



Hili Finance Company p.l.c.

28 June 2022

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Investment Services Ltd

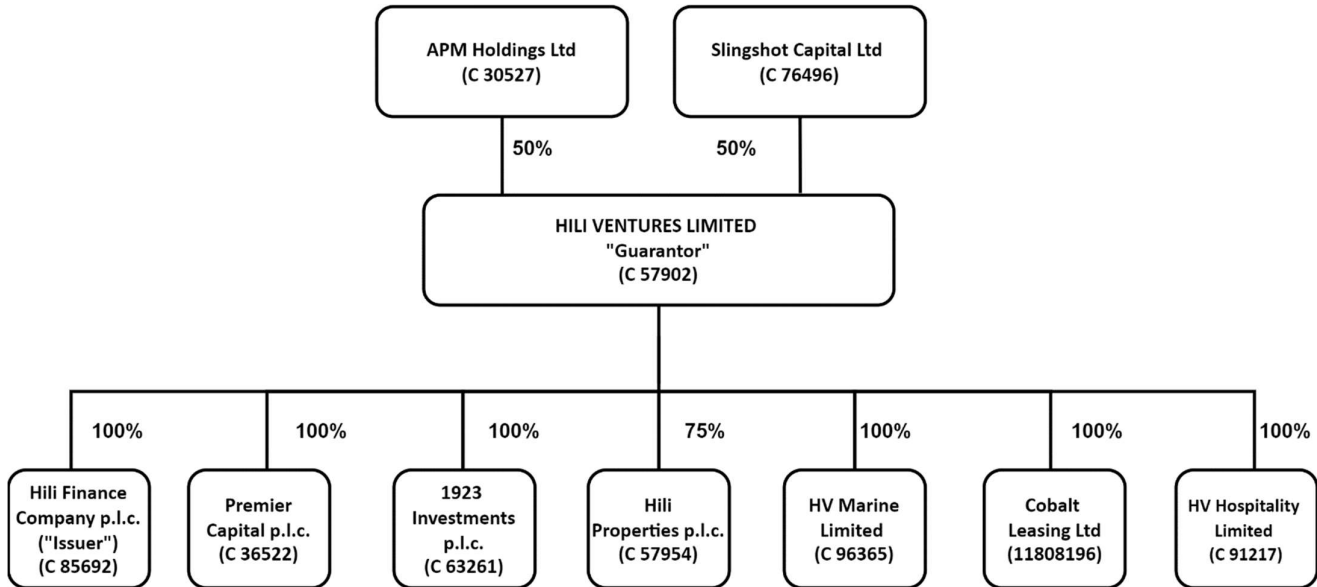
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Part 1 - Information about the Group

1.1 Issuer and Group’s Subsidiaries Key Activities and Structure

The Group structure is as follows:



Hili Finance Company p.l.c. (the “**Issuer**”) was incorporated on 6 April 2018 with the purpose of providing financial resources to Hili Ventures Limited (the “**Guarantor**”) and its subsidiaries (collectively, the “**Group**”).

The Issuer has an authorised and issued share capital of €2,000,000 divided into 2,000,000 ordinary shares, fully paid up. The Guarantor is the controlling shareholder of the Issuer with the exception of 1 ordinary share which is held by APM Holdings Limited. The principal objective of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets including but not limited to securities and other financial interests.

The Guarantor was incorporated on 17 October 2012 and it is the parent company of an international group having operations in a number of industries in Malta and predominantly in the EU. The Guarantor has an authorised share capital of €95,000,000 divided into 16,000,000 ordinary shares and 79,000,000 redeemable preference shares of €1 each.

The issued share capital of the Guarantor is of €69,400,000 divided into 1,000,000 ordinary shares and 68,400,000 redeemable preference shares of €1 each, which shares are subscribed to and allotted as fully paid up shares as follows:

Shareholders	
APM Holdings Limited	500,000 Ordinary Shares 68,400,000 Redeemable Preference Shares
Slingshot Capital Limited	500,000 Ordinary Shares

Hili Ventures Limited is the Guarantor for three bond issues on the Official List of the Malta Stock Exchange, namely 4.0% Hili Finance Company plc 2027, 3.85% Hili Finance Company plc 2028 and 3.8% Hili Finance Company plc 2029. An overview of the Guarantor’s operating subsidiaries is set out below:

- **Hili Properties p.l.c. (“Hili Properties”)**: is the parent company of the property division of the Guarantor, owning and managing commercial real estate and industrial land in Malta, Latvia, Lithuania, Estonia and Romania.
- **Premier Capital p.l.c. (“Premier Capital”)**: holds the development licensee to operate quick service restaurant operations in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c. (“1923 Investments”)**: is an investment company that draws together all of the Guarantor’s diversified activities. The company’s core activities include logistics, retail and technology solutions and operates in Malta, UK, Hungary and Poland.

- **HV Marine Limited (“HV Marine”)**: is involved in the development of a strong network of critical infrastructure for berthing, operating and servicing of yachts. It has one subsidiary, Motherwell Bridge Industries Limited, a market leader in the engineering sector.
- **Cobalt Leasing Ltd (“Cobalt Leasing”)**: was established in the United Kingdom on 5 February 2019 and is engaged in the leasing of containers to shipping lines.
- **HV Hospitality Limited (“HV Hospitality”)**: acts as the holding company of Kemmuna Limited (C 15344), a company acquired in 2019 which operated the hotel and bungalows on the island of Comino. The redevelopment of the hotel and bungalows is currently at the design stage and awaiting planning permission. The acquisition of the Comino properties is part of a strategy to establish a presence in the European hospitality market.

In addition to the above operating companies, the Group is composed of another two subsidiary companies which, at present, are non-operating or currently being wound-down. In this respect, we opted to exclude from the above-presented group structure chart.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of this Analysis, the board of directors of the Issuer is constituted by the following persons:

Name	Office Designation
Mr Geoffrey Camilleri	Chairman and Non-Executive Director
Mr Dorian Desira	Executive Director
Mr Keith Busuttil	Non-Executive Director
Ms Jacqueline Camilleri	Independent Non-Executive Director
Mr Mario Vella	Independent Non-Executive Director

The business address of all the directors of the Issuer is the registered office of the Issuer. Mr Dorian Desira is the company secretary of the Issuer.

The Board is responsible for the overall long-term direction of the Issuer and oversees the systems of control and financial reporting as well as the external communication of the Issuer.

The Board meets regularly, with a minimum of four times annually, and is currently composed of five members, two of whom are independent of the Issuer.

