Financial Analysis Summary

24 June 2021

Issuer

Hal Mann Vella Group p.l.c.

MZ INVESTMENT SERVICES

MZ INVESTMENT SERVICES

The Directors
Hal Mann Vella Group p.l.c.
The Factory
Mosta Road
Lija LJA 9016

24 June 2021

Dear Sirs

Hal Mann Vella Group p.l.c. Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Hal Mann Vella Group p.l.c. (the "**Group**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2018 to 31 December 2020 has been extracted from the audited consolidated financial statements of the Company.

(b) The forecast data of the Group for the year ending 31 December 2021 has been provided by management of the Company.

(c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

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PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

Hal Mann Vella Group p.l.c. (the "**Company**", "**Issuer**" or the "**Group**") is the parent company of the Hal Mann Vella Group. The Group is principally engaged in the running of a diverse portfolio of business entities involved in: the manufacture and business of stone, marble, granite, terrazzo tiles and pre-cast elements; general contracting and other services; property development, letting and resale; as well as operation of photovoltaic (PV) systems.

The Hal Mann Vella Group was established over 65 years ago and at the time was solely involved in the manufacture of terrazzo tiles for the local market. During the six decades the business progressed with the launch of new products to the market, which included the manufacture of other forms of tile, such as resin tiles, and also the supply of stone, marble and granite.

The Group is committed to maintain a strong presence in its target markets, especially in Malta, and is therefore constantly improving its manufacturing processes through investment in the latest machinery and techniques. Moreover, the management team continues to enhance the product range on offer, including the availability of tailor-made solutions, to ensure that the Group meets its customers' demands.

2. DIRECTORS AND SENIOR MANAGEMENT

The Company is managed by a Board consisting of six directors entrusted with its overall direction and management, including the establishment of strategies for future development. The list of Board members is detailed hereunder:

Board of Directors

Martin Vella	Chairman
Mark Vella	Executive Director
Joseph Vella	Executive Director
Miriam Schembri	Non-Executive Director
Arthur Galea Salomone	Independent Non-Executive Director
Mario P. Galea	Independent Non-Executive Director

The senior management team of the Group is composed as follows:

Senior Management

Kevin Rapinett	Group Chief Executive Officer
Chris Tonna	Group Financial Controller
Owen Farrugia	Director of Sales
Hugh Vella	Director of Operations
Martin Ciappara	IT Director
Karl Vella	Head of Realty
Rachel Micallef	Head of Supply Chain Management

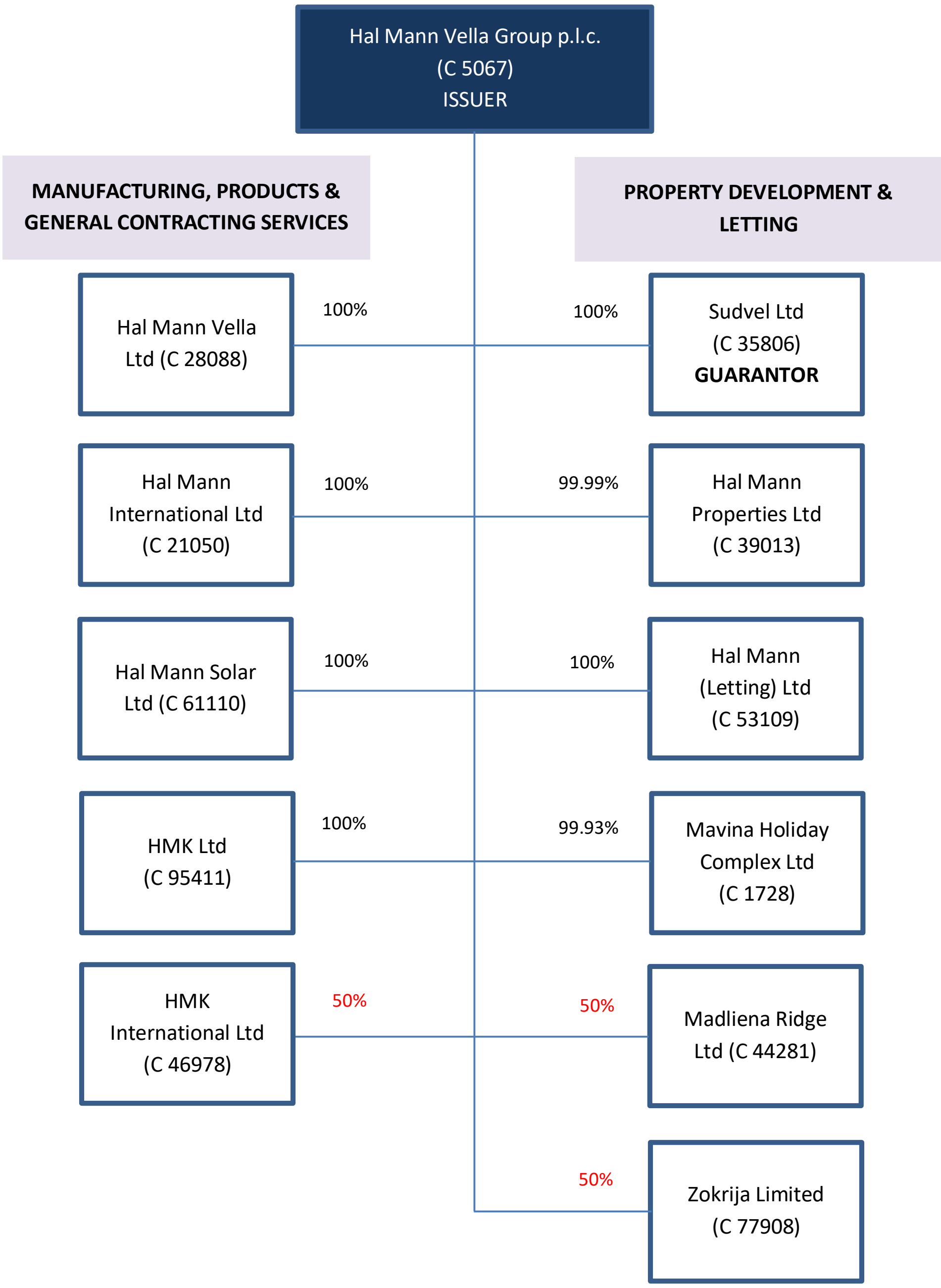
The Executive Directors and the senior management team are entrusted with the Group's day-to-day management. They are also responsible for the identification and execution of new investment opportunities and the funding of the Group's investments.

The main functions of the Non-Executive Directors are to monitor the operations of the Group and the performance of the Executive Directors, as well as to review any proposals tabled by the Executive Directors. In addition, the Non-Executive Directors have the role of acting as an important check on the possible conflicts of interest for the Executive Directors in view of their dual role as Executive Directors of the Company and their role as officers of the Hal Mann Vella Group.

3. GROUP OPERATIONAL DEVELOPMENT

3.1 Organisational Structure

Hal Mann Vella Group p.l.c. (the "Company") is the parent company of Hal Mann Vella Group and is primarily focused on establishing and monitoring strategic direction, and development of the Group. As the holding company of the Group, the Company is ultimately dependent upon the operations and performance of the Group's operating companies. The organisational structure of the Group as at 31 December 2020 is illustrated in the diagram below:



HMK Limited was incorporated on 13 May 2020 and is engaged in the importation, supply, selling and, or assembly of prefabricated structures and material relating to prefabricated structures and raised flooring.

