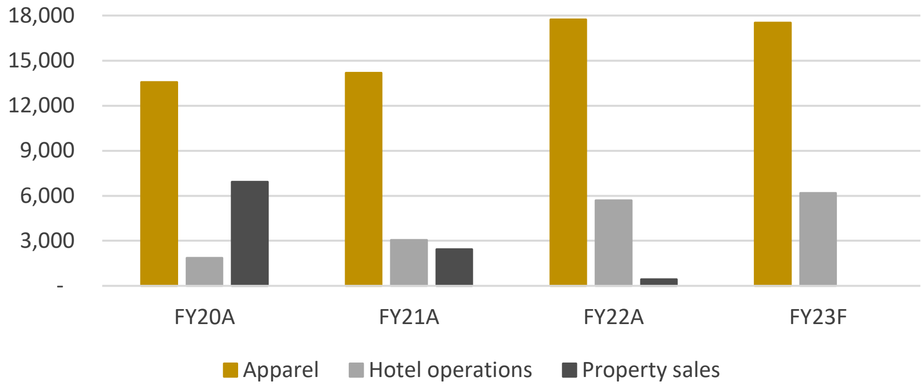
Revenue – The Group's main revenue streams during FY20 and FY21 were the apparel segment, the hotel operations segment, and the property sales segment. The latter had less bearing during FY22 (explained below) and is not expected to be a revenue stream during FY23.

During FY22, the Group reported a substantial increase in revenue of *circa* 21.3%. This was in line with the previous expectation that the retail and the tourism industries will return to pre-pandemic levels throughout the year under review. The result of this was evident, as the Group's revenue increased substantially, by over €4.1m. Moreover, it is important to note that the revenue from the property sales segment during FY22 was negligible when compared to the previous two years, thus emphasising the improvement in the other two revenue streams post-pandemic.

Segment Revenue	2020A	2021A	2022A	2023F
	€000s	€000s	€000s	€000s
Apparel	13,565	14,189	17,727	17,519
Hotel operations	1,868	3,050	5,693	6,176
Property sales	6,925	2,430	440	-
	22,358	**19,669**	**23,860**	**23,695**

2 Ratio analysis may not agree to prior FASs, due to a change in the calculation methodology or rounding of figures

Revenue Analysis by Segment



Revenue Analysis – Apparel Segment
The Group's revenue stream from the apparel segment was impacted by COVID-19 during FY20 and FY21. As forecasted, this segment returned to pre-COVID-19 levels during the year under review, with a revenue growth of *circa* 21.3% when compared to FY21. Notwithstanding this growth, the increase in apparel revenue was slightly lower than was expected last year due to a decrease in private label sales than that budgeted.

In terms of forward-looking expectations, the Group is envisaging that retail sales will remain more or less consistent with FY22 results, with its consolidated production network in relation to its subcontracted parties in Bulgaria and Turkey positively affecting revenue. It is forecast that apparel revenue will amount to *circa* €17.5m during FY23.

Revenue Analysis – Hospitality Segment
The revenue from the hospitality segment of the Group starting recuperating in the second half of FY21, resulting in FY21 figures higher than the pre-pandemic results of FY19.

This upward trend persisted into FY22, with hotel operations revenue being *circa* 86.7% higher than that reported during FY21.

Moving into 2023, the Group is projecting a further growth of 8.5% in hospitality-related revenue.

Revenue Analysis – TEN Apartments
The property sales segment of the Group's revenue was solely related to one project, that being the TEN Apartments. The majority of these apartment were sold during FY21, with the remaining one sold during FY22. As explained in section 1.3.2.3, the Group retains ownership of 26 car spaces in the building, but does not envisage further revenue from this segment in FY23.

EBITDA and Net Profit
The reported EBITDA for 2022 exceeded expectations by approximately €0.8m. The manufacturing and retail operation registered an EBITDA of €2.2m vs €2.3m in the previous year, while the hospitality operation managed to achieve an EBITDA of €2.6m vs €1.2m in 2021, which is 37% higher than forecast.

The Group reported a profit after tax of €1.9m during FY22, an increase of €0.8m from previous year.

The Group is anticipating a better financial performance in 2023, mainly as a result from the consistent outstanding performance of both hotels, the consolidation of its private label production to selected few customers and the continuous strong performance of the retail activity.

The Group is forecasting an EBITDA of €2.8m from the hospitality sector and €2.2m from the manufacturing and retail sector, and a profit of € 1.2 from the hospitality sector and €0.7m from the manufacturing and retail sector.

