



**CLEARFLOWPLUS P.L.C.**

Water Services Corporation, Triq Hal-Qormi, Luqa LQA 9043, Malta  
Co. Reg. C38895

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**COMPANY ANNOUNCEMENT**

The following is a Company Announcement issued by ClearFlowPlus p.l.c. (the "Company") pursuant to the Capital Market Rules as issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta).

**QUOTE**

It is being announced that the Financial Analysis Summary of the Company dated 23 June 2026, has been approved for publication and is attached herewith. It is also available for viewing on the Company's website at <https://www.clearflowplus.com/financial-analysis-summary>.

**UNQUOTE**

By order of the Board

A handwritten signature in black ink, appearing to read "A. Vella", is written in a cursive style.

**Dr Amanda Vella**  
*Company Secretary*

23<sup>rd</sup> June 2026

The Directors

**ClearFlowPlus p.l.c**

Water Services Corporation

Triq Hal-Qormi

Luqa, LQA 9043

Malta

## Re: Financial Analysis Summary – 2026

 2026

Dear Board Members,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the “**Analysis**”) set out on 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 ClearFlowPlus p.l.c. (the “**Issuer**”) and Water Services Corporation (the “**Guarantor**”), where the latter is the parent company of the “**Group**”. The data is derived from various sources or is based on our own computations as follows:

- a) Historical financial data for the three years ending 31 December 2023, 2024 and 2025 has been extracted from the audited financial statements of the Issuer and the Guarantor.
- b) The forecast data for the financial years ending 31 December 2026 has been provided by management.
- c) Our commentary on the Issuer and Guarantor’s results and financial position is based on the explanations provided by management.
- d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist investors in the Issuer’s securities and potential investors by summarising the more important financial data of the Issuer. 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 Issuer and should not be interpreted as a recommendation to invest in any of the Issuer’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 Issuer’s securities.

Yours sincerely,

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Patrick Mangion

Head of Capital Markets

# FINANCIAL ANALYSIS SUMMARY 2026



**ClearFlowPlus p.l.c**

 2026

Prepared by Calamatta Cuschieri  
Investment Services Limited

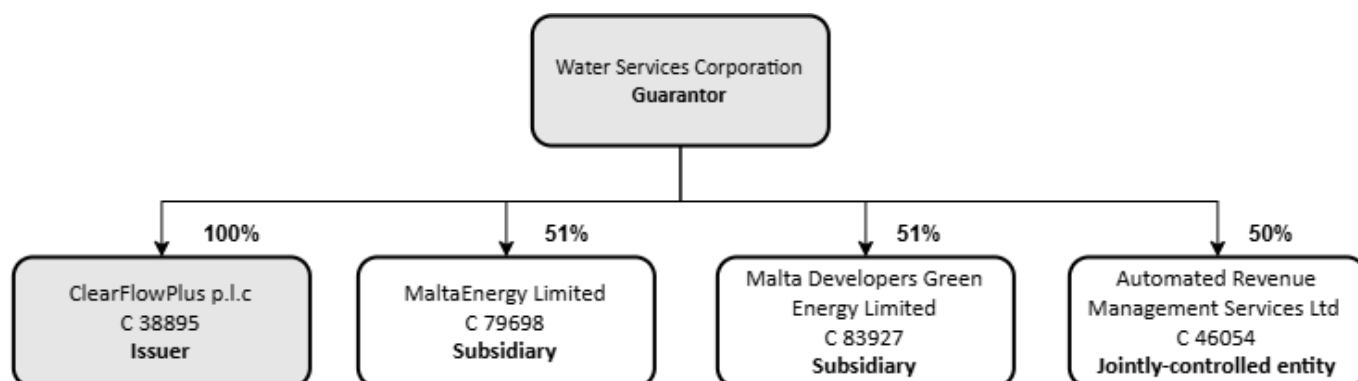
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## Part 1 - Information about the Group