Madliena Ridge Ltd is a non-trading company and is presently being liquidated.

In addition to the companies highlighted in the above organisational structure, the Issuer has a 50% equity shareholding in Hal Mann Holdings Ltd and a 20% shareholding in Hal Mann Projects Limited. The said companies are non-trading entities and will be liquidated in due course.

3.2 Major Assets Owned by the Group

The Hal Mann Vella Group is the owner of various properties which are included in the consolidated balance sheet under the headings: 'property, plant & equipment', 'investment property', and 'property held-for-sale'. The following is a list of major assets owned by the Group.

Hal Mann Vella Group p.l.c. **Major Assets** **As at 31 December**	**2018** **€'000**	**2019** **€'000**	**2020** **€'000**
Hal Mann factory, plant & machinery and adjacent buildings	36,954	34,730	38,674
50% of Warehouse Complex (known as "NAVI Building")	2,300	2,325	2,432
Commercial building (known as "E-Pantar") (5,200m^2)	23,232	23,232	24,198
Site in Lija (17,000m^2)	405	508	510
Villa in Madliena	2,500	2,500	2,500
Mavina and Huli hotels ***(note 3)***	6,800	6,800	7,575
Merchant Suites, Valletta (temporary emphyteutical grant) ***(note 1)***	2,200	-	-
Spinola apartments ***(note 2)***	2,170	870	925
Solar panels	1,200	1,124	1,012
Apartment and garage at tas-Sellum, Mellieha	675	675	675
Site in Kappara (development of 4 semi-detached villas)	2,034	2,185	2,741
Site in Mosta (development of 17 apartments and car spaces)	-	1,365	1,979
Commercial property - Old Bakery Street, Valletta	-	1,085	1,750
Other assets	4,122	5,307	4,557
	84,592	**82,706**	**89,528**

Note 1: In FY2019, the asset was reclassified to "right-of-use assets".

Note 2: In January 2019, the Group sold 5 apartments and 3 car park spaces for €1.3 million.

Note 3: The properties are leased to a third party for the period ending April 2026.

Source: Consolidated audited financial statements of Hal Mann Vella Group p.l.c. for the years ended 31 December 2018 to 2020.

3.3 Overview of the Principal Business Segments

The Hal Mann Vella Group is organised into two distinct business units – manufacturing, products & general contracting services and property development & letting - as detailed hereunder.

3.3.1 Manufacturing, products & general contracting services

The Group companies forming part of this segment are primarily responsible for: (i) the manufacture of tiles and pre-cast elements; (ii) importation of marble, granite and natural stone; and (iii) tendering for contracts primarily in Malta.

Raw materials are the basic material from which products are manufactured or made. The Hal Mann Vella factory stocks more than 100 natural stones sourced from around the world and include: marble, granite, travertine & onyx, hard stone, composite stone and terrazzo & terrazzo pre-cast elements.

- **Marble** – Just like limestone and sandstone, marble has many uses. It is particularly suitable for kitchens and bathrooms, but is also used for flooring, cladding and vanity tops.
- **Granite** – Its hardness makes it virtually maintenance free and unlike other solid surfaces granite does not scratch or stain. It is applicable for cladding, flooring, paving and work surfaces.
- **Travertine & Onyx** – Travertine is a stone which has an uneven surface, since in its natural state it is typically full of gas bubbles. As a result, when it is manufactured as tiles or slabs, travertine is generally filled with cement and polished or honed. Onyx, like travertine, is a type of stone. It is a very soft stone and is characterised by its translucence.
- **Hard stone** – The Hal Mann Vella Group manufactures products from Maltese hard stone, which can be applied for cladding, masonry, flooring, paving and work surfaces. This type of stone was used by Architect Renzo Piano for the City Gate Project in Valletta, Malta.
- **Composite stone** – Quartz composite is a manmade stone which is produced by mixing natural quartz crystals and resin, thereby forming very hard, low porosity slabs. This stone is very durable and is typically used for any indoor surfacing application such as in kitchens and bathrooms, and for flooring purposes.
- **Terrazzo** – This is the name given to the process of producing tiles, or pre-cast elements (staircases, risers, pool copings, vanity tops, covings, amongst others), from a cement based marble/granite aggregate mix. The Group uses high performance cements with special additives, combined with graded marble and granite aggregates. The main applications for terrazzo include public areas (such as airports, hospitals, schools, supermarkets and hotels) and private residences.

Apart from exclusively representing international brands such as Dekton, Silestone, Marca Corona and Ceramiche Keope, in 2018, the Group also secured the exclusive distributorship of Infinity Surfaces. Infinity specialises in the production of high performance slabs in porcelain stoneware, which are ideal for a number of applications such as kitchen tops.

Complementing the manufacturing operations detailed above, the Group provides general contracting services to both corporate and private clients.

3.3.2 Property development & letting

Hal Mann Properties Ltd is a company set up to acquire property and engage in property development. The company's current portfolio of property developments includes the following:

- During FY2020, the company sold 1 apartment in Mgarr and 10 apartments in Zebbiegh for an aggregate consideration of €3.2 million. Remaining inventory as at 31 December 2020 included 2 apartments in Mgarr and 1 apartment in Zebbiegh, all of which were subject to preliminary sale agreements. The respective sale contracts were signed in Q1 2021.

- The company is presently developing a site in Kappara, which on completion will comprise 4 semi-detached villas, two of which are subject to a promise of sale agreement. The estimated cost of development is *circa* €600,000 and completion is scheduled for Q3 2021. It is intended for the properties to be sold in shell form. The project is being funded mainly through a bank loan.

- During 2019, the company acquired a site in Mosta for the development of 15 apartments, 2 penthouses and 16 garages. The said project is expected to be completed by Q4 2021 at an estimated development cost amounting to *circa* €1.5 million and is principally being financed through bank borrowings. Eight residential units from this project are subject to promise of sale agreements.

- In Q4 2021, the company will be commencing development on a site in Mgarr which is already owned by the Group. The development will include 10 apartments and is to be partly funded by bank borrowings.

- The Group is presently in negotiations to acquire a site in Ghajnsielem, Gozo for the development of 4 terraced houses. The project is scheduled for completion in Q4 2022 and will be partly financed through a bank loan facility.

Hal Mann (Letting) Limited owns 3 apartments and 5 car park spaces within a residential block known as Spinola Residence, located in Spinola Road, St Julians, Malta. The units are presently rented out on a short-term basis.

In FY2018, the company acquired a boutique hotel in Valletta, known as Merchant Suites, by title of temporary emphyteusis for a period of 20 years. The property was leased to a third party who has terminated early the lease agreement. Notwithstanding, a new tenant has been identified for the operation of the property.

During FY2019, a property situated in Old Bakery Street, Valletta was acquired by the company for the amount of €1.1 million. The company is close to finalising the conversion of this property into a commercial building (office space) at a cost of *circa* €1.1 million. Negotiations are currently underway with a prospective tenant to lease the whole property.

Sudvel Limited owns a property (known as "E-Pantar") having a footprint of *circa* 5,200m^2 and is located within the premises of Hal Mann Vella Group. The property includes *circa* 14,000m^2 of office space and a further 5,000m^2 of common areas and external space. The E-Pantar building has been leased to Transport Malta for a period of 10 years as from Q3 2017.

The company also owns 50% of a warehouse complex (known as "NAVI Building") having a footprint of *circa* 1,200m^2 and situated in Pantar Road, Lija. The said property is leased to third parties.