The Group is envisaging a Net Margin of 8.1% in FY23, which is on the same lines as to that of FY22 (8.0%). In terms of profitability and financial performance, the Group's Return on Common Equity and Return on Assets have increased substantially when compared to FY21, and are anticipated to decrease slightly moving into FY23, with Return on Common Equity decreasing to 5.1% (FY22: 5.7%) and Return on Assets decreasing to 2.7% (FY22: 2.8%). The reason for this decrease in FY23 is a result of an increase in equity and non-current assets explained further in section 2.5 below.

2.4.1 Variance Analysis

Income Statement	Oct-2022F	Oct-2022A	Variance
	€000s	€000s	€000s
Revenue	24,598	23,860	(738)
Cost of sales	(17,650)	(13,039)	4,611
Gross profit	**6,948**	**10,821**	**3,873**
Operating expenses (excl. depreciation and amortisation)	(3,113)	(6,305)	(3,192)
Other operating expenses/(income)	181	354	173
EBITDA	**4,016**	**4,870**	**854**
Depreciation and amortisation	(1,685)	(1,838)	(153)
EBIT	**2,331**	**3,032**	**701**
Investment and other income	-	19	19
Finance income	27	26	(1)
Finance costs	(835)	(1,135)	(300)
Share of profit from associate	-	(16)	(16)
Profit/(loss) before tax	**1,523**	**1,926**	**403**
Income tax	(22)	(20)	2
Profit/(loss) after tax	**1,501**	**1,906**	**405**

The Group's revenue was slightly lower than previously projected. The revenue from manufacturing was less than budgeted due to less private label sales and the revenue from hospitality was more than previously budgeted by €0.8m.

On the expenditure front, the Group recorded a positive variance in cost of sales following a reclassification difference between cost of sales and operating expenses, the most prominent being an IFRS 16 accounting adjustment which resulted in lower cost of sales and higher operating expenses.

The aforementioned IFRS adjustment was also reflected in the depreciation charge and the finance costs. The Group reported a better-than-expected profit before tax for FY22 of Euro 0.8m, resulting from an increase in EBITDA of €0.44m from the hospitality sector and €0.36m from the manufacturing and retail sector.

The Group reported a better than expected profit before tax of €1.9m vs €1.5m for the reasons explained above.

2.5 Group's Statement of Financial Position

Statement of Financial Position as at 31 October	2020A	2021A	2022A	2023F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Property, plant and equipment	29,499	36,712	37,729	47,537
Right-of-use assets	5,027	7,295	6,504	5,804
Investment property	2,167	3,220	3,557	3,557
Investment in associates	197	197	181	181
Investment in joint venture	-	-	5	5
Non-current financial assets	170	171	760	760
Loans receivable	2,146	646	646	646
Trade and other receivables	892	-	-	1,191
	40,098	**48,241**	**49,382**	**59,681**
Current assets				
Inventories	15,320	11,544	11,155	10,500
Contract assets	-	66	67	67
Trade and other receivables	4,598	4,113	4,528	3,500
Current tax assets	14	8	13	13
Term placements	8	8	8	8
Cash and cash equivalents	1,371	3,328	2,640	2,212
	21,311	**19,067**	**18,411**	**16,300**
Total assets	**61,409**	**67,308**	**67,793**	**75,981**
Equity and liabilities				
Capital and reserves				
Share capital	47	47	47	47
Revaluation reserve	5,870	11,685	11,620	16,120
Other reserves	507	704	704	704
Retained earnings	20,236	20,328	22,142	23,458
Non-controlling interest	21	14	18	18
Total equity	**26,681**	**32,778**	**34,531**	**40,347**
Non-current liabilities				
Deferred taxation	1,696	3,030	3,025	3,021
Lease liabilities	4,863	6,741	6,233	5,733
Borrowings	19,634	19,242	18,788	22,581
Other non-current liabilities	-	41	21	21
	26,193	**29,054**	**28,067**	**31,356**
Current liabilities				
Borrowings	2,613	986	1,080	1,188
Contract liabilities	-	90	-	-
Trade and other payables	5,587	4,232	3,984	3,000
Lease liabilities	319	161	123	82
Current tax liabilities	16	7	8	8
	8,535	**5,476**	**5,195**	**4,278**
Total liabilities	**34,728**	**34,530**	**33,262**	**35,634**
Total equity and liabilities	**61,409**	**67,308**	**67,793**	**75,981**