Board of Directors – Guarantor

As at the date of this Analysis, the board of directors of the Guarantor is constituted by the following persons:

Name	Office designation
Mr Archibald Anderson Bethel	Chairman
Mr Carmelo <i>sive</i> Melo Hili	Chief Executive Officer
Dr Annabel Hili	Executive Director
Mr Victor Tedesco	Non-Executive Director
Mr Jesmond Mizzi	Independent Non-Executive Director

Listed below are the function leads and CEOs of the main subsidiaries which together make up the Group management team:

Name	Office designation
Mr Carmelo <i>sive</i> Melo Hili	Chief Executive Officer
Mr Dorian Desira	Chief Financial Officer
Mr David Vella	Chief People Officer
Ms Joanna Ripard	Director of Communications
Mr Valentin Truta	General Counsel
Dr Annabel Hili	Director of Legal
Mr Victor Tedesco	Chief Executive Officer – Premier Capital plc
Mr Geoffrey Camilleri	Chairman – Cobalt Leasing Limited / Chief Financial Officer – Premier Capital plc
Mr Keith Busuttil	Chief Executive Officer – 1923 Investments plc
Mr George Kakouras	Chief Executive Officer – Hili Properties plc
Ms Arzu Bilgic	Chief Executive Officer – HV Marine Limited

The business address of all the directors of the Guarantor is the registered office of the Guarantor. Mr Adrian Mercieca is the company secretary of the Guarantor.

As in the case of the Issuer, the Board is responsible for the overall long-term direction of the Guarantor and is involved in overseeing its systems of control and financial reporting. The board meetings are attended by the Chief Financial Officer of the Guarantor to support the Group’s oversight of its financial operations.

As at the date of this Analysis, the Issuer does not have any employees of its own, apart from two independent directors on its books. The Guarantor currently has approximately 10,071 employees, with an average ratio of 96:4 between operational employees and administrative employees.

1.3 Major Assets owned by the Group

The Issuer acts as a financing company solely for the needs of the Guarantor and its assets are intended to consist primarily of loans issued to the Group's fellow subsidiaries.

The Guarantor's major assets are composed of:

- Property, plant and equipment
- Right of use assets
- Goodwill
- Intangible assets
- Investment property
- Property held for sale

The Guarantor's assets are mainly composed of property, plant and equipment, right of use assets, investment property, goodwill and intangible assets, and collectively represent *circa* 76.7% of total assets (FY20: 79.8%) amounting to €558.4m during FY21 (FY20: €498.3m).

1.4 Operational Developments

1.4.1 Strategy

The Guarantor's business strategy focuses on two principal elements as set out below:

- **Directional Strategy:** the oversight and evaluation undertaken by the Board of Directors of each of the businesses owned by Hili Ventures Limited, with the intention of achieving the Group's strategic objectives. The Guarantor monitors and supports the Group by, *inter alia*:
 - i. Regularly monitoring financial and operational performance of the companies within the Group to effectively ensure that set goals and organic growth strategies are achieved; and
 - ii. Forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.
- **Acquisition Strategy:** the acquisition of businesses that are expected to produce positive earnings and cash flow, and have high growth potential.

1.4.2 Latest bond issue

On 4 March 2022, Hili Finance Company p.l.c. issued to the public €50,000,000 4% Unsecured Bonds redeemable in 2027, issued at par with a nominal value of €100 per bond, guaranteed by Hili Ventures Limited, pursuant to a prospectus dated 27 January 2022.

The net proceeds from the Bond Issue were utilised for the following purposes:

- a. *circa* €17m to re-pay, in part, the acquisition completed by 1923 Investments plc in April 2020 of all non-US ship-to-ship operations from marine energy transporter Teekay Tankers Limited;
- b. *circa* €18.4m to re-pay, in full, two intercompany loans taken out to fund an equity investment by the Guarantor in Hili Properties plc for the purpose of the latter acquiring commercial immovable property in furtherance of the Group's strategy of expanding its investment property portfolio; and
- c. *circa* €13.85m for the general corporate funding purposes of the Group.

Details on the use of proceeds can be found in section 5 of the prospectus relating to the Bond Issue dated 27 January 2022.

1.4.3 Business overview and latest operational developments

1.4.3.1 Restaurant Operations

The Guarantor's restaurant business segment relates to the activities conducted by Premier Capital. Over the past three financial periods (FY19-FY21), the overall restaurant footprint increased by 20 restaurants; 14 in Romania, 3 in Lithuania, 2 in Greece and 1 in Latvia. Throughout this period, a total of €31.6m was invested on new stores and €2.5m was spent on the remodelling of old stores. Capital expenditure relating to the maintenance of existing stores from FY19 to FY21 amounted to €19.9m.

1.4.3.2 Sale of Apple Products

This operation involves the sale and distribution of IT retail and consumer electronic products and third-party electronic products in Poland and Hungary as an Apple Premium Reseller through iSpot in Poland and iCentre in Hungary.

In FY21, iSpot opened 2 more outlets in Poland to further expand its national footprint. At the end of the year, iSpot operated 27 stores under the iSpot brand, together with a well-developed online proposition, which enabled iSpot to achieve robust financial results throughout the pandemic. At present, iSpot has a total of 28 outlets in Poland.

1.4.3.3 IT Solutions, Payment Gateway and Security Systems

The IT business segment of the Guarantor relates to the activities conducted by Harvest Technology p.l.c. ("**Harvest**")

which primarily consist of delivering business solutions and e-commerce systems to its clients. Harvest's operating companies include; PTL Limited ("PTL"), Apco Systems Limited ("APCO Systems"), and Apco Limited ("APCO").

Despite the continued adversities that 2021 challenged the company with, Harvest delivered a robust financial performance during year, with results above the targets set out at IPO.

1.4.3.4 Logistics and Transport Services

This revenue stream relates to the business conducted by Hili Logistics Limited ("Hili Logistics"), and its subsidiary companies.

Specifically, the Hili Logistics pillar reported an improved financial performance during FY21, with total revenues increasing by circa €16.9m to €31m. While this improvement is partly attributable to the inclusion of a twelve-month performance of STS Operations within Hili Logistics, 2021 was a positive year in terms of the operations across the agency and local STS business. Agency business volumes increased by 26% in FY21, while the STS team at Carmelo Caruana completed more STS operations throughout the year.

1.4.3.5 Real Estate Operations

During FY21, Hili Properties raised €27.2m through an equity listing on the Malta Stock Exchange, with part of the proceeds already utilised by the Company for the purchase of a number of properties across Europe. Total rental income generated during FY21 amounted to €8.5m, reflecting an improvement of 4.2% on a comparable basis (FY20: €8.1m).

1.4.3.6 Engineering Services

In FY21, revenue consolidated revenue generated by Motherwell Bridge Industries Limited and its subsidiary Techniplus SARL in Morocco amounted to €5.8m, reflecting a decrease of 36.3% when compared to FY20. FY20 was an exceptional year for Motherwell Bridge Industries Limited as it executed a number of projects in the Middle East.