Sudvel Limited also owns an apartment and a lock-up garage situated at Tas-Sellum, Mellieha, Malta and also owns a parcel of land in Lija measuring *circa* 17,000m^2.

- Halmann Vella Showroom & Office Premises
- Halmann Vella Factory & Stores
- Leased Property: Navi Building
- Leased Property: E-Pantar
- Leased Property: Central Office Building Block A

The above picture is an aerial shot of the Group's property situated in Mosta Road, Lija, which is hypothecated in favour of FJV Fiduciary Ltd, as security trustee, for the benefit of the holders of €30,000,000 5% Secured Bonds 2024 (ISIN: MT0000811209). The carrying value as at 31 December 2020 of the subject property is €54.9 million (FY2019: €51.7 million).

3.4 Business Overview and Development Strategy

In order to maintain its competitive edge in the market, the Group's management reviews operational methodologies and performance on an on-going basis, monitors developments in the industry and ensures that it maintains excellent relations with its clients.

The COVID-19 pandemic has impacted the Group's operations and its customers to varying degrees. Despite continuity of operations throughout 2020, the business pillars of the Group – manufacturing, property development and property letting – had a mixed performance. A number of major projects, including Iniala Hotel, Embassy Hotel and Bay Street, were completed during the year. However, there have been delays in other projects where the Group has material contracts. As such, it is expected that the Group will continue to face headwinds in the near term and a lag effect on the industry is not excluded.

The Group's property development projects in progress from 2019 were all successfully completed and sold during 2020 with a few remaining contracts signed early in 2021. The Group has since commenced other development projects and sales have progressed to plan (described further in section 3.3.2 of this report).

The property letting business has been the hardest hit from the pandemic where a number of lease agreements had to be discounted, reduced or deferred as tenants could not meet their contractual obligations.

The Group's near term strategy is to continue to invest in its business and develop further its products and assets with a view to realising and maximising its financial potential. Growth and diversification required investment in a more efficient logistics and warehousing centre, which is being completed at a cost of *circa* €1 million. In addition, the Group invested €700,000 to modernise its fleet of vehicles. Moreover, the Group is due to commence development of an extension to its Hal Far factory, which will increase the Group's manufacturing site footprint from 14,000m^2 to *circa* 22,000m^2.

3.5 Malta Economic Update[1]

Malta's economy should see a robust recovery in 2021 and 2022, provided that the tourism sector opens up safely. The recovery is expected to be driven by a rebound in tourism-related services exports, household consumption and investment. Given the supportive fiscal policy stance, the general government deficit is set to widen further in 2021 before improving in 2022 on the back of an accelerating recovery and a winding-down of fiscal support measures.

The COVID-19 pandemic has decimated tourism proceeds and made a deep dent in consumption. Malta's GDP[2] fell significantly in 2020 with services exports and household consumption contracting sharply under the pressure of the pandemic and related safety measures. On the contrary, financial services and gaming sector exports continued to perform robustly. Although the pandemic has clearly

[1] Economic Forecast – Spring 2021 (European Commission Institutional Paper 149 May '21).
[2] Gross Domestic Product (GDP) is an estimate of the value of goods and services produced in the economy over a period of time.

depressed economic activity in Malta, the government's sizeable stimulus package has managed to partially offset some of the impact. Wage supplement schemes and other business support measures appear to have cushioned the drop in consumption.

Consumption and investment are expected to pick up as the recovery takes hold, helped by high levels of accumulated savings. The faster-than-expected rollout of vaccinations in Malta, the high rate of vaccination in the UK, and a gradual easing of restrictions in the EU, should put the tourism sector back on the path to recovery in the second half of 2021 and re-invigorate domestic demand. In 2021, real GDP growth is expected to reach 4.6%, mainly driven by domestic consumption and net exports, as inbound tourism and global trade recover. Robust government expenditure is likely to continue supporting the economy, including via public investment. With both exports and imports recovering, the current account deficit is still expected to widen this year before starting to decrease in 2022.

Supported strongly by policy measures, headcount employment actually increased in 2020 especially in the public sector, professional services, and construction, while there was only a limited increase in Malta's unemployment rate, to 4.3% from 3.6% in 2019. As employment is expected to continue growing at a slow pace, the decrease in unemployment is expected to be gradual.

Harmonised Index of Consumer Prices (HICP)[3] inflation averaged 0.8% in 2020, contained mainly by lower energy and services inflation against a backdrop of contracting demand. In 2021, inflation is expected to rise to 1.2% as domestic demand and tourism services recover. In line with a stronger economic recovery in 2022, inflation is set to increase further to 1.5%.

The government deficit increased to over 10% of GDP in 2020. The major increase in expenditure related to pandemic-mitigating measures was the main reason behind the deteriorating fiscal balance. These measures included a wage support scheme, a voucher scheme to support the hospitality and retail sectors, utility and rent subsidies for businesses, and healthcare-related outlays, which overall amounted to somewhat less than 6.5% of GDP in 2020. On the revenue side, the steep fall in household and tourist consumption led to a drop in indirect tax revenue. Corporate tax revenues plunged, reflecting the worsened profitability of companies. Sustained by government measures and the relatively good performance of the labour market, revenue from social contributions actually increased.

In 2021, the government deficit is projected to increase further to 11.8% of GDP reflecting ongoing supportive fiscal policy. Growing private consumption and a gradual revival of tourism are expected to support the government's intake from indirect taxes. Revenue from income taxes is projected to grow in line with modest wage growth and the stabilised operating environment for businesses. Proceeds from the investor citizenship scheme are expected to stabilise at last year's level. The measures to sustain the recovery including the extended wage supplement scheme, a new round of the voucher scheme, and newly introduced measures to restore the tourism sector, are expected to continue in

[3] The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.

2021. As the economy accelerates and economic support measures wear off, the deficit is forecast to decline in 2022 to around 5.5% of GDP.

The government debt-to-GDP ratio surged to 54.3% in 2020 following the deterioration of the fiscal position. Reflecting ongoing high primary deficits, the debt ratio is set to increase further and reach 65.5% in 2022.

3.6 Market Overview

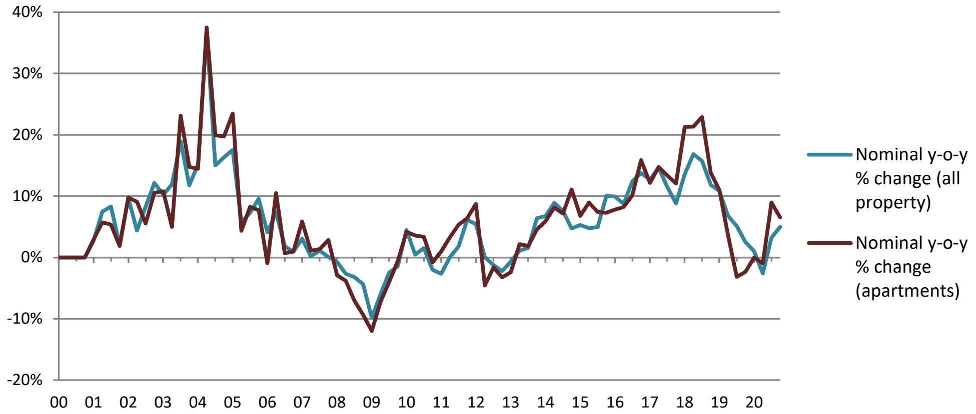
The manufacturing, products & general contracting services and property development & letting segments of the Group are directly correlated to the property market in Malta.