Ratio Analysis - Financial Strength[3]	2020A	2021A	2022A	2023F
Gearing 1 (Net Debt / (Net Debt and Total Equity))	49.4%	42.1%	40.6%	40.4%
Gearing 2 (Total Liabilities / Total Assets)	56.6%	51.3%	49.1%	46.9%
Gearing 3 (Net Debt / Total Equity)	97.7%	72.6%	68.3%	67.8%
Net Debt / EBITDA	6.0x	4.1x	4.8x	5.4x
Current Ratio (Current Assets / Current Liabilities)	2.5x	3.5x	3.5x	3.8x
Quick Ratio ((Current Assets - Inventory) / Current Liabilities)	0.7x	1.4x	1.4x	1.4x
Interest Coverage 1 (EBITDA / Cash interest paid)	5.0x	7.7x	4.2x	4.2x
Interest Coverage 2 (EBITDA / Finance costs)	4.0x	5.6x	4.3x	3.6x

In FY22, non-current assets increased from €48.2m in FY21 to €49.4m, due to a slight increase in property, plant and equipment ("PPE") and investment property, partially set-off by a decrease in right-of-use assets. The Group also reported a slight increase (*circa* €0.5m) in non-current financial assets.

On the current assets side, the Group reported a total decrease of approximately €0.6m as a result of a mix of slight decreases in inventories and cash and cash equivalents, and an increase in trade and other receivables. This was in line with what was projected.

Non-current liabilities decreased slightly in FY22 (*circa* €1m). This is a reflection of a decrease in borrowings and a slight decrease in lease liabilities, with the former being a produce of the decrease in cash and cash equivalents (explained further in section 2.6 below). Current liabilities were in line with those reported in the previous year, with the only difference being a slight decrease in trade and other payables. This decrease was not projected for last year and, thus, current liabilities were approximately €0.3m less than expected.

The Group's equity, like its assets and liabilities, remained fairly stable from FY21 to FY22, with the only notable change being an increase in retained earnings (explained in section 2.4 above). This was in line with the FY22 projections.

Looking forward to FY23, the Group anticipates an increase in the value of its PPE due to additional capital expenditure expected to be incurred as well as an expected revaluation exercise to be carried out during the year, in line with the Group accounting policy to measure PPE at fair value based on valuations by external independent valuers. This will result in a corresponding increase in its equity via its revaluation reserve as well as an increase in bank borrowings.

3 Ratio analysis may not agree to prior FASs, due to a change in the calculation methodology or rounding of figures

2.6 Group's Statement of Cash Flows

Cash Flow Statement for the year ended 31 October	2020A	2021A	2022A	2023F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
Cash generated from operations	3,378	5,892	4,636	4,802
Net cash in/outflows from property development project	-	-	-	-
Investment income	-	-	-	-
Interest received	52	26	-	-
Interest paid	(885)	(754)	(1,157)	(1,207)
Net tax refund/(paid)	(124)	(156)	(28)	-
Net cash flows generated from operating activities	**2,421**	**5,008**	**3,451**	**3,595**
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,468)	(1,254)	(2,414)	(6,546)
Proceeds from disposal of property, plant and equipment	38	-	(5)	-
Payments for investment in associate	(250)	-	(654)	-
Net cash flows used in investing activities	**(1,680)**	**(1,254)**	**(3,073)**	**(6,546)**
Cash flows from financing activities				
Proceeds from bank borrowings	-	-	-	4,250
Repayments of bank borrowings	1,556	(8)	(902)	(1,259)
Movement of loans from shareholders	-	901	-	-
Dividends paid	-	(265)	(100)	(400)
Principal element of lease liabilities	(308)	(353)	(144)	-
Net cash flows generated from / (used in) financing activities	**1,248**	**275**	**(1,146)**	**2,591**
Movement in cash and cash equivalents	1,989	4,029	(768)	(360)
Cash and cash equivalents at start of year	**(2,649)**	**(671)**	**3,328**	**2,572**
Effects of currency translation on cash and cash equivalents	(11)	(30)	12	-
Cash and cash equivalents at end of year	**(671)**	**3,328**	**2,572**	**2,212**

Ratio Analysis - Cash Flows	2020A	2021A	2022A	2023F
Free Cash Flow (CFO prior to the payment of interest - Capex)	€1,876	€4,508	€2,194	€(1,744)

In FY22, the Group reported a net movement in cash and cash equivalents of €(0.8m) (FY21: €4.0m), which is the net result of €3.5m (FY21: €5m) cash flows from operating activities, €3.1m (FY21: €1.3m) cash outflows from investing activities and €1.1m (FY21: €0.3m) cash used in (generated from) financing activities.