1.4.3.7 New Investment Opportunity

More recently, 1923 Investments' has identified a new investment opportunity and signed a Master Franchise Agreement with iRiparo srl, a leading European chain engaged in the repair and sale of used electronics, to represent the brand in 31 countries in Europe, starting in Germany. This opportunity is discussed in further detail in the most recent 1923 Investments' financial analysis summary.

1.5 Macroeconomic operating environment

1.5.1 COVID-19 impact on the Group's operational and financial performance

In view of the developments pertaining to the COVID-19 pandemic, the directors of the Guarantor are evaluating on an ongoing basis the performance and projections of the various subsidiaries and the effect that similar business disruption might have on the profitability, liquidity of the Guarantor in the future.

During FY21, the pandemic-related disruptions have had a significant impact on the general economy. However, the operating results illustrate that the Guarantor's operations have shown resilience to any negative economic implications.

Liquidity Measures

Notwithstanding the COVID-19 situation remaining relatively fluid and unclear, management explained that the Group's capital and liquidity position continues to be adequate to satisfy the Group's obligations when they fall due.

Costs Containment Measures

During 2021, the Group kept a watchful eye on its operating costs and capital expenditure and this outlook is reflected in the projections for 2022.

1.5.2 Subsequent events after the reporting period: Conflict in Ukraine

While the Group has no direct interest vested in the country, it is monitoring the effects of the situation on its operations in neighbouring countries Romania, Poland and the Baltics. Inflationary pressures, supply chain disruption and heightened utility costs are presently being experienced by certain operations within the Group.

It is still challenging however, to quantify and differentiate what extent of such pressures emanate from the unrest in Ukraine and the concurrent pandemic related events, but the compounded effect on the footprint of managed restaurants is potentially material.

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

The 2022 financial projections are based on the visibility in which the Group currently has in hand, both vis-à-vis the pandemic developments, and the possible implications brought about by the aforementioned conflict in Ukraine.

Notably, the said financial projections also take into account the Group's ongoing projects.

1.6 Related Party Securities

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

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

Part 2 - Historical Performance and Forecasts

The financial information in sections 2.1 to 2.3 is extracted from the audited financial statements of Hili Finance Company p.l.c. for the financial years ended 31 December 2019, 2020 and 2021. The financial information in section 2.4 to 2.6 is extracted from the audited financial statements of Hili Ventures Limited for the financial years ended 31 December 2019, 2020 and 2021.

The projected financial information for the year ending 31 December 2022 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 Statement of Comprehensive Income

Hili Finance Company p.l.c. Statement of Comprehensive Income For the year ended 31 December	2019A	2020A	2021A	2022P
	€'000s	€'000s	€'000s	€'000s
Finance income	3,057	5,496	5,509	7,346
Finance costs	(2,631)	(4,682)	(4,674)	(6,364)
Net finance income	426	814	835	982
Administrative expenses	(42)	(41)	(49)	(43)
Profit before tax	384	773	786	939
Taxation	(145)	(282)	(289)	(340)
Total profit and other comprehensive income	239	491	497	599

Ratio Analysis ¹	2019A	2020A	2021A	2022P
Profitability				
Gross Margin (Net finance income / Finance income)	13.9%	14.8%	15.2%	13.4%
Net Margin (Profit for the year / Finance income)	7.8%	8.9%	9.0%	8.2%

The Issuer was set up as a finance company, therefore, its revenue consists of interest income generated on the funds advanced to group companies.

In the audited financial statements for FY21, the Issuer reported finance income of €5.5m, in line with previous expectations.

Overall, gross margin increased to 15.2% with this also being in line with the expectations set out in the previous Analysis.

Administrative expenses, which mainly comprise audit fees and director fees, amounted to €49k, while total comprehensive income increased to €497k, reflecting the aforementioned increase in finance income.

For FY22 the issuer is projecting a total finance income of €7.3m, with the projected increase reflecting the newly issued 2027 bonds.

In this respect, the Issuer's profitability is expected to increase by 20.5% to €0.6m during FY22.

¹ Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or rounding differences (refer to section 4 of this Analysis)

2.2 Issuer's Statement of Financial Position

Hili Finance Company p.l.c. Statement of Financial Position For the year ended 31 December	2019A	2020A	2021A	2022P
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Loans owed by parent company	121,931	122,481	122,411	172,411
Total non-current assets	121,931	122,481	122,411	172,411
Current assets				
Trade and other receivables	2,405	2,299	2,649	4,543
Cash and cash equivalents	18	3	126	406
Total current assets	2,423	2,302	2,775	4,949
Total assets	124,354	124,783	125,186	177,360
Equity				
Equity and reserves	2,294	2,785	3,282	3,881
Liabilities				
Non-current liabilities				
Debt securities	120,000	120,000	120,000	170,000
Current liabilities				
Trade and other payables	2,060	1,998	1,904	3,479
Total liabilities	122,060	121,998	121,904	173,479
Total equity and liabilities	124,354	124,783	125,186	177,360

The Issuer's assets as at FY21 comprised interest-bearing securities loaned to the parent company, while liabilities reflect predominately the issued bond securities of €40m and €80m offered to the public in 2018 and 2019, respectively.

To date, apart from the recently issued €50m bond, which has increased the Issuer's assets and liabilities by the same amount, no material changes are envisaged for FY22.

2.3 Issuer's Statement of Cash Flows

Hili Finance Company p.l.c. Statement of Cash Flows For the year ended 31 December	2019A	2020A	2021A	2022P
	€'000s	€'000s	€'000s	€'000s
Operating profit before working capital movement	384	773	786	939
<i>Adjustments for:</i>				
Interest income	(3,057)	(5,496)	(5,509)	(7,346)
Interest expenses on debt securities issued	2,589	4,580	4,580	6,236
Opening loss before working capital movement	(84)	(143)	(143)	(171)
Movement in working capital	(23)	20	(41)	59
Income tax paid	(166)	(180)	(384)	(425)
Net cash flows generated from/(used in) operating activities	(273)	(303)	(568)	(537)
Net cash flows generated from/(used in) investing activities	(78,355)	4,858	5,270	(44,600)
Net cash flows generated from/(used in) financing activities	78,586	(4,570)	(4,579)	45,417
Movement in cash and cash equivalents	(42)	(15)	123	280
Cash and cash equivalents at start of year	60	18	3	126
Cash and cash equivalents at end of year	18	3	126	406

Given that the purpose of the Issuer is to act as a financing vehicle for the Guarantor, looking at cash flows from investing activities would be more appropriate.

The FY22 results shall reflect the issuance of 4.0% Hili Finance Company 2027 bonds, as well as the loan advancement to the Guarantor by the Issuer.