During the last five years (Q4 2015 to Q4 2020), property prices increased by 49%, primarily on account of a strong economy and a robust labour market. Further analysis of the chart[4] below shows that the 12-month upward trend in prices (in percentage terms) increased at an accelerating rate from Q2 2013 up to Q2 2018, after having gone through a volatile period between FY2008 to FY2012 as a result of the global financial crisis and its aftermath. In the subsequent 6 quarters - Q3 2018 to Q4 2019 - property prices continued to increase albeit at a slower pace. Property prices in Q2 2020 registered a decline of 2.6% over the comparative period a year earlier as a consequence of the COVID-19 outbreak which brought the whole economy to an abrupt halt. Notwithstanding the subdued economic activity in Q3 and Q4 2020, property prices in each of the said quarterly periods were higher compared to the prior year by 3.3% and 5.0% respectively.

The nominal year-on-year change in apartment prices broadly tracked the aggregate property price movements over the periods under review, except for the periods Q1 2018 to Q4 2019, wherein the yearly increase in prices of apartments between Q1 2018 and Q3 2018 was higher when compared to the broader property market but declined comparably faster in the subsequent periods (Q4 2018 to Q4 2019). Moreover, in Q3 2019, apartment prices registered a decrease of 3.2% compared to Q3 2018 and declined by a further 2.4% in the subsequent quarter on a comparable basis. In Q1 and Q2 2020, prices of apartments were broadly unchanged, but were higher by 9.0% and 6.5% in Q3 and Q4 2020 respectively (on a yearly basis).

[4] https://www.centralbankmalta.org/real-economy-indicators (property prices index based on advertised prices (base 2000 = 100)).

CHART I: Change in Property Prices

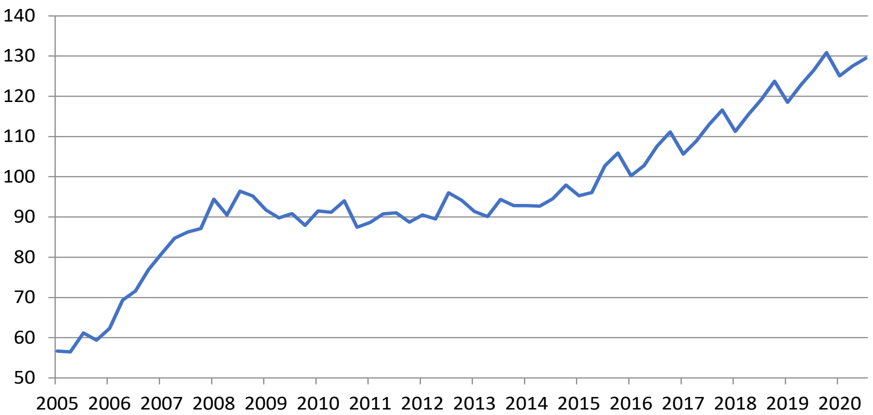


Source: Central Bank of Malta

The above data mainly provides trend information as advertised property prices may not accurately reflect the prices at which sales actually take place.

Eurostat's House Price Index for Malta[5] – which captures price changes of all residential properties purchased by households (including flats, detached houses, terraced houses, etc) - also indicates that residential property prices increased. The latest data available refers to Q3 2020 and shows that said prices increased by 2.4% compared with the same quarter of 2019, and over a 5-year period (Q3 2015 to Q3 2020), prices increased by 26% (vide Chart II below).

CHART II: Malta House Price Index



Source: Eurostat

Prior to the pandemic crisis, residential property prices were supported by numerous factors, including the low-interest rate environment that makes property more attractive as an investment, as well as the Government's schemes for first-time and second-time buyers. Demand for residential property was also driven by favourable labour market conditions, strong growth in tourism (particularly in

[5] https://ec.europa.eu/eurostat/tgm/download.do?tab=table&plugin=1&language=en&pcode=tipsho40 (the data is expressed as quarterly index (2015 = 100)).

private accommodation), disposable income and an increase in foreign workers. The Individual Investor Programme also contributed, although property acquisitions under this Programme account for a limited proportion of all property transactions.[6]

On 8 June 2020, the Government of Malta announced a plan to regenerate the economy following the impact of COVID-19 on the country. Measures relating to immovable property include a reduction in taxation from 8% to 5% on sales of property, whilst stamp duty levied on the acquisition of property will be charged at 1.5%. These reductions apply to preliminary agreements entered into until the end of July 2021, provided the final transfer is made by 31 January 2022. Also, Budget 2021 extended or introduced more favourable terms on a number of existing schemes supporting the property market.

In 2020, the number of final deeds of sale relating to residential property amounted to 11,045 compared to 14,013 deeds in 2019. The value of deeds completed in 2020 amounted to €2,086.6 million, a decrease of 23% when compared to the prior year (2019: €2,699.7 million).

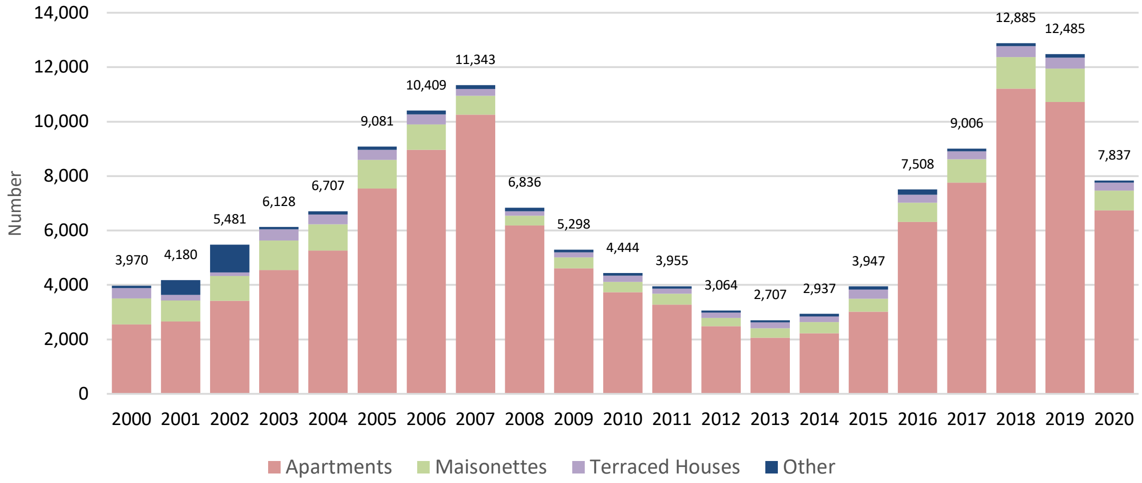
In the first quarter of 2021, 3,213 final deeds of sale were registered, an annual increase of 8.7% (Q1 2020: 2,956 deeds). The value of deeds registered during this period rose by 15.2% over the same quarter of the previous year and amounted to €649.7 million. In Q1 2021, the number of promise of sale agreements reached 3,980. This represents an annual increase of 56.9%.[7]

The number of permits issued for the construction of residential dwellings declined in 2019 following five consecutive years of substantial growth but remained high from a historical perspective (standing at 12,485 units compared to 12,885 units in 2018) (see Chart III below). This was entirely due to a lower number of permits issued for the construction of apartments, which were down by 4.3% (in terms of residential units).