As explained in section 2.4, the Group's revenue and subsequent profit figures returned to pre-pandemic levels. Also explained in the same section is the revenue spike in FY21 due to the sale of the majority of the TEN Apartments, revenue on which was negligible during the year under review.

During FY22, the Group had a cash outflow from investing activities of €3.1m, the majority of which was the purchase of PPE. Management noted that such expenses are not yet reflected in the Group's statement of financial position due to some of these assets being in the course of construction and due to the necessity of relative advance payments.

The Group's financing activities outflow was mainly the repayment of bank borrowings, as reflected in section 2.5 above.

Moving into FY23, the Group expects its cash from operating activities to be in line with the year under review, and expected further outflows for the purchase of PPE, partly funded by bank borrowings. This will result in a slightly lower end-of-year cash balance of €2.2m.

Part 3 - Key Market and Competitor Data

3.1 General Market Conditions

The Issuer is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Issuer's planning during development, this shall have an adverse impact on the financial condition of the Issuer and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

3.1.1 Malta Economic Update[4]

The Bank's Business Conditions (BCI) Index indicates that in February, annual growth in business activity remained slightly above its long-term average, estimated since January 2000. The European Commission confidence surveys show that in February, sentiment in Malta edged up from a month earlier, and stood above its long-term average, estimated since November 2002. When compared with the previous month, the improvement was largely driven by the construction and services sectors.

Additional survey information shows that price expectations stood around their year-ago level among consumers as well as in industry and services, with larger deviations for the remaining two sectors. In particular, price expectations stood firmly above their year ago level in the construction sector, while standing significantly lower in the retail sector.

In February, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased when compared with January, indicating lower uncertainty. Uncertainty fell mostly in industry. In January, industrial production grew at a strong, yet slower rate on a year earlier. Meanwhile, retail trade also increased at a slower pace in annual terms. The unemployment rate stood at 3.0% in January, marginally higher than the rate registered in the previous month, and unchanged from that registered in January 2022.

Commercial building and residential permits decreased in January relative to their year-ago level but exceeded those issued in December. In February, the number of promise-of-sale agreements rose on a year-on-year basis, while the number of final deeds of sales fell. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 7.0% in February, up from 6.8% in the previous month. Inflation based on the Retail Price Index (RPI) also increased, standing at 7.1% in February, from 6.9% in January.

Maltese residents' deposits expanded at an annual rate of 3.9% in January, following an increase of 4.0% in the previous month, while annual growth in credit to Maltese residents moderated to 7.3% from 7.6% a month earlier. In January, the deficit on the Consolidated Fund widened when compared with a year earlier, as government expenditure rose while revenue remained broadly stable.

3.1.2 Retail

Following the implementation of confinement measures by both local and international governments, retail stores had to close their doors in mid-March 2020. As the first wave of COVID-19 cases started to be controlled, retail stores were allowed to reopen in early May 2020. This enabled retailers to start crystallising some of their lost sales as consumer demand started to pick up. The recovery for certain retailers was short-lived after governments reintroduced restrictions on mass events such as prohibiting weddings, concerts, parties, and other large events.

Restrictions continued to be tightened and as from 11 March 2021, Malta re-entered in a quasi-lockdown state, which amongst other restrictions, resulted in the closure of non-essential shops, with these being allowed to re-open their respective doors in June-July 2021.

To alleviate liquidity challenges, the government of Malta launched the Malta Development Bank (MDB) COVID-19 Guarantee Scheme (CGS) for the purpose of guaranteeing new loans granted by commercial banks for working capital purposes to businesses facing liquidity shortfalls as a result of the pandemic. In terms of the number of facilities, the sector comprising wholesale and retail activities applied for the largest number of facilities and had the largest value of sanctioned loans.

Moving into 2022, the year started off strong with confidence within the local retail sector more than doubling in February 2022. Specifically, it edged up to 20.7 from 6.1 in January 2022. The following months produced some mixed results with confidence increasing to 16.6 in May before dropping to lows of -22.1 in August and closing off the year at 27.1.