2.4 Guarantor's Statement of Comprehensive Income

Hili Ventures Limited ² Consolidated Statement of Comprehensive Income For the year ended 31 December	2019A	2020A	2021A	2022P
	€'000s	€'000s	€'000s	€'000s
Revenue	490,567	483,237	589,593	732,352
Net operating expenses	(425,590)	(415,665)	(504,495)	(639,061)
EBITDA	64,977	67,572	85,098	93,292
Depreciation and amortisation	(27,210)	(29,935)	(29,933)	(33,569)
EBIT	37,767	37,637	55,165	59,723
Net investment income	5,765	913	3,518	403
Net finance costs	(17,055)	(19,476)	(18,793)	(20,846)
Profit before tax	26,477	19,074	39,890	39,279
Taxation	(3,887)	(3,825)	(7,464)	(7,500)
Profit for the year	22,590	15,249	32,426	31,779
Other comprehensive income				
Movement on available-for-sale investments	(16)	(21)	(7)	-
Exchange differences - foreign operations	(793)	(5,758)	925	316
Other comprehensive income	-	-	-	-
Gain on revaluation of assets	8,176	4,200	486	890
	7,367	(1,579)	1,404	1,206
Total Comprehensive income	29,957	13,670	33,830	32,985

Ratio Analysis ³	2019A	2020A	2021A	2022P
<i>Profitability</i>				
Growth in Revenue (YoY Revenue Growth)	14.8%	-1.5%	22.0%	24.2%
EBITDA Margin (EBITDA / Revenue)	13.2%	14.0%	14.4%	12.7%
Operating (EBIT) Margin (EBIT / Revenue)	7.7%	7.8%	9.4%	8.2%
Net Margin (Profit for the year / Revenue)	4.6%	3.2%	5.5%	4.3%
Return on Common Equity (Net Income / Average Equity)	23.0%	14.1%	24.8%	17.9%
Return on Assets (Net Income / Average Assets)	4.2%	2.4%	4.8%	3.9%
Return on Capital Employed (EBITDA/ Total Assets - Current Liabilities)	12.6%	13.0%	14.0%	13.1%

**The above presented 2022 consolidated projections are based on information provided by management. However, the 2022 financial projections concerning Hili Properties p.l.c. and Harvest Technology p.l.c. are based on information available to the public issued via in the Hili Properties p.l.c.'s IPO prospectus dated 25 October 2021 and a Company Announcement issued by Harvest Technology p.l.c. on 3 June 2022 titled 'Business Update' respectively.*

The Guarantor's consolidated revenue amounted to €589.6m during FY21, representing an overall increase of 22% when compared to the prior year (FY20: €483.2m). Management noted that this improvement is mainly the result of organic growth following last years' disruption to the overall retail operations of the Guarantor, inevitably caused by the COVID-19 pandemic.

As further illustrated through the revenue segmentation table below, apart from engineering services, all business pillars contributed to the aforementioned healthy increase in

revenue, which indeed exceeded previous expectations set out in the previous Analysis.

All business pillars of the Guarantor are expected to perform positively in the current financial year, with total revenues expected to amount higher to €732.4m during FY22, illustrating an overall increase of 24.2% over FY21. Indeed, this revenue improvement takes into account the new investment opportunity in which the Guarantor is expected to embark on during 2022.

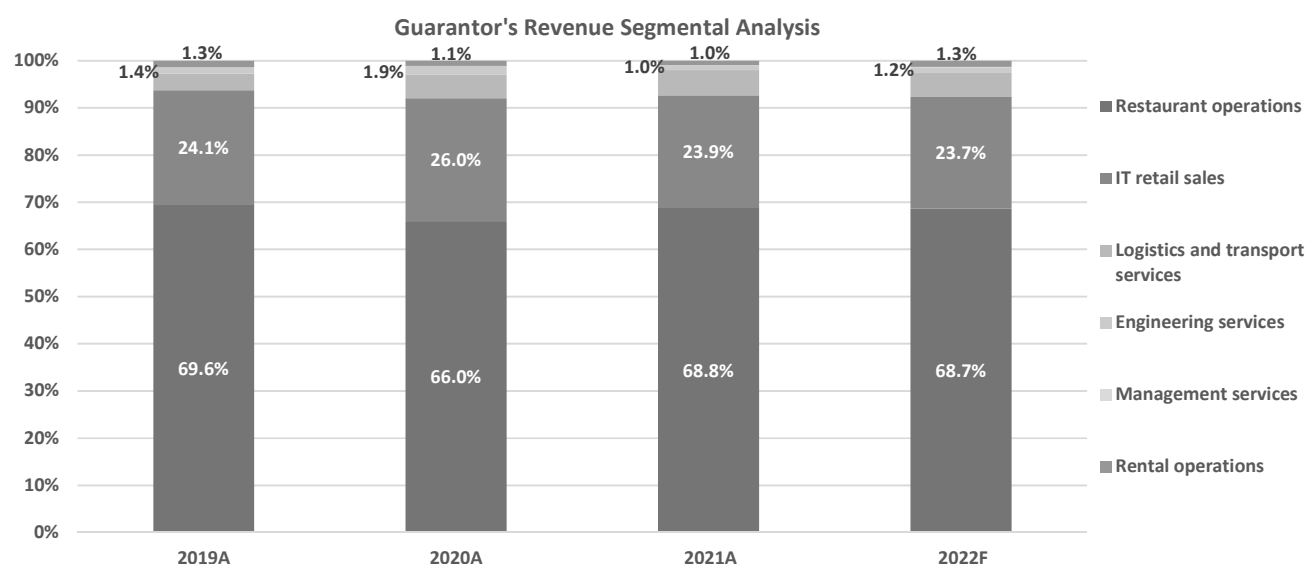
² In the table above, the results from associates and joint ventures were reclassified with net operating expenses as opposed to net Investment income as stipulated in the audited financial statements

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

Specifically, apart from a mix of organic and non-organic growth which both iSpot and Harvest are expected to experience during FY22, projected growth concerning the Guarantor's IT retail sales also take into account the expected revenue derived from the aforementioned new investment.

Meanwhile, the restaurant (+24%), property (+63%) and logistics pillars (+20.3%) of the Guarantor are also expected to experience growth during FY22, mainly on account of new restaurant openings, additional property acquisitions and increased business operations.