The COVID-19 pandemic could have contributed to a 37% decline in permits issued in 2020 compared to the prior year, from 12,485 units in 2019 to 7,837 units. Apartments accounted for 85.9% of total residential permits issued during the year (2019: 85.9%), while maisonettes and terraced houses accounted for 9.3% (2019: 9.8%) and 3.8% (2019: 3.2%) respectively.

[6] Central Bank of Malta Quarterly Review 2020:1 (page 43).
[7] https://nso.gov.mt/en/News_Releases/Documents/2021/04/News2021_069.pdf

CHART III: Development Permits for Dwellings (number of units)



Although the construction industry was not part of the containment measures taken by Government to stem the spread of COVID-19, this sector was impacted indirectly as market sentiment changed from an optimistic outlook to a more cautious one. More clarity on the impact of this pandemic on the economy will be required before investors can regain confidence to pursue sizable development opportunities.

With regard to commercial property in Malta, related market data is not currently available and thus it is more difficult to gauge the health of this sector. Prior to COVID-19, general business sentiment and the continued drive to promote Malta as a regional hub for the provision of business-related services (notably in the financial, i-gaming, back-office services, information technology, aircraft registration and maritime) generated a positive trend in the commercial property sector, in particular office space.

Going into 2021, there are still multiple uncertainties over COVID-19 and its impact on people's health, freedom of movement and the global economy. Vaccine rollouts, travel restrictions and return to workplace policies remain major barriers and accordingly, it is too early to reliably determine the full impact of the pandemic on the commercial property sector in Malta. It is probable that commercial rent rates will trend lower in the near term and may continue in this trajectory until there is a return to normality coupled with a better outlook in terms of demand for such property.

PART 2 – GROUP PERFORMANCE REVIEW

4. FINANCIAL INFORMATION RELATING TO HAL MANN VELLA GROUP PLC

The following financial information is extracted from the audited consolidated financial statements of Hal Mann Vella Group p.l.c. (the "**Company**") for the three years ended 31 December 2018 to 2020. The forecast financial information for the year ending 31 December 2021 has been provided by the Company.

The projected financial information described below relates to events in the future and is based on assumptions which the Company 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.

Hal Mann Vella Group p.l.c. Consolidated Statement of Total Comprehensive Income for the year ended 31 December	**2018 Actual €'000**	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Forecast €'000**
Revenue	22,563	22,394	23,462	26,657
Manufacturing, products & contracting services	15,908	19,138	18,197	20,520
Property development	3,993	956	3,138	3,935
Rental Income	2,662	2,300	2,127	2,202
Profit on sale of quoted equity securities	-	47	-	-
Profit on sale of investment property	40	82	-	-
Other operating income	104	207	389	540
Cost of sales and other operating charges	(17,660)	(17,190)	(18,942)	(21,601)
EBITDA	**5,047**	**5,540**	**4,909**	**5,596**
Depreciation	(764)	(922)	(1,202)	(1,479)
Change in fair value of investment property	2,822	479	1,506	-
Share of results of joint ventures	70	1,314	41	-
Dividends	4	4	-	-
Loss on derecognition of lease	-	-	(729)	-
Finance and similar income	1	334	195	-
Finance costs	(2,207)	(2,410)	(2,405)	(2,119)
Profit before tax	**4,973**	**4,339**	**2,315**	**1,998**
Taxation	(1,382)	(1,454)	(879)	(564)
Profit after tax	**3,591**	**2,885**	**1,436**	**1,434**
Other comprehensive income:				
Revaluation on property, plant & equipment, net of deferred tax	-	-	734	-
Other comprehensive income	101	58	3	-
Total comprehensive income	**3,692**	**2,943**	**2,173**	**1,434**

Hal Mann Vella Group p.l.c. **EBITDA (Earnings before interest, tax, depreciation and amortisation)** **for the year ended 31 December**	**2018** **Actual** **€'000**	**2019** **Actual** **€'000**	**2020** **Actual** **€'000**	**2021** **Forecast** **€'000**
EBITDA has been calculated as follows:				
Operating profit	4,283	4,618	3,707	4,117
Add back:				
Depreciation	764	922	1,202	1,479
EBITDA	**5,047**	**5,540**	**4,909**	**5,596**

Key Accounting Ratios	**FY2018** **Actual**	**FY2019** **Actual**	**FY2020** **Actual**	**FY2021** **Forecast**
Operating profit margin *(EBITDA/revenue)*	22%	25%	21%	21%
Interest cover (times) *(EBITDA/finance cost)*	2.29	2.30	2.04	2.64
Net profit margin *(Profit after tax/revenue)*	16%	13%	6%	5%
Earnings per share (€) *(Profit after tax/number of shares)*	0.72	0.58	0.29	0.29
Return on equity *(Profit after tax/shareholders' equity)*	8%	6%	3%	3%
Return on capital employed *(EBITDA/total assets less current liabilities)*	5%	6%	5%	6%
Return on assets *(Profit after tax/total assets)*	3%	2%	1%	1%

Source: MZ Investment Services Ltd

Revenue during **FY2018** increased y-o-y by €2.9 million (+14%) from €19.7 million in FY2017 to €22.6 million. Revenue generated from manufacturing, products & contracting services decreased by €1.1 million (-7%, y-o-y) to €15.9 million, whilst revenue from property development increased from €1.5 million in FY2017 to €4.0 million in FY2018 (+€2.5 million, y-o-y). In 2018, the Group was involved in the following projects: Tipico Tower and the Laguna Development at Portomaso, the Farsons Brewery, The Centre at Tigne Point, Bet365 Offices, Crane Currency and the Ta' Qali Crafts Village. The Group was also entrusted with works at The Cumberland Hotel, Solana Hotel, Merchant Suites, Sally Port Suites and Corinthia Hotel Budapest.

During the reviewed year, rental income more than doubled from €1.2 million in FY2017 to €2.7 million in FY2018, primarily on account of the lease of E-Pantar Building to Transport Malta in late 2017. Overall, EBITDA improved y-o-y by €0.6 million (+14%) to €5.0 million (FY2017: €4.4 million).

An uplift of €2.8 million in the fair value of investment property was registered in FY2018, and after taking into account depreciation of €0.8 million, share of profits from joint ventures of €0.1 million, and net finance costs of €2.2 million, the Group achieved a profit before tax of €5.0 million, a decrease of €1.4 million from a year earlier (FY2017: €6.4 million). Total comprehensive income in FY2018 amounted to €3.7 million compared to €7.5 million in the prior year. The comparative amount included a revaluation surplus on property, plant & equipment of €2.9 million.

The Group's revenue in **FY2019** was broadly unchanged when compared to FY2018 and amounted to €22.4 million (FY2018: €22.6 million). Revenue generated from manufacturing, products & contracting services increased by €3.2 million (+20%) to €19.1 million. Major projects during the year included the M.U.S.E.U.M. Auditorium at Blata L-Bajda, the Nubis Centre in Lija, BDO Malta's headquarters, Beefbar at St Paul's Bay, Westin Dragonara Resort, Phoenicia Hotel, Marriott Hotel and the Rosselli Hotel.

In contrast, revenue from property development decreased substantially from €4.0 million in FY2018 to €0.9 million in FY2019. During the year, the Group sold one villa at Tal-Virtu, Rabat. Rental income generated in FY2019 was also lower by €0.4 million compared to the prior year and amounted to €2.3 million (FY2018: €2.7 million).