According to latest data issued by the Central Bank of Malta, sentiment in the retail sector fell broadly in line with its long-term average of -0.5. It decreased sharply to -0.6 in February, from 25.4 a month earlier. In contrast to the previous month, expectations of business activity over the next three months turned slightly negative in February. At the same time, the assessment of sales in recent months almost halved, but

4 Central Bank of Malta – Economic Update 3/2023

remained positive. Furthermore, the share of retailers assessing their stock levels to be above normal increased compared with January.

From a macroeconomic perspective, despite a year of economic uncertainty and some mildly disappointing data points for February 2023, retail appears to be on an upward trajectory in the closing months of 2022 and early months of 2023, with innovation in digital technology and sustainability as the main exciting prospects in the face of the disruption brought about by the pandemic and Ukraine invasion. Unfortunately, churn is expected to remain in the short to medium term, so anticipating consumer needs has never been more imperative and critical in the retail industry.

3.1.3 Tourism

The tourism sector in Malta has been on a consistent upward trend since 2010, rising especially in the later years from 2017. The Maltese tourism industry has, in recent years, been renowned for its unabated growth, with each passing year yielding new record highs of inbound tourists visiting the island. Indeed, the tourism industry is considered to be a crucial pillar of the local economy as it is estimated to account for 30% of Malta's GDP[5].

Unfortunately, the tourism sector both locally and internationally has been severely impacted by the outbreak of the COVID-19 pandemic, bringing the previous positive trend to a halt. 2020 probably was the cycle bottom and some recovery in tourism figures was noticeable in 2021. On a global scale, tourism experienced a 4% upturn in 2021, (415 million versus 400 million a year earlier). However, international tourist arrivals (overnight visitors) were still 72% below the pre-pandemic year of 2019 in Q4 2021[6].

Locally, as early as March 2020, Malta started to introduce several confinement measures, with the eventual suspension of all passenger flights. Malta international airport was then reopened in July 2020 and demand for travel started picking up. However, as the pandemic progressed and newer waves and variants appeared, restriction measures were temporarily reintroduced, having an inevitable negative impact on tourism in Malta.

The unprecedented impact of the pandemic on the local tourism industry and the subsequent rebound is demonstrated through the data presented below. During 2021 local inbound tourists increased from 659k to 968k, representing a 46.9% increase YoY. Similarly, the industry experienced an increase in tourist guest nights from 5,227k in 2020 to 8,390k in 2021, which is a 60.5% increase YoY. In a similar fashion, total tourist expenditure increased by 91.4% in 2021 when compared with 2020.

In 2022, tourism continued its revival in Malta, in line with the improvement of the tourism situation in Europe however the figures still lag 2019 figures. Statistics clearly illustrate that the number of inbound tourists already increased by 136.3% vs. 2021. Similarly, tourist guest nights increased by 97.9% until December 2022 when compared to full-year 2021. Total expenditure increased by 131.1% on the same basis. The above trends are also summarised in the following table, illustrating the number of tourist arrivals over the last four years:

Category[7]	2019	2020	2021	2022	2021 vs. 2022
Inbound tourists*	2,753	659	968	2,287	136.3%
Tourist guest nights*	19,339	5,227	8,390	16,600	97.9%
Avg. length /stay	7.0	7.9	8.7	7.3	-16.1%
Tourist expenditure**	2,221	455	871	2,013	131.1%
Tourist exp. per capita (€)	807	691	899	880	-2.1%

*in thousands
**in € millions

Tourist arrivals for 2022 albeit strong were still only 83% of the pre-pandemic year while the average length of stay during 2022 was marginally higher than that registered in 2019. Average daily spend by tourists reached €120.54, which above the level of spend registered in 2019, the same year that Malta registered a record in inbound tourism.