Revenue Segmental Analysis	2019A	2020A	2021A	2022P
	€'000s	€'000s	€'000s	€'000s
Restaurant operations	341,281	318,955	405,408	502,764
IT retail sales	118,468	125,607	140,932	173,280
Logistics and transport services	17,279	24,177	31,406	37,768
Rental operations	6,547	5,278	5,902	9,619
Engineering services	6,992	9,100	5,800	8,801
Management services	-	120	145	120
Total	490,567	483,237	589,593	732,352
% of total revenue				
Restaurant operations	69.6%	66.0%	68.8%	68.7%
IT retail sales	24.1%	26.0%	23.9%	23.7%
Logistics and transport services	3.5%	5.0%	5.3%	5.2%
Rental operations	1.3%	1.1%	1.0%	1.3%
Engineering services	1.4%	1.9%	1.0%	1.2%
Management services	0.0%	0.0%	0.0%	0.0%
% growth				
Restaurant operations	16.2%	-6.5%	27.1%	24.0%
IT retail sales	12.5%	6.0%	12.2%	23.0%
Logistics and transport services	5.4%	39.9%	29.9%	20.3%
Rental operations	24.7%	-19.4%	11.8%	63.0%
Engineering services	2.3%	30.1%	-36.3%	51.7%
Management services	0.0%	100.0%	20.6%	0.0%
Total growth	14.8%	-1.5%	22.0%	24.2%



Net operating expenses amounted to €504.5m during FY21, reflecting an overall increase of 21.4% over the prior year. On the back on increased revenues, EBITDA increased to €85.1m during FY21 (FY20 €67.6m), resulting in an improved EBITDA margin of 14.4% during the year (FY20: 14%).

Pursuant to a forecasted improvement across all subsidiaries from continuing operations, the Group's EBITDA is expected to increase to €93.3m in FY22.

The depreciation and amortisation charge amounted to €29.9m during FY21, mainly on account of new restaurant openings and a full year depreciation at STS Marine Solutions. This is expected to increase to €33.6m in FY22, primarily due to further capital expenditure expected to be undertaken throughout the year by the respective subsidiary companies, including the newly acquired business.

Net finance costs decreased to €18.8m during FY21 and mainly reflect interest incurred on the bonds issued by

2.4.1 Variance Analysis

Hili Ventures Limited Consolidated Statement of Comprehensive Income for the year ended 31 December	Dec-21	Dec-21	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Revenue	580,778	589,593	8,815
Net operating expenses	(498,445)	(504,495)	(6,050)
EBITDA	82,333	85,098	2,765
Depreciation and amortisation	(30,087)	(29,933)	154
EBIT	52,246	55,165	2,919
Net investment income/ (loss)	3,697	3,518	(179)
Net finance costs	(18,180)	(18,793)	(613)
Profit before tax	37,763	39,890	2,127
Taxation	(8,137)	(7,464)	673
Profit for the year	29,626	32,426	2,800
Other comprehensive income			
Movement on available-for-sale investments	-	(7)	(7)
Exchange differences - foreign operations	583	925	342
Gain on revaluation of assets	295	486	191
	878	1,404	526
Total Comprehensive income	30,504	33,830	3,326

Actual FY21 revenue was higher than previously anticipated by €8.8m. Management attributes this improvement to improved financial performances concerning the Guarantor's restaurant and IT retail operations.

companies within the group, in addition to finance costs on bank borrowings and finance lease liabilities (IFRS 16). Finance costs are expected to increase to €20.8m during FY22, reflecting almost a full year of interest on the newly issued 4.0% Hili Finance 2027 bond issued last January.

In view of the developments noted above, profit before tax is expected to amount to €39.3m during FY22. Moreover, total comprehensive income is projected to stand at €33m in FY22.

The robust financial performance of the Guarantor registered during FY21 resulted into improved profitability metrics, notably Net Margin (FY20: 3.2% vs FY21: 5.5%), Return on Common Equity (FY20: 14.1% vs FY21: 24.8%), and Return on Assets (FY20: 2.4% vs FY21: 4.8%) However, this trend is not expected to continue in FY22, as Net Margin is forecasted to decline to 4.3%.

In view of this, actual profit before tax was €2.1m higher than previously anticipated, with the Guarantor also recording a positive variance in total comprehensive income, amounting to €3.3m.

2.5 Guarantor's Statement of Financial Position

Hili Ventures Limited Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022P
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Goodwill and other intangibles	98,174	106,330	106,860	106,200
Property, plant and equipment	202,171	214,445	229,845	252,611
Investment property	72,605	64,727	83,321	176,195
Right-of-use assets	80,918	80,582	102,037	103,297
Other non-current assets	33,495	38,257	43,272	16,676
Loans and receivables	2,817	14,338	23,210	24,153
Trade and other receivables	2,296	1,984	2,426	7,817
Restricted cash	1,192	1,583	1,804	691
Total non-current assets	493,668	522,246	592,775	687,639
Current assets				
Inventory	19,040	17,714	20,105	24,077
Trade and other receivables	22,930	23,508	29,628	32,233
Other assets	27,039	13,159	7,822	7,971
Cash and cash equivalents	66,238	47,596	77,339	67,538
Total current assets	135,247	101,977	134,894	131,819
Total assets	628,915	624,223	727,669	819,458
Equity				
Equity and reserves	110,128	106,811	154,632	177,733
Total equity	110,128	106,811	154,632	177,733
Liabilities				
Non-current liabilities				
Debt securities in issue	254,916	255,338	255,760	305,593
Trade and other payables	940	592	1,145	580
Bank loans and other financial liabilities	73,124	74,512	91,182	115,529
Lease liabilities	71,948	74,883	97,091	100,435
Deferred tax liabilities	5,501	8,655	8,709	10,527
Total non-current liabilities	406,429	413,980	453,887	532,665
Current liabilities				
Trade and other payables	68,413	65,697	88,490	79,564
Bank loans, overdrafts and other financial liabilities	28,853	24,897	17,298	11,168
Lease liabilities	11,111	9,472	10,479	10,895
Current tax liability	3,981	3,366	2,883	7,433
Total current liabilities	112,358	103,432	119,150	109,061
Total liabilities	518,787	517,412	573,037	641,725
Total equity and liabilities	628,915	624,223	727,669	819,458

Ratio Analysis ⁴	2019A	2020A	2021P	2022P
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	77.2%	78.6%	71.8%	72.8%
Gearing 2 (Total Liabilities / Total Assets)	82.5%	82.9%	78.7%	78.3%
Net Debt / EBITDA	5.8x	5.8x	4.6x	5.1x
Current Ratio (Current Assets / Current Liabilities)	1.2x	1.0x	1.1x	1.2x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	1.0x	0.8x	1.0x	1.0x
Interest Coverage 1 (EBITDA / Cash interest paid)	5.0x	4.7x	5.7x	6.5x
Interest Coverage 1 (EBITDA / Finance Costs)	3.8x	3.5x	4.5x	4.5x

Total non-current assets as at 31 December 2021 amounted to €592.8m (FY20: €522.2m), and principally comprise goodwill and intangible assets at €106.9m, property, plant and equipment at €229.8m, investment property at €83.3m and right-of-use assets amounting to €102m. The increase in property, plant and equipment during FY21 primarily relates to the opening of new retail stores, and the increase in investment property relates to new property acquisitions occurring during the year. Meanwhile, the increase in loans and receivables of €8.8m is mainly as a result of loan advances to related parties.