Adoption of IFRS 16 (leases) as from 1 January 2019

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group adopted IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, the right-of-use asset equals the lease liability on transition date, and no equity adjustment will be recognised on initial application of IFRS 16. Comparative information is not restated. Accordingly, the Group has recognised a right-of-use asset and a lease liability in the statement of financial position for the lease of various items of plant, machinery, vehicles and other equipment used in its operations. With regard to the impact in the consolidated statement of total comprehensive income, the nature of the relevant expense has changed from being an operating lease expense to depreciation and interest expense.

The following are the amounts recognised in profit or loss:

Hal Mann Vella Group p.l.c. **As at 31 December**	**2018** **€'000**	**2019** **€'000**
Upon adoption of IFRS 16		
Depreciation expense of right-of-use assets	-	107,833
Interest expense on lease liabilities	-	326,800
Expense relating to short-term leases and leases of low-value assets (included in cost of sales and other operating charges)	-	24,091
	-	458,724
Prior to adoption of IFRS 16		
Interest expense on lease liabilities	71,138	-
Rental expense (included in cost of sales and other operating charges)	298,811	-
	369,949	-
Total amount recognised in profit or loss	**369,949**	**458,724**

EBITDA in FY2019 amounted to €5.5 million, a y-o-y increase of €0.5 million (FY2018: €5.0 million) partly on account of the adoption of IFRS 16. As shown above, in FY2019, cost of sales and other operating charges was lower from the prior year by €274,720 (being €298,811 less €24,091). This had a positive impact on EBITDA. On the other hand, depreciation and interest expense increased due to IFRS 16 by €107,833 and €255,662 (being €326,800 less €71,138) respectively.

During the year, the fair value of the Group's investment property was increased by €479,000 (FY2018: €2.8 million). Share of results of joint ventures amounted to €1.3 million (FY2018: €70,000), primarily generated from the Group's shareholding in Zokrija Limited. This income was generated from the sale of a parcel of land situated in the Zokrija area in Mosta.

Net finance costs in FY2019 amounted to €2.1 million compared to €2.2 million in FY2018, while taxation was comparable on a y-o-y basis at €1.5 million. In FY2019, the Group reported a net profit after tax amounting to €2.9 million, a decrease of €0.7 million from the prior year (FY2018: €3.6 million).

Revenue in **FY2020** increased by €1.1 million from €22.4 million in FY2019 to €23.5 million. Revenue generated from manufacturing, products & contracting services decreased marginally by €941,000 (y-o-y) to €18.2 million. Notable projects completed during the year included Iniala Hotel, Embassy Hotel and Bay Street.

The property development segment of the Group generated €3.1 million in FY2020 from the sale of 1 apartment in Mgarr and 10 units in Zebbiegh (FY2019: €956,000). Rental income was lower on a comparable basis by €173,000 and amounted to €2.1 million (FY2019: €2.3 million).

Net operating costs were higher on a comparable basis by €1.6 million (+9%) from €17.0 million in FY2019 to €18.6 million in FY2020. Consequently, EBITDA decreased by €631,000 (-11%, y-o-y) from €5.5 million in FY2019 to €4.9 million in FY2020.

Profit before tax decreased by €2.0 million (-47%), from €4.3 million in FY2019 to €2.3 million in FY2020. Apart from the lower EBITDA (explained above), profitability was impacted by a €729,000 lease accounting loss which emanated from the difference between the lease receivable and right-of-use assets of the terminated long-term lease agreement related to the Merchant Suites. Furthermore, share of profit of joint ventures amounted to €41,000 compared to €1.3 million in FY2019. On the other hand, an uplift of €1.5 million in fair value of investment property was reported in FY2020 (FY2019: €479,000).

Comprehensive income included a revaluation of property, plant & equipment of €0.73 million (net of deferred tax) (FY2019: nil). As such, total comprehensive income for FY2020 amounted to €2.2 million, a decrease of €0.77 million when compared to the previous year (FY2019: €2.9 million).

Key accounting ratios – Over the past three financial years, revenue and EBITDA have been broadly stable at an average of €23.0 million and €5.2 million respectively which yielded an average operating profit margin of 23%. This performance enabled the Group to maintain the interest cover at above 2.0 times. On the other hand, net profit margin has declined during the reviewed period from 16% in FY2018 to 6% in FY2020.

In **FY2021**, total revenue is projected to increase by €3.2 million (+14%), from €23.5 million in FY2020 to €26.7 million. The majority of the increase (71%) is expected to be generated from manufacturing, products & contracting services, while 25% of the y-o-y gain is expected from property development (described in section 3.3.2 of this report). Rental income is projected to remain stable at €2.2 million.

Other operating income is estimated to amount to €0.5 million (FY2020: €0.4 million) and relates to net gains on sub-assignment of a property development situated in Mellieha. EBITDA for the year is expected to increase by €0.7 million to €5.6 million, thereby maintaining an operating profit margin of 21%. Due to an expected decrease in finance costs of €0.3 million to €2.1 million (FY2020: €2.4 million), interest cover is projected to improve from 2.04 times in FY2020 to 2.64 times. No material y-o-y variances are expected in relation to depreciation charge and taxation. Overall, profit after tax is projected to amount to €1.4 million, which is unchanged when compared to the net profit achieved in the prior year.

Hal Mann Vella Group p.l.c. Consolidated Statement of Financial Position as at 31 December	**2018 Actual €'000**	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Forecast €'000**
ASSETS				
Non-current assets				
Intangible assets	63	63	63	63
Investment properties	46,690	45,004	49,291	49,795
Property, plant and equipment	33,388	31,476	33,845	32,852
Investments in joint ventures	1,733	1,876	1,917	1,566
Financial assets	1,313	833	838	659
Finance lease receivables	-	3,754	-	-
Right-of-use assets	-	4,778	7,490	5,335
Deferred taxation	3,645	1,323	1,609	2,574
	86,832	89,107	95,053	92,844
Current assets				
Inventories	3,613	4,093	3,786	2,893
Property held-for-sale	4,514	6,226	6,392	7,725
Trade and other receivables	15,426	15,579	14,189	11,769
Other assets	91	91	91	91
Cash and cash equivalents	1,530	2,529	2,885	3,751
	25,174	28,518	27,343	26,229
Total assets	**112,006**	**117,625**	**122,396**	**119,073**
EQUITY				
Equity and reserves				
Called up share capital	5,000	5,000	5,000	5,000
Other reserves	29,558	29,665	31,739	31,738
Retained earnings	8,956	10,481	10,580	11,827
	43,514	**45,146**	**47,319**	**48,565**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	41,835	40,737	40,658	42,044
Finance lease liability	2,337	8,168	7,762	5,588
Other non-current liabilities	5,839	4,070	4,599	4,937
	50,011	52,975	53,019	52,569
Current liabilities				
Borrowings and bonds	4,141	5,782	7,466	5,936
Finance lease liability	38	360	52	94
Other current liabilities	14,302	13,362	14,540	11,909
	18,481	19,504	22,058	17,939
	68,492	**72,479**	**75,077**	**70,508**
Total equity and liabilities	**112,006**	**117,625**	**122,396**	**119,073**

Key Accounting Ratios	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Forecast
Gearing ratio *(Net debt/net debt and shareholders' equity)*	52%	54%	53%	51%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	1.08	1.16	1.12	1.03
Net debt to EBITDA (years) *(Net debt/EBITDA)*	9.28	9.48	10.81	8.92
Net assets per share (€) *(Net asset value/number of shares)*	8.70	9.03	9.46	9.71
Liquidity ratio (times) *(Current assets/current liabilities)*	1.36	1.46	1.24	1.46

Source: MZ Investment Services Ltd

The principal movements in the statement of financial position as at 31 December 2020 are as follows:

- Investment property increased by €4.3 million to €49.3 million. The said increase included additions amounting to €2.8 million and uplifts in fair value of €1.5 million;
- Finance lease receivables (included as a non-current asset and under trade & other receivables) which amounted to €3.75 million as at 31 December 2019 was reversed during FY2020 following the pretermination of two sublease agreements (Merchant Suites and a shop in Bisazza Street, Sliema). The right-of-use asset recognised upon termination of the sublease relating to Merchant Suites amounted to €2.97 million. With regard to the Bisazza property, the lease liability derecognised upon termination amounted to €0.51 milllion;
- The net movement in property held-for-sale amounted to €166,000 and represented additions in FY2020 of €2.2 million less disposal of properties of €2.1 million;
- Interest bearing loans and borrowings increased by €1.6 million from €46.5 million in FY2019 to €48.1 million.