5 https://www.mta.com.mt/en/news-details/384

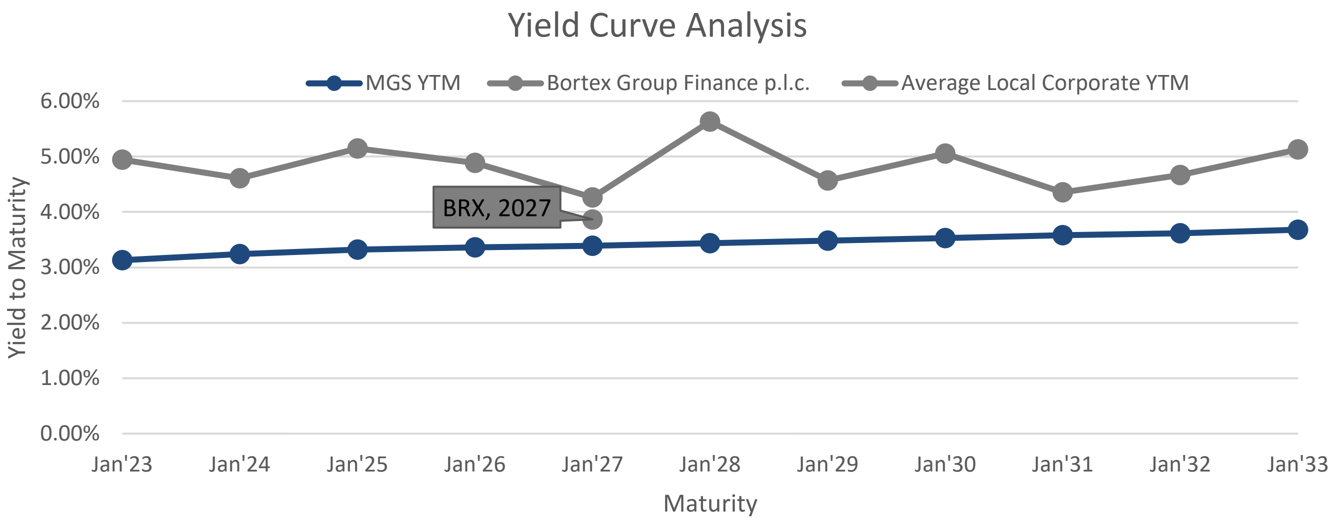
6 https://www.unwto.org/news/tourism-grows-4-in-2021-but-remains-far-below-pre-pandemic-levels

7 National Statistics Office, Malta

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5.8% International Hotel Investments plc 2023	10,000	3.22%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
6% AX Investments Plc € 2024	40,000	3.85%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
6% International Hotel Investments plc € 2024	35,000	5.89%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.74%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
4.35% Hudson Malta plc Unsecured € 2026	12,000	4.35%	10.9x	59.0	12.6	78.7%	68.5%	4.2x	1.5x	11.5%	3.4%	0.0%
4% International Hotel Investments plc Secured € 2026	55,000	3.99%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
5% Dizz Finance plc Unsecured € 2026	8,000	5.15%	3.5x	72.1	4.8	93.4%	91.3%	14.2x	0.7x	-34.8%	-11.0%	40.8%
4% International Hotel Investments plc Unsecured € 2026	60,000	4.16%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	4.61%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	4.17%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.35% SD Finance plc Unsecured € 2027	65,000	5.18%	5.0x	350.0	142.1	59.4%	27.2%	2.7x	1.3x	7.7%	26.2%	134.0%
4% Eden Finance plc Unsecured € 2027	40,000	4.39%	3.7x	193.5	109.3	43.5%	28.6%	5.9x	1.1x	0.9%	4.3%	86.6%
4% Stivala Group Finance plc Secured € 2027	45,000	4.12%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
3.75% Bortex Group Finance plc Unsecured € 2027 (xd)	12,750	3.87%	6.3x	67.3	32.8	51.3%	42.1%	5.0x	3.5x	3.6%	5.5%	-12.0%
4% SP Finance plc € Secured 2029	12,000	4.38%	0.5x	40.0	16.0	60.0%	55.6%	48.8x	0.4x	-8.0%	-62.8%	71.5%
3.65% Stivala Group Finance plc Secured € 2029	15,000	5.07%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	4.18%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
4.25% Mercury Projects Finance plc Secured € 2031	13,000	4.40%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
5% Von der Heyden Group Finance plc Unsecured € 2032	35,000	5.00%	0.7x	133.5	40.9	69.4%	61.3%	59.9x	2.0x	-5.4%	-19.3%	-51.0%
		4.55%										

Source: Audited financial statements for FY21

* Last closing price as at 18/04/2023
**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 (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the yield of Bortex Group Finance plc bond.

As at 18 April 2023, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 2-6 years (2025-2029) was 118 basis points. The 3.75% Bortex Group Finance plc 2027 is currently trading at a YTM of 387 basis points, meaning a spread of 48 basis points over the equivalent MGS. This means that this bond is trading at a discount of 71 basis points in comparison to the market.

Part 4 - Glossary and Definitions

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

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

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

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

Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	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.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

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

Calamatta Cuschieri

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