### 1.1 Group’s key activities and Group structure

The Group’s complete organisation chart is set out below:



ClearFlowPlus p.l.c. (“CFP” or the “Issuer”) was incorporated on 9 June 2006 as a private limited liability company with company registration number C 38895, under the name Desalination Services Marketing Ltd. Since then, in 2018 it changed its name to ClearFlowPlus Limited and on 19 July 2023 was converted to a public limited company in anticipation of the bond issue. As at the date of this Analysis, the Issuer has an authorised and issued share capital of €250,002 made up of 107,326 ordinary shares of €2.329373 each all fully paid up. The Issuer is a fully owned subsidiary of Water Services Corporation except for one share, which is held by Malta Government Investments Limited (C 10175).

The Issuer’s main activities are the provision of technical consultancy services related to the distribution, conservation, and treatment of water. The Issuer also offers consultancy services and supplies in connection with reverse osmosis plants, wastewater treatment facilities, laboratory analysis, and information technology. The Issuer markets and provides its consultancy services both locally and abroad.

The Issuer’s initial intention was to restrict its activities to those of a finance company and transfer its operations to another subsidiary, however, CFP’s strategic direction evolved to embrace a dual role, continuing its legacy as a premier provider in its field, while expanding its horizons to become a financing vehicle for the group.

Water Services Corporation (the “Guarantor” or “WSC” or the “Group”) was founded on 20 January 1992 by Act of Parliament No. XXIII of 1991, to take over the responsibilities of the former Water Works Department. This strategic move meant that, rather than remaining the responsibility of a government department, water had become the

responsibility of a dedicated corporation established by statute with a certain level of autonomy and increased accountability. The average number of employees employed by the Guarantor in 2025 was 1,038 (2024: 1,039). The Guarantor is responsible for managing potable water and wastewater services in the Maltese islands. Its principal activities are:

- Water production and distribution - to acquire, produce, distribute and sell water for domestic, industrial and commercial use;
- Wastewater collection and treatment - to treat and dispose or re-use wastewater; and
- Renewable energy generation - to further reduce the energy costs related to its operations using renewable energy sources.

#### **MaltaEnergy Limited (“MEL”)**

MEL was incorporated on 4 May 2017 with registration number C 79698. MEL leases the Qrendi and Ta’ Cenc reservoirs from the Guarantor. It was set up as a joint venture vehicle between the Guarantor and the General Retailers and Traders Union.

#### **Malta Developers Green Energy Ltd (“MDGE”)**

MDGE was incorporated on 21 March 2018 with registration number C 83927. MDGE leases the solar panels which are installed on the property of the Guarantor. The company was set up as a joint venture vehicle between the Guarantor and the Malta Developers Association.

#### **Automated Revenue Management Services Ltd (“ARMS”)**

ARMS was incorporated on 19 January 2009 with registration number C 46054. This private limited liability company was set up as a joint venture between WSC and Enemalta plc. The scope of this agreement was to carry out

meter to cash functions for both entities. ARMS must transfer all revenues collected to the respective party within 24 hours of receipt.

## 1.2 Directors and Employees

### Board of Directors - Issuer

The Board of Directors of the Issuer is composed of the following persons:

Name	Designation
Mr Karl Cilia	Chairman and executive Director
Mr Matthew Costa	Executive Director
Ing David Sacco	Executive Director
Ms Angela Azzopardi	Independent non-executive Director
Mr Luke Cann	Independent non-executive Director
Ing Abigail Cutajar	Independent non-executive Director
Ms Katrina Cuschieri	Independent non-executive Director

Mr Karl Cilia, Mr Matthew Costa and Ing David Sacco are executive Directors and occupy senior executive positions within the Group, namely CEO, Chief Officer – Finance and Administration and Chief Officer – Production and Treatment within the Group, respectively.