The gearing ratio improved marginally by 1 percentage point to 53%, but net debt to EBITDA weakened from 9.48 years in FY2019 to 10.81 years. The liquidity ratio was lower in FY2020 to 1.24 times compared to 1.46 times in the prior year.

The expected principal movements in the Statement of Financial Position as at 31 December 2021 are as follows:

- Property held-for-sale mainly relates to residential units developed by the Group as further described in section 3.3.2 of this report. In FY2021, stock of property is expected to amount to €7.7 million compared to €6.4 million in the prior year;
- Trade and other receivables are projected to decrease from €14.2 million in FY2020 to €11.8 million, while cash balances are expected to improve by €0.9 million, from €2.9 million in FY2020 to €3.8 million;
- The Group is projecting the same level of borrowings from a year earlier at €48.0 million (FY2020: €48.1 million). On a net leverage basis, net borrowings are expected to decrease from €45.2 million in FY2020 to €44.2 million, thereby resulting in an improved gearing level of 2 percentage points to 51% (FY2020: 53%);
- In line with a projected decline in trade and other receivables, other current liabilities are expected to decrease from €14.5 million in FY2020 to €11.9 million.

Hal Mann Vella Group p.l.c. Consolidated Statement of Cash Flows for the year ended 31 December	**2018 Actual €'000**	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Forecast €'000**
Net cash from operating activities	3,630	1,938	6,373	3,662
Net cash from investing activities	(1,556)	314	(5,400)	(1,100)
Net cash from financing activities	(83)	(1,018)	(1,387)	(1,335)
Net movement in cash and cash equivalents	**1,991**	**1,234**	**(414)**	**1,227**
Cash and cash equivalents at beginning of year	(1,223)	768	2,002	1,588
Cash and cash equivalents at end of year	**768**	**2,002**	**1,588**	**2,815**

Net cash generated from operating activities during 2020 amounted to €6.4 million compared to €1.9 million in the prior financial year, primarily due to favourable movements in working capital changes.

With regard to investing activities, the Group utilised €5.3 million in FY2020 to acquire property, plant and equipment and investment property (FY2019: €2.7 million). In contrast to the previous year, no amounts were received from dividends (FY2019: €1.25 million), proceeds from sale of investment properties (FY2019: €1.39 million) or proceeds from sale of equity securities (FY2019: €0.3 million).

Net cash used in financing activities in 2020 amounted to €1.4 million compared to €1.0 in the prior year. During the reviewed year, the Group received net advances from banks and other parties amounting to €0.77 million (FY2019: €0.87 million) and settled net lease liability of €95,332 (FY2019: €22,119). In 2020, the Group paid interest on bonds and bank loans amounting to €2.1 million (FY2019: €1.9 million).

In FY2021, net cash from operating activities are expected to amount to €3.7 million, a decrease of €2.7 million when compared to the prior year.

The Group is not anticipating any major capital expenditure to be incurred during the present year. As such, cash used in investing activities is forecasted to amount to €1.1 million (FY2020: €5.4 million), which amount is expected to be divided almost equally between purchases of property, plant & equipment and investment property.

Cash outflows from financing activities are projected to amount to €1.3 million (FY2020: €1.4 million) on account of interest payments amounting to €1.6 million less net drawdowns from bank borrowings of €0.3 million.

5. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecasted financial information for the year ended 31 December 2020 included in the prior year's Financial Analysis Summary dated 26 June 2020 and the audited consolidated financial statements for the year ended 31 December 2020.

Hal Mann Vella Group p.l.c.
Consolidated Statement of Total Comprehensive Income
for the year ended 31 December 2020

	Actual €'000	Forecast €'000	Variance €'000
Revenue	23,462	20,513	2,949
Other operating income	389	-	389
Cost of sales and other operating charges	(18,942)	(15,310)	(3,632)
EBITDA	**4,909**	**5,203**	**(294)**
Depreciation	(1,202)	(1,071)	(131)
Change in fair value of investment property	1,506	-	1,506
Share of results of joint ventures	41	-	41
Loss on derecognition of lease	(729)	-	(729)
Finance and similar income	195	-	195
Finance costs	(2,405)	(2,182)	(223)
Profit before tax	**2,315**	**1,950**	**365**
Taxation	(879)	(938)	59
Profit after tax	**1,436**	**1,012**	**424**
Other comprehensive income:			
Revaluation on property, plant & equipment, net of deferred tax	**734**	**-**	**734**
Other comprehensive income	3	-	3
Total comprehensive income	**2,173**	**1,012**	**1,161**

As presented in the above table, revenue generated by the Group in FY2020 was higher than anticipated by €2.9 million, principally on account of higher than expected revenues generated from manufacturing, products & contracting services (+€4.1 million). In contrast, property development & rental income was lower by €1.1 million mainly due to lower property sales than budgeted. Notwithstanding higher actual revenue, operating costs were also higher by €3.6 million, thereby resulting in a lower EBITDA of €4.9 million compared to a forecast EBITDA of €5.2 million (being an adverse variance of €0.3 million).

Total comprehensive income was higher than expected by €1.2 million, the main difference being the uplifts in fair value of property amounting to €2.2 million (€1.5 million through the income statement and €0.7 million through other comprehensive income), which was diluted by the loss on derecognition of lease of €0.7 million.

Hal Mann Vella Group p.l.c.
Consolidated Statement of Cash Flows
for the year ended 31 December 2020

	Actual	Forecast	Variance
	€'000	**€'000**	**€'000**
Net cash from operating activities	6,373	3,498	2,875
Net cash from investing activities	(5,400)	(1,383)	(4,017)
Net cash from financing activities	(1,387)	(3,093)	1,706
Net movement in cash and cash equivalents	**(414)**	**(978)**	**564**
Cash and cash equivalents at beginning of year	2,002	2,002	-
Cash and cash equivalents at end of year	**1,588**	**1,024**	**564**

Actual net movement in cash and cash equivalents was higher than projected by €564,000. Net operating cashflow was higher than expected by €2.9 million, mainly on account of more favourable movements in working capital.

During the year, the Group utilised more than expected amounts for capital expenditure purposes which resulted in an adverse movement of €4.0 million compared to the forecast.

Net cash used for financing activities amounted to €1.4 million compared to a forecast of €3.1 million. The positive variance of €1.7 million is partly the result of higher expenditure in investing activities and better than expected cash inflows from operating activities.