Total non-current assets in FY22 are projected to amount higher, to €687.6m. Management confirmed that this anticipated increase is mainly due to projected capital expenditure and acquisition of investment property.

Additionally, current assets, which mainly comprise of inventory, trade and other receivables, as well as cash and cash equivalents, amounted to €134.9m during FY21 (FY20: €102m). Notably, this increase takes into account the proceeds raised during FY21 from the IPO of Hili Properties.

The Guarantor's cash reserves are forecasted to amount lower to €67.5m during FY22, with this drop being predominantly in line with the property acquisitions and the additional investments expected to take place during the

year. Total assets are projected to amount to €819.5m in FY22.

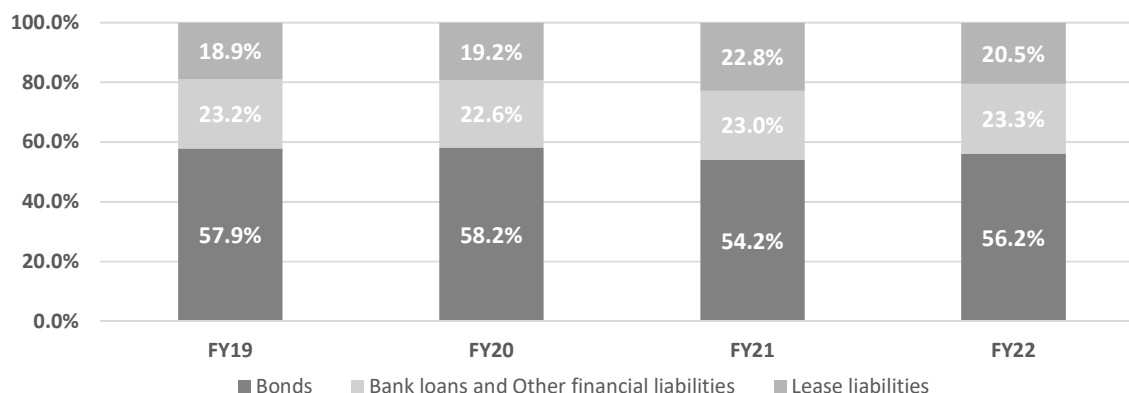
Total equity increased to €154.6m during FY21, predominantly as a result of the aforementioned equity listing of Hili Properties. Total equity is expected to increase to €177.7m during FY22, mainly in line with the positive financial performance expected to be registered throughout the year.

Total financial debt, which is primarily composed of debt securities, borrowings, other financial liabilities and lease liabilities, increased to €471.8m during FY21, mainly on account of higher lease liabilities recorded during the year. The Guarantor's total debt is expected to increase to €543.6m in FY22 as a result of the recently issued bond as well as additional borrowings to finance further growth.

In view of this, the Group's FY22 Gearing 1 ratio is expected to increase to 72.8%. Meanwhile, total liabilities/total assets is expected to amount within the region of 79.2% during FY22.

As a result of the above, total liabilities are projected to amount to €641.7m during FY22, compared to €573m in the previous year.

Debt Structure



⁴ Ratio analysis may not agree to prior FASs due to a change in the calculation methodology or rounding of figures

2.5.1 Variance Analysis

Hili Ventures Limited Statement of Financial Position For the year ended 31 December	Dec-21	Dec-21	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Assets			
Non-current assets			
Goodwill and other intangibles	106,109	106,860	751
Property, plant and equipment	225,559	229,845	4,286
Investment property	66,351	83,321	16,970
Right-of-use assets	79,882	102,037	22,155
Other non-current assets	33,708	43,272	9,564
Loans and receivables	18,658	23,210	4,552
Trade and other receivables	2,071	2,426	355
Restricted cash	1,845	1,804	(41)
Total non-current assets	534,183	592,775	58,592
Current assets			
Inventory	20,576	20,105	(471)
Trade and other receivables	29,200	29,628	428
Other assets	5,855	7,822	1,967
Cash and cash equivalents	78,802	77,339	(1,463)
Total current assets	134,433	134,894	461
Total assets	668,616	727,669	59,053
Equity			
Equity and reserves	155,317	154,632	(685)
Total equity	155,317	154,632	(685)
Liabilities			
Non-current liabilities			
Debt securities in issue	255,760	255,760	-
Trade and payables	1,051	1,145	94
Bank loans and other financial liabilities	73,040	91,182	18,142
Lease liabilities	74,730	97,091	22,361
Deferred tax liabilities	8,750	8,709	(41)
Total non-current liabilities	413,331	453,887	40,556
Current liabilities			
Trade and other payables	69,016	88,490	19,474
Bank loans, overdrafts and other financial liabilities	16,649	17,298	649
Lease liabilities	9,610	10,479	869
Current tax liability	4,693	2,883	(1,810)
Total current liabilities	99,968	119,150	19,182
Total liabilities	513,299	573,037	59,738
Total equity and liabilities	668,616	727,669	59,053

The main variances arising within the Guarantor's non-current assets during FY21 relate to an increase in investment property of €16.9m, with management attributing this to the property acquisition occurring towards the end of the year than previously projected. In addition, the right of use assets

variance relates to the re-negotiation of the lease agreements at Premier and iSpot. Indeed, one may note the same movement under non-current liabilities. Management further noted that the other non-current assets variance primarily

relates to property held for sale which was nil at forecast stage.

Moreover, looking at current assets and total equity, actual results were relatively in line with previous expectations.

On the non-current liabilities side, more bank loans were taken during the year to finance the aforementioned property

acquisition, resulting in a negative bank loans and other financial liabilities variance.

Moving to current liabilities, the trade payables variance relates to timing issues of trade creditors, suppliers and accruals mainly vis-à-vis the Guarantor's restaurant operations.

2.6 Guarantor's Statement of Cash Flows

Hili Ventures Limited Statement of Cash Flows For the year ended 31 December	2019A	2020A	2021A	2022P
	€'000s	€'000s	€'000s	€'000s
Net cash flows from continuing operations	67,148	63,064	96,695	102,374
Interest paid	(12,897)	(14,496)	(14,899)	(14,378)
Tax refund	1,153	2,521	510	1,861
Income tax paid	(6,759)	(6,204)	(8,975)	(14,321)
Net cash flows generated from/(used in) operating activities	48,645	44,885	73,331	75,537
Net cash flows generated from/(used in) investing activities	(65,911)	(48,617)	(54,070)	(111,006)
Net cash flows generated from/(used in) financing activities	42,152	(14,170)	14,246	26,170
Movement in cash and cash equivalents	24,886	(17,902)	33,507	(9,299)
Cash and cash equivalents at start of year	33,832	59,445	41,889	75,943
Effects of movements in exchange	727	346	547	-
Cash and cash equivalents at end of year	59,445	41,889	75,943	66,644

Ratio Analysis ⁵	2019A	2020A	2021A	2022P
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	€(26,036)	€39,349	€50,410	€41,692

Net cash flows from operations during FY21 show a 63.4% or €28.4m increase when compared to the prior year. While this increase takes into account a number of working capital movements, this improvement is predominantly attributable to the positive financial performance registered by the Guarantor during FY21.

Interest paid increased by just over €0.4m reflecting the interest paid on all outstanding bonds and bank loans. Tax refunded amounted lower whilst tax paid was higher when compared to the prior year, reflecting higher income for the year.

Driven by current and new operations, the Guarantor is projecting net cash flows from operating activities to improve to €75.5m during FY22.

Additionally, cash flows used in investing activities increased to €54.1m, as the Guarantor invested heavily in property, plant and equipment amounting to €32.6m (FY20: €18.6m). Net cash used in investing activities is expected to amount to €111m during FY22, predominantly on the back of the continued expansion plans of the group.

Net cash flows from financing activities in FY21 stood at €14.2m mainly reflecting the net proceeds from the public offer of shares in Hili Properties. Bank loans also increased by €8.6m to €31.5m whilst higher dividends were paid out amounting to €9.7m. Financing activities are expected to amount to €26.2m during FY22, mainly on account of the proceeds of the Hili Finance bond issued during the year.

⁵ Ratio analysis may not agree to prior FASs due to a change in the calculation methodology or rounding of figures

2.6.1 Variance Analysis

Hili Ventures Limited Statement of Cash Flows For the year ended 31 December	Dec-21	Dec-21	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Net cash flows from continuing operations	90,587	96,695	6,108
Interest paid	(14,650)	(14,899)	(249)
Tax refund	-	510	510
Income tax paid	(14,224)	(8,975)	5,249
Net cash flows generated from/(used in) operating activities	61,713	73,331	11,618
Net cash flows generated from/(used in) investing activities	(21,703)	(54,070)	(32,367)
Net cash flows generated from/(used in) financing activities	(4,764)	14,246	19,010
Movement in cash and cash equivalents	35,246	33,507	(1,739)
Cash and cash equivalents at start of year	41,887	41,889	2
Effects of movements in exchange	-	547	547
Cash and cash equivalents at end of year	77,133	75,943	(1,190)

When compared to the projected net cash flow from operating activities, the Guarantor reported a positive variance of €11.6m during FY21, with this being mainly attributable to the positive financial performance registered during the year.

In addition, while investing activities were lower by €32.4m, net cash flows used in financing activities during FY21 were €19m higher when compared to previous expectations. Indeed, such variances relate to the fact that the net proceeds from the public offer by Hili Properties during the year, were not included in prior expectations.

Part 3 - Key Market and Competitor Data

3.1 European Economic Update⁶

The EU economy is rebounding from the pandemic recession faster than expected. Specifically, households responded to the improving epidemiological situation and the gradual relaxation of containment measures with a spending spree that propelled EU private consumption growth to 3.3% q-o-q. The rebound of economic activity was broad-based, with all components of domestic demand contributing positively to the 2.0% q-o-q rebound in GDP.

Moreover, economic indicators suggest that growth continued in the summer, also underpinned by a revival of intra-EU travel that benefited in particular EU touristic regions. The projected growth rate of 2.1% for the third quarter, allowed the EU as a whole to virtually close the gap with its pre-pandemic output level and move from recovery into expansion.

Nevertheless, in view of recent developments, new headwinds to the economic outlook are mounting. Notably, the supply side of the economy struggles to keep pace with the abrupt swings in the level and composition of global demand. This affects several key industries, including global logistics and the production of raw materials and microprocessors. Sporadic localised pandemic-related lockdowns together with emerging labour shortages add to the disruptions.

Surging energy prices, most notably for natural gas and electricity, are also expected to dampen the growth momentum in the short term. After falling sharply in 2020, energy prices have increased at a tumultuous pace over the second half of 2021 and are now above pre-pandemic levels. High wholesale energy prices are making their way to retail prices for households and producers, though at a varying degree and pace across countries, with potential knock on effects on consumption and business investment.

Despite these headwinds, the EU is projected to keep expanding over the remainder of the year, achieving a growth rate of 5.0% for 2021 as a whole, 0.2 pps higher when compared to previous expectations.

In 2022, the propelling forces of the re-opening are set to fade out, while supply bottlenecks loosen and energy prices decline. Growth is expected to be supported by an improving labour market, still high savings, favourable financing conditions and the full deployment of the Recovery and Resilience Facility (RRF). Economic activity in the EU is thus projected to expand by a solid 4.3% in 2022, before

decelerating to 2.5% in 2023. Importantly, although the pace of growth is projected to remain uneven across countries and sectors, the EU is set to return onto its path of economic convergence. By early 2023, moreover, real GDP is expected to converge to the steady growth path that the economy was set to follow before the pandemic.

Although the impact of the pandemic on economic activity has weakened considerably, COVID-19 has not yet been defeated and the recovery is heavily dependent on its evolution, both within and outside the EU. The recent surge of cases in many countries may lead to the re-introduction of restrictions with impact on economic activity. In the EU, this risk is particularly relevant in countries with relatively low vaccination rates.

Besides the risks around the evolution of the pandemic, economic risks also relate to the potential protracted impact of the current supply constraints and bottlenecks.

3.2 Malta Economic Update⁷

In May, the European Commission's Economic Uncertainty Indicator (EUI) increased when compared with April. Higher uncertainty was largely driven by developments in services and industry, and to a smaller extent, among consumers.

In April, industrial production contracted in annual terms, following a small rise a month earlier. The volume of retail trade rose at a faster pace. The unemployment rate was marginally lower than that recorded in March and below last year's rate.

Commercial and residential permits increased in April relative to their year-ago levels. In May, the number of promise-of-sale agreements fell on a year-on-year basis while final deeds of sale rose slightly.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 5.8% in May, up from 5.4% in the previous month. Inflation based on the Retail Price Index (RPI) edged up to 6.0% in May, from 5.7% a month earlier.

Maltese residents' deposits expanded at an annual rate of 8.8% in April following an increase of 10.1% in the previous month while annual growth in credit to Maltese residents stood at 7.8%, marginally above the rate of 7.7% recorded a month earlier.

⁶ European Economic Forecast – Autumn 2021

⁷ Central Bank of Malta – Economic Update 6/2022

The Consolidated Fund deficit in April 2022 narrowed compared with a year earlier as expenditure fell while revenue rose slightly.

3.3 Comparative Analysis

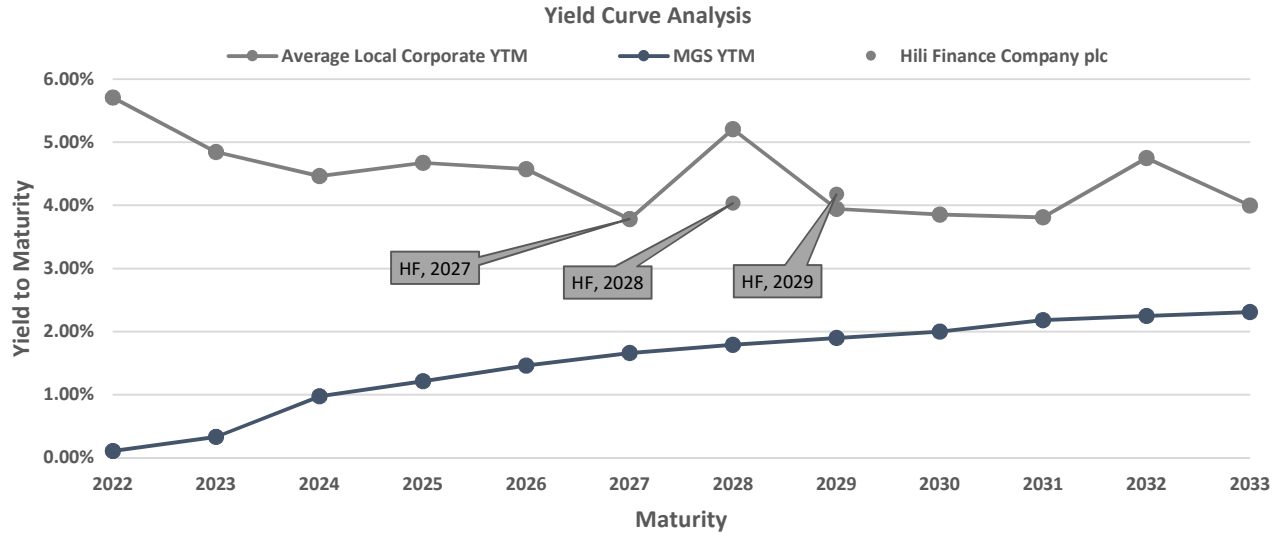
The purpose of the table below compares the proposed debt issuance of the Group to other debt instruments. For consistency purposes we opted to maintain the same peers as per last year's Financial Analysis Summary. More importantly, we have included different issuers with similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
6% Pendergardens Developments plc Secured € 2022 Series II	19,757	5.71%	(2.3)x	59.5	30.7	48.4%	35.5%	4.6x	0.7x	3.91%	10.19%	-9.54%
4.25% GAP Group plc Secured € 2023	8,350	4.23%	7.8x	112.2	21.6	80.8%	66.3%	3.5x	6.2x	48.3%	17.7%	110.7%
5.8% International Hotel Investments plc 2023	10,000	4.67%	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	5.97%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
5% Hal Mann Vella Group plc Secured € 2024	30,000	3.67%	3.1x	123.8	48.5	60.8%	53.1%	9.0x	1.4x	2.5%	4.7%	7.7%
5.1% 1923 Investments plc Unsecured € 2024	36,000	4.01%	5.3x	149.7	52.8	64.7%	47.1%	2.9x	1.0x	11.9%	3.4%	15.0%
4.25% Best Deal Properties Holding plc Secured € 2024	9,183	4.20%	25.4x	24.6	6.9	71.9%	68.4%	3.9x	6.6x	50.2%	13.8%	83.2%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	4.72%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
4.5% Hili Properties plc Unsecured € 2025	37,000	4.01%	1.5x	208.7	110.9	46.9%	32.3%	10.6x	4.7x	3.7%	38.5%	6.5%
4.35% Hudson Malta plc Unsecured € 2026	12,000	3.78%	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	3.84%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
4% International Hotel Investments plc Unsecured € 2026	60,000	3.99%	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	3.27%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
4.35% SD Finance plc Unsecured € 2027	65,000	4.23%	0.3x	328.5	131.5	60.0%	30.3%	43.7x	1.2x	-1.6%	-12.2%	-70.9%
4% Eden Finance plc Unsecured € 2027	40,000	3.64%	3.7x	193.5	109.3	43.5%	28.6%	5.9x	1.1x	0.9%	4.3%	86.6%
4% Hili Finance Company plc Unsecured € 2027	50,000	3.79%	4.6x	727.7	154.6	78.7%	78.1%	4.7x	1.1x	25.9%	5.7%	22.0%
4% Stivala Group Finance plc Secured € 2027	45,000	3.58%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
3.85% Hili Finance Company plc Unsecured € 2028	40,000	4.04%	4.6x	727.7	154.6	78.7%	78.1%	4.7x	1.1x	25.9%	5.7%	22.0%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.49%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
3.8% Hili Finance Company plc Unsecured € 2029	80,000	4.18%	4.6x	727.7	154.6	78.7%	78.1%	4.7x	1.1x	25.9%	5.7%	22.0%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
**Average		4.03%										

Source: Latest available audited financial statements

* Last closing price as at 15/06/2022

**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 the yield of Hili Finance Company plc bonds.

As at 15 June 2022, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 3 to 5 years was 217 basis points. The 4% Hili Finance Company plc 2027 bond is currently trading at a YTM of 3.79%, translating into a spread of 212 basis points over the corresponding MGSs. This means that this bond is trading at a marginal discount of 5 basis points in comparison to the market.

As at 15 June 2022, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 4 to 7 years was 210 basis points. The 3.85% Hili Finance Company plc Unsecured 2028 is currently trading at a YTM of 4.04%, translating into a spread of 224 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 10 basis points in comparison to the market.

As at 15 June 2022, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 5-7 years was 198 basis points. The proposed 3.85% Hili Finance Company plc 2028 bond is currently trading at a YTM of 4.18%, meaning a spread of 228 basis points over the equivalent MGS, and therefore at a premium to the average on the market of 30 basis points.

Part 4 - Glossary and Definitions

<i>Income Statement</i>	
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.
EBIT (Operating Profit)	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.
Profit After Taxation	The profit made by the Group/Company during the financial year net of any income taxes incurred.

<i>Profitability Ratios</i>	
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).

<i>Cash Flow Statement</i>	
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.

<i>Balance Sheet</i>	
Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

Cash and Cash Equivalents	Cash and cash equivalents are 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 be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within 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.

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 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.
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Calamatta Cuschieri

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