The other four Directors, Ms Angela Azzopardi, Mr Luke Cann, Ing Abigail Cutajar and Ms Katrina Cuschieri serve on the Board of the Issuer in a non-executive capacity. Ms Angela Azzopardi, Mr Luke Cann, Ing Abigail Cutajar and Ms Katrina Cuschieri are considered as independent directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement.

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

### Board of Directors - Guarantor

The Board of Directors of the Guarantor consists of the following persons:

Name	Designation
Mr Joseph Vella	Chairman
Mr Louis Gatt	Deputy Chairman
Ing Raymond Azzopardi	Member
Mr Ethelbert Schembri	Member
Ms Sylvana Mifsud	Member
Ms Marion Parnis	Member
Ms Mirana Agius Silvio	Member
Dr Juanita Agius Galea	Member
Dr Joseph Gerada	Member

Dr Joseph Gerada was appointed to his post as a member of the Guarantor on 8 July 2025.

The business address of the directors of the Guarantor is the Head Office of the Guarantor, namely Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta.

## 1.3 Major Assets owned by the Group

The Group's largest asset as at year end of FY25 was related to property, plant and equipment ("PPE") and amounted to €494.7m. PPE principally comprises assets related to water infrastructure (€164.6m), wastewater infrastructure (€152.1m), land and buildings (€54.5m), and assets under construction (€101.8m). Water and wastewater infrastructure include:

- four reverse osmosis plants in Pembroke, Ċirkewwa, Għar Lapsi and Hondoq ir-Rummien;
- 24 reservoirs and various pumping stations;
- four wastewater treatment plants in Sant' Antin Marsascala, Ras il-Hobz in Gozo, Ic-Cumnija, limits of Mellieha and Ta' Barkat Xghajra; and
- a network of over 2,200 kilometres of pipes and a tunnel between Pembroke and Ta' Qali.

Assets under construction represent water and wastewater infrastructure assets which are still in the course of construction. During the year, assets which are no longer in the course of construction are reclassified to other components of PPE.

## 1.4 Operational Developments

During the year the Group continued its undertaking of a number of strategic initiatives aimed at consolidation, measured expansion and strong underlying operational delivery. The Group recorded a decline in profit before tax of 66% which was principally attributable to a budgeted increase in expenditure, most notably in the areas of repairs and maintenance and waste management. Recurrent expenditure also rose by 20.8% on a year-on-year basis, with several material factors contributing to this movement. Chief among these was the Group's sustained investment in its people, through talent retention programmes and targeted human capital development.

Personnel costs rose in parallel, driven by cost of living adjustments applied in conjunction with a newly concluded

collective agreement extending to over 90% of the workforce. On the revenue side, continued improvements in billing accuracy, underpinned by the ongoing smart meter replacement programme, combined with higher consumption levels, generated an uplift in revenue, equating to 8% growth year-on-year.

In FY25 the Issuer advanced a further disbursement of €7.5m, bringing total disbursements to 60% of the bond proceeds. These funds were deployed in alignment with the Issuer's green agenda, encompassing the installation of a new aeration system at the Ta' Barkat sewage treatment plant, the overhaul of the nonrevenue water billing algorithm and continued investment in water infrastructure.

The Group also made meaningful progress on its multi-site solar energy project, which is expected to reach completion by the end of FY26. Capital investment maintained strong momentum throughout the reporting period, with particular focus on water and wastewater infrastructure. Capital expenditure for FY25 stood at €100.4m (FY24: €63.6m), representing a 56% increase on the prior year. These investments were directed towards the replacement of ageing and deteriorating pipelines, with the objective of enhancing the reliability, quality, and consistency of water supply and treatment across Malta.

## Part 2 - Historical Performance and Forecasts

The financial information in sections 2.1 to 2.6 is extracted from the audited financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2023, 2024 and 2025.

The projected financial information for the year ending 31 December 2026 has been provided by management. This financial information relates to events in the future and are based on assumptions which the Issuer 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.

During the current financial year, management identified a reclassification misstatement in the presentation of certain amounts in the statement of cash flows, including an incorrect presentation of the loan drawdowns made by related parties and the repayment thereof for the year ended 31 December 2025. These were previously included in cash flows from financing activities instead of cash flows from investing activities in line with IAS 7 Statement of Cash Flows. Moreover, interest paid is included within financing activities, adjusting operating activities with the corresponding finance costs. Management is presenting the restated statement of cash flows between gross cash and cash equivalents (before ECL).

### 2.1 Issuer's Income Statement

Income Statement	2023A	2024R	2025A	2026P
	€000s	€000s	€000s	€000s
Revenue	2,783	3,935	3,521	3,632
Cost of sales	(980)	(888)	(1,017)	(1,074)
<b>Gross Profit</b>	<b>1,803</b>	<b>3,047</b>	<b>2,504</b>	<b>2,558</b>
Administrative expenses	(417)	(469)	(340)	(453)
Other income	1	-	2	-
<b>EBITDA</b>	<b>1,387</b>	<b>2,578</b>	<b>2,166</b>	<b>2,105</b>
Depreciation	(8)	(10)	(22)	(42)
<b>EBIT</b>	<b>1,379</b>	<b>2,568</b>	<b>2,144</b>	<b>2,063</b>
Finance costs	(434)	(1,111)	(1,111)	(1,111)
<b>Profit before tax</b>	<b>945</b>	<b>1,457</b>	<b>1,033</b>	<b>952</b>
Tax expense	(323)	(449)	(308)	(333)
<b>Profit for the year</b>	<b>622</b>	<b>1,008</b>	<b>725</b>	<b>619</b>

Ratio Analysis	2023A	2024R	2025A	2026P
<b>Profitability</b>				
Growth in Revenue (YoY Revenue Growth)	N/A	41.4%	-10.5%	3.2%
Gross Profit Margin (Gross Profit / Revenue)	64.8%	77.4%	71.1%	70.4%
EBITDA Margin (EBITDA / Revenue)	49.8%	65.5%	61.5%	57.9%
Operating (EBIT) Margin (EBIT / Revenue)	49.6%	65.3%	60.9%	56.8%
Net Margin (Profit for the year / Revenue)	22.3%	25.6%	20.6%	17.0%
Return on Common Equity (Net Income / Average Equity)	27.3%	30.8%	18.3%	13.3%
Return on Assets (Net Income / Average Assets)	3.8%	3.5%	2.5%	2.1%

In FY25, the Issuer's revenue decreased by 10.5% to €3.5m (FY24: €3.9m), primarily driven by lower sales of spare parts and a decline in services related to reverse osmosis plants.

This decrease was partially offset by growth in other revenue streams, including waste management services and associated after-sales support, as well as increased revenue

from laboratory testing and IT services. Waste management activities remained the principal contributor to income, accounting for 54% of revenue attributable to operations (FY24: 39%).

Other revenues, which comprise finance income, stood at €1.5m in FY25 (FY24: €1.8m). The overall decrease is due to the fall in finance service fee and the interest income from loans receivable from the parent company.

Revenue for FY26 is forecasted to increase to €3.6m, in line with inflation and contracts in place.

Cost of sales which are largely driven by expenses directly attributable to the production and servicing of reverse osmosis and dispenser systems offered by the Issuer increased by 14.6% to €1.0m in FY25 (FY24: €888k). Due to the decrease in revenue, the gross profit margin decreased to 71.1% in FY25 (FY24: 77.4%). Cost of sales for FY26 is projected to remain stable at €1.1m, with FY26 gross profit and margin forecast to come in at €2.6m and 70.4% respectively.

Administrative expenses decreased to €340k in FY25 (FY24: €468k), with the decrease coming mainly from the movement in ECL provisions. These are forecasted to reach €453k in FY26, reflecting ongoing corporate requirements.

EBITDA for the year amounted to €2.2m in FY25 (FY24: €2.6m), resulting in an EBITDA margin of 61.5% (FY24:

65.5%). FY26 EBITDA is forecast at €2.1m with a margin of 57.9%.

Depreciation increased to €22k in FY25 (FY24: €10k), in line with the additions to the Company's asset base. EBIT amounted to €2.1m in FY25 (FY24: €2.6m), with the operating margin moderating to 60.9% (FY24: 65.3%). EBIT is forecast to reach €2.1m in FY26, with a margin of 56.8%.

On the other hand, finance costs remained stable at €1.1m in FY25 (FY24: €1.1m), reflecting the continued impact of bond-related interest. Finance costs are expected to remain at these levels in FY26.

This resulted in a profit before tax of €1.0m in FY25 (FY24: €1.5m), with a corresponding reduction in tax expense to €308k (FY24: €449k), broadly in line with the lower level of profitability. Profit before tax is forecast at €952k in FY26.

Overall, net profit for the year amounted to €725k in FY25 (FY24: €1.0m). This translated to a net profit margin of 20.6% (FY24: 25.6%). Management is projecting a net profit of €619k in FY26, with a corresponding margin of 17.0%.

Additionally, ROE decreased to 18.3% in FY25 (FY24: 30.8%), reflecting the reduction in net profit, while ROA declined to 2.5% (FY24: 3.5%), primarily due to the increase in the asset base.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	2023A	2024R	2025A	2026P
	€000s	€000s	€000s	€000s
<b>Assets</b>				
Non-current assets				
Property, plant and equipment	75	69	129	169
Finance lease receivable	794	739	669	620
Loan receivable	2,008	7,687	15,115	24,581
<b>Total non-current assets</b>	<b>2,877</b>	<b>8,495</b>	<b>15,913</b>	<b>25,369</b>
Current assets				
Inventories	535	526	527	614
Finance lease receivable	48	58	71	49
Loan receivable	42	47	57	149
Trade and other receivables	1,089	1,357	932	1,251
Cash and cash equivalents	24,106	18,588	12,155	3,072
Current tax assets	-	30	49	-
<b>Total current assets</b>	<b>25,820</b>	<b>20,606</b>	<b>13,791</b>	<b>5,135</b>
<b>Total assets</b>	<b>28,697</b>	<b>29,101</b>	<b>29,704</b>	<b>30,504</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital	250	250	250	250
Retained earnings	2,350	3,358	4,083	4,701
<b>Total equity</b>	<b>2,600</b>	<b>3,608</b>	<b>4,333</b>	<b>4,951</b>
<b>Non-current liabilities</b>				
Interest bearing borrowings	24,529	24,578	24,627	24,676
Trade and other payables	235	209	197	268
<b>Total non-current liabilities</b>	<b>24,764</b>	<b>24,787</b>	<b>24,824</b>	<b>24,943</b>
<b>Current liabilities</b>				
Trade and other payables	1,203	329	170	233
Current tax liabilities	130	-	-	-
Interest Bearing borrowings	-	377	377	377
<b>Total current liabilities</b>	<b>1,333</b>	<b>706</b>	<b>547</b>	<b>610</b>
<b>Total liabilities</b>	<b>26,097</b>	<b>25,493</b>	<b>25,371</b>	<b>25,553</b>
<b>Total equity and liabilities</b>	<b>28,697</b>	<b>29,101</b>	<b>29,704</b>	<b>30,504</b>

Ratio Analysis	2023A	2024R	2025A	2026P
<b>Financial Strength</b>				
Gearing 1 (Net Debt / Net Debt and Total Equity)	14.0%	62.4%	74.2%	81.4%
Gearing 2 (Total Liabilities / Total Assets)	91.0%	87.6%	85.4%	83.8%
Gearing 3 (Net Debt / Total Equity)	16.3%	166.0%	287.8%	436.4%
Net Debt / EBITDA	0.3x	2.3x	5.8x	10.3x
Current Ratio (Current Assets / Current Liabilities)	19.4x	29.2x	25.2x	8.4x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	19.0x	28.4x	24.2x	7.4x
Interest Coverage level (EBITDA / Finance costs)	3.2x	2.3x	1.9x	1.9x

The Issuer's total non-current assets stood at €15.9m as at 31 December 2025, increasing from €2.9m in FY23. The main movement was in the loan receivable balance which almost doubled to €15.1m (FY24: €7.7m), now accounting for approximately 95.0% of non-current assets (FY24: 90.5%). This loan represents the advancement of bond proceeds to the Guarantor to finance eligible green projects undertaken by WSC. The loan is unsecured, bears interest at 4.75% per annum and is to be paid in full, including the agreed interest by the year 2033. Non-current assets are forecast to increase further to €25.4m in FY26 as the Issuer continues to flows funds to the Guarantor.

On the other hand, current assets declined to €13.8m in FY25 (FY24: €20.6m), primarily due to the continued deployment of available funds into long-term loan receivables. Cash and cash equivalents decreased to €12.2m (FY24: €18.6m) as funds were advanced to the Guarantor. Trade and other receivables reduced to €932k (FY24: €1.4m), while inventories remained broadly stable at €527k. The current portion of financial assets increased modestly, with finance lease receivables rising to €71k (FY24: €58k) and the current portion of loan receivables at €57k (FY24: €47k). A current tax asset of €49k was recognised during the year. Current assets are forecast to decline further to €5.1m in FY26 in line with continued reallocation into long-term assets.

Total equity increased to €4.3m in FY25 (FY24: €3.6m), reflecting a €725k increase in retained earnings driven by the Issuer's profitability during the year. Share capital remained unchanged at €250k. Equity is expected to rise further to €5.0m in FY26, supported by continued profit generation and retained earnings growth.

Total liabilities decreased slightly to €25.4m in FY25 (FY24: €25.5m), primarily due to a drop in current liabilities, which

fell to €547k (FY24: €706k), mainly due to lower trade and other payables and the absence of current tax liabilities. The non-current liabilities remained stable at €24.8m. Total liabilities to total assets ratio (Gearing 2) improved to 85.4% from 87.6% in FY24, reflecting a slight decrease in leverage. Total liabilities are expected to remain stable in FY26 reaching €25.6m.

The Issuer's gearing ratio increased to 74.2% in FY25 (FY24: 62.4%) due to the continued deployment of cash into long-term loan assets, resulting in a higher level of net debt. Net Debt / EBITDA increased further to 5.8x in FY25 (FY24: 2.3x), for the same reasons. The ratio is expected to increase further to 10.3x in FY26 reflecting the continued utilisation of funds.

The Issuer continues to maintain a strong short-term liquidity position, with the current ratio at 25.2x in FY25 (FY24: 29.2x). The quick ratio also stood at 24.3x in FY25 (FY24: 28.4x), indicating the Issuer's ability to cover its short-term obligations with highly liquid assets. This remains the case despite the reduction in cash balances driven by the continued deployment of funds into long-term loan receivables.

Interest coverage decreased to 2.0x in FY25 (FY24: 2.3x), reflecting the reduction in EBITDA rather than changes in finance costs, which remained broadly stable during the period. The ratio is expected to decrease marginally to 1.9x in FY26, reflecting the continued impact of the Issuer's cost structure.

The Issuer's financial position remains solid, with stable funding, expanding asset deployment, and strengthening equity through retained earnings.

**2.3 Issuer's Statement of Cash Flows**

Cash Flows Statement	2023A	2024R	2025A	2026P
	€000s	€000s	€000s	€000s
<b>Cash flows from operating activities</b>				
EBIT	1,379	2,568	2,144	2,063
Adjustments	(18)	883	818	1,321
<b>Cash generated from operations</b>	<b>1,361</b>	<b>3,451</b>	<b>2,962</b>	<b>3,384</b>
Changes in working capital	(285)	(788)	338	(312)
<b>Cash flow from operations</b>	<b>1,076</b>	<b>2,663</b>	<b>3,300</b>	<b>3,072</b>
Finance income	-	-	-	
Finance costs	(416)	(1,111)	(1,111)	(1,111)
Tax paid	(415)	(539)	(306)	(333)
<b>Net cash from operating activities</b>	<b>244</b>	<b>1,013</b>	<b>1,883</b>	<b>1,627</b>
<b>Cash flows used in investing activities</b>				
Disposal/(Purchase) of property, plant and equipment	(59)	(5)	(82)	(82)
Movements in long-term finance lease receivable	40	254	258	-
Loan provided to related party	(21)	(5,684)	(7,438)	(9,558)
<b>Net cashflows used in investing activities</b>	<b>(39)</b>	<b>(5,435)</b>	<b>(7,262)</b>	<b>(9,640)</b>
<b>Cash flow used in financing activities</b>				
Loan advanced to related company	(1,681)	-	-	-
Repayment of loan from related party	119	-	-	-
Bond proceeds	25,000	-	-	-
Bond issue costs	(488)	-	-	-
Increase in paid up share capital	19	-	-	-
Interest Paid	-	(1,103)	(1,062)	(1,063)
<b>Net cashflows from financing activities</b>	<b>22,969</b>	<b>(1,103)</b>	<b>(1,062)</b>	<b>(1,063)</b>
<b>Cash and cash equivalents at start of year</b>	<b>932</b>	<b>24,106</b>	<b>18,588</b>	<b>12,146</b>
Movement in cash and cash equivalent	23,174	(5,525)	(6,442)	(9,075)
<b>Cash and cash equivalents at end of year</b>	<b>24,106</b>	<b>18,581</b>	<b>12,146</b>	<b>3,072</b>

Ratio Analysis	2023A	2024P	2025A	2026P
<b>Cash Flow</b>				
Free Cash Flow (Net cash from operations + Interest - Capex)	€602	€2,119	€2,912	€2,657

The Issuer generated net cash from operating activities of €1.9m in FY25, up from €1.0m in FY24, reflecting favourable working capital movements. Tax paid amounted to €306k (FY24: €539k), while finance costs remained broadly unchanged at €1.1m, consistent with the bond funding structure. FY26 operating cash flows are forecast at €1.6m, reflecting sustained operating performance albeit at slightly lower levels.

Cash flows from investing activities increased from an outflow of €5.4m in FY24 to €7.3m in FY25. This was primarily driven by the continued advancement of funds to

the Guarantor, with loan advances amounting to €7.4m during the year, in line with the Issuer's lending strategy. This was partially offset by inflows from finance lease receivables. FY26 investing cash outflows are expected to increase further to €9.6m, reflecting continued deployment of available funds into long-term loan receivables.

Financing activities in FY25 resulted in a net outflow of €1.1m, unchanged from FY24, and relate primarily to interest payments on the outstanding bond. In contrast, FY24 cash flows had already reflected the post-bond

issuance phase, with no additional funding inflows following the €25.0m bond raised in FY23.

These cash flow movements led to a €6.4m reduction in cash and cash equivalents in FY25, bringing year-end cash down to €12.2m (FY24: €18.6m). The decline is expected to continue into FY26, with cash balances forecast to decrease further to €3.1m, as funds continue to be deployed into long-term financing activities. Despite this trend, the Group maintains sufficient liquidity to support its ongoing operations and lending strategy.

## 2.4 Guarantor's Income Statement

Income Statement	2023A	2024R	2025A	2026P
	€	€	€	€
Revenue	91,460	100,753	108,426	113,468
Government subsidies	32,984	35,449	37,361	37,439
Operating and administrative expenses	(85,112)	(92,234)	(111,132)	(112,491)
Cost of service pensions due to Government	49	185	304	-
<b>EBITDA</b>	<b>39,381</b>	<b>44,153</b>	<b>34,959</b>	<b>38,417</b>
Depreciation	(20,824)	(22,672)	(27,647)	(31,025)
<b>EBIT</b>	<b>18,557</b>	<b>21,481</b>	<b>7,312</b>	<b>7,392</b>
Share of results of jointly-controlled entity	80	41	83	83
Finance income	1,532	2,967	2,389	343
Finance costs	(2,368)	(2,272)	(2,285)	(2,004)
<b>Profit before taxation</b>	<b>17,801</b>	<b>22,217</b>	<b>7,499</b>	<b>5,814</b>
Tax expense	(324)	(450)	(321)	(333)
<b>Profit for the year</b>	<b>17,477</b>	<b>21,767</b>	<b>7,178</b>	<b>5,481</b>
Remeasurements of post-employment benefit obligations	(371)	(508)	(479)	(479)
<b>Total comprehensive income for the year</b>	<b>17,106</b>	<b>21,259</b>	<b>6,699</b>	<b>5,002</b>

Ratio Analysis	2023A	2024R	2025A	2026P
<b>Profitability</b>				
Growth in Revenue (YoY Revenue Growth)	11.4%	10.2%	7.6%	4.7%
EBITDA Margin (EBITDA / Revenue)	43.1%	43.8%	32.2%	33.9%
Operating (EBIT) Margin (EBIT / Revenue)	20.3%	21.3%	6.7%	6.5%
Net Margin (Profit for the year / Revenue)	19.1%	21.6%	6.6%	4.8%
Return on Common Equity (Net Income / Average Equity)	11.4%	11.9%	3.8%	2.8%
Return on Assets (Net Income / Average Assets)	3.4%	3.6%	1.2%	0.8%

The Group's main source of revenue continues to be derived from the acquisition, production, distribution, and sale of water for domestic, industrial, and commercial use. Additionally, revenue is also generated from the treatment of sewage, ancillary fees related to new potable water services and temporary meters.

Total revenue in FY25 increased to €108.4m, reflecting a 7.6% increase compared to €100.8m in FY24. This growth is

driven by the continued implementation of the smart metering replacement programme, alongside an increase in consumption by the population. Of the €108.4m in revenue, €97.1m relates to the sale of water, while the remaining €11.4m pertains to ancillary services and other income. Revenue for FY26 is forecast at €113.5m, reflecting continued demand and the ongoing rollout of smart metering.

The treatment and re-use of wastewater is fully subsidised by the Government under deferred government grants, amounting to €37.4m in FY25, compared to €35.4m in FY24. Government subsidies for FY26 are projected at €37.4m, remaining broadly stable year-on-year.

Operating and administrative costs in FY25 increased to €111.1m from €92.3m in FY24, representing a rise of €18.8m. This increase was driven by higher staff costs (FY25: €38.3m, FY24: €35.8m), electricity expenses (FY25: €20.0m, FY24: €19.5m) and Repairs and maintenance fees (FY25: €25.6m, FY24: €15.3m). Operating and administrative expenses for FY26 are projected at €112.5m, in line with the increase in revenue.

As a result of the higher cost base, EBITDA decreased to €35.0m in FY25, down from €44.2m in FY24, representing a decline of 20.8%. EBITDA margin contracted to 32.2% in FY25 from 43.8% in FY24, reflecting weaker operating leverage. EBITDA for FY26 is projected to recover to €38.4m, with the margin improving slightly to 33.9%.

Depreciation and amortisation increased further to €27.6m in FY25, compared to €22.6m in FY24, primarily reflecting

the continued expansion of the Group's capital base. Depreciation and amortisation for FY26 are projected at €31.0m.

Finance income declined to €2.4m in FY25 from €3.0m in FY24, whilst finance costs remained broadly stable at €2.3m (FY24: €2.3m).

The Group generated a profit before tax of €7.5m in FY25, down significantly from €22.2m in FY24, reflecting the sharp decline in EBITDA. Profit before tax for FY26 is projected at €5.8m. Tax expense amounted to €321k in FY25, compared to €