Hal Mann Vella Group p.l.c.
Consolidated Statement of Financial Position
as at 31 December 2020

	Actual €'000	Forecast €'000	Variance €'000
ASSETS			
Non-current assets			
Intangible assets	63	63	-
Investment properties	49,291	44,991	4,300
Property, plant and equipment	33,845	32,027	1,818
Investments in joint ventures	1,917	166	1,751
Financial assets	838	834	4
Finance lease receivables	-	3,604	(3,604)
Right-of-use assets	7,490	4,371	3,119
Deferred taxation	1,609	3,673	(2,064)
	95,053	89,729	5,324
Current assets			
Inventories	3,786	3,781	5
Property held-for-sale	6,392	6,484	(92)
Trade and other receivables	14,189	9,929	4,260
Other assets	91	91	-
Cash and cash equivalents	2,885	3,186	(301)
	27,343	23,471	3,872
Total assets	**122,396**	**113,200**	**9,196**
EQUITY			
Equity and reserves			
Called up share capital	5,000	5,000	-
Other reserves	31,739	29,664	2,075
Retained earnings	10,580	10,767	(187)
	47,319	**45,431**	**1,888**
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	40,658	43,882	(3,224)
Finance lease liability	7,762	7,664	98
Other non-current liabilities	4,599	5,978	(1,379)
	53,019	57,524	(4,505)
Current liabilities			
Borrowings and bonds	7,466	3,161	4,305
Finance lease liability	52	167	(115)
Other current liabilities	14,540	6,917	7,623
	22,058	10,245	11,813
	75,077	**67,769**	**7,308**
Total equity and liabilities	**122,396**	**113,200**	**9,196**

Total assets were higher than expected by €9.2 million mainly due to property revaluations, higher amounts of investment properties and property, plant & equipment (+€6.1 million, comprising capital expenditure and uplifts in fair value of assets) and trade & other receivables (+€4.3 million).

In equity, other reserves were higher by €2.1 million on account of revaluation of properties which was not anticipated in the forecast figures.

Total liabilities were higher than projected by €7.3 million, which variance primarily emanates from a difference in other current liabilities of €7.6 million (being mainly trade & other payables). With regard to borrowings, actual bank loans & bonds amounted to €48.1 million compared to a projected amount of €47.0 million (variance of +€1.1 million). On the other hand, other non-current liabilities (principally being deferred taxation) were lower than forecast by €1.4 million.

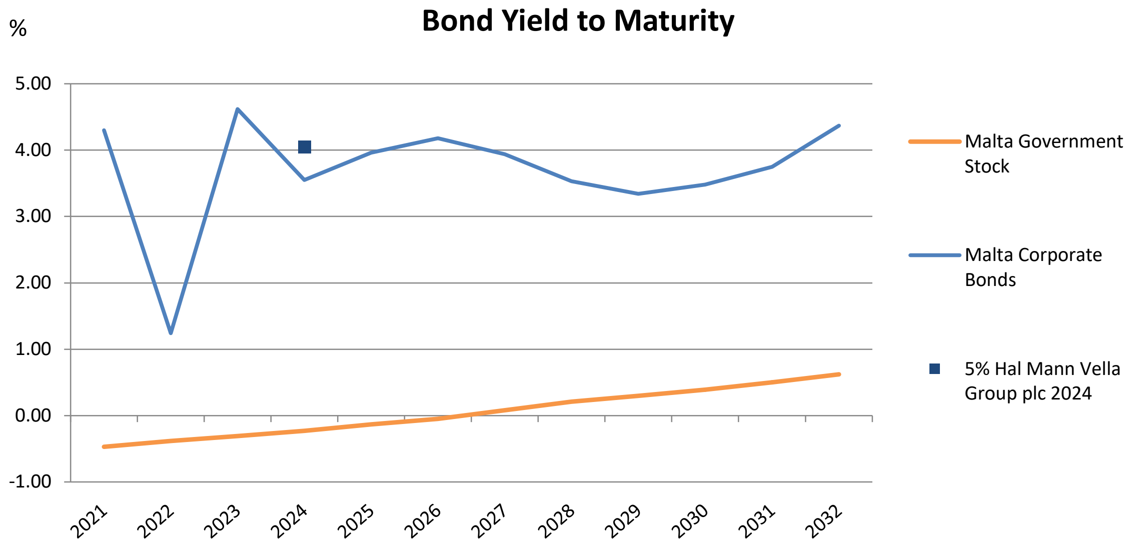
PART 3 - COMPARABLES

The table below compares the Company and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of Group.

Comparative Analysis	**Nominal Value** (€)	**Yield to Maturity** (%)	**Interest Cover** (times)	**Total Assets** (€'000)	**Net Asset Value** (€'000)	**Gearing Ratio** (%)
5.80% International Hotel Investments plc 2021	20,000,000	4.30	- 0.61	1,544,099	773,176	41.87
3.65% GAP Group plc Secured € 2022	30,049,800	1.24	2.24	103,895	15,134	73.44
6.00% Pendergardens Developments plc Secured € 2022 Series	21,845,300	3.53	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	19,247,300	2.66	2.24	103,895	15,134	73.44
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.62	1.44	36,921	8,038	70.88
5.80% International Hotel Investments plc 2023	10,000,000	4.47	- 0.61	1,544,099	773,176	41.87
6.00% AX Investments Plc € 2024	40,000,000	4.76	0.76	348,657	217,449	25.57
6.00% International Hotel Investments plc € 2024	35,000,000	4.16	- 0.61	1,544,099	773,176	41.87
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	3.55	3.66	100,350	50,297	48.12
5.00% Hal Mann Vella Group plc Secured € 2024	**30,000,000**	**4.04**	**2.04**	**122,396**	**47,319**	**52.86**
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.31	3.09	135,492	45,574	27.66
4.25% Best Deal Properties Holding plc Secured € 2024	14,776,400	3.03	-	27,453	4,128	81.72
3.7% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.45	2.24	103,895	15,134	73.44
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.34	- 0.61	1,544,099	773,176	41.87
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.56	7.33	160,836	54,602	29.84
4.50% Hili Properties plc Unsecured € 2025	37,000,000	3.96	1.46	149,639	62,675	54.94
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.18	3.16	43,383	5,522	81.61
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.79	- 0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.46	- 0.61	1,544,099	773,176	41.87
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.32	7.39	278,759	53,003	75.22
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	3.64	- 0.61	1,544,099	773,176	41.87
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	2.28	0.76	348,657	217,449	25.57
4.35% SD Finance plc Unsecured € 2027	65,000,000	3.96	6.86	324,427	137,612	28.31
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.94	- 0.50	190,466	108,369	31.32
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.21	2.30	354,069	231,437	26.54
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.53	3.87	628,916	110,128	77.11
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.34	2.30	354,069	231,437	26.54
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.80	3.87	628,916	110,128	77.11
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	2.69	0.76	348,657	217,449	25.57

31-May-21

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd 31 May 2021

To date, there are no corporate bonds which have a redemption date beyond 2032. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The Group's bonds are trading at a yield of 4.04%, which is 49 percentage points higher when compared to other corporate bonds maturing in the same year. The premium over FY2024 Malta Government Stock is 427 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including manufacturing, products & general contracting services and property development & letting.
Net operating expenses	Net operating expenses include the cost of raw materials, labour expenses, inventory and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of joint ventures	The Hal Mann Vella Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of joint ventures'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
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.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include investment properties, and property, plant & equipment and investments accounted for using the equity method.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current 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 a company's current assets to its current liabilities.

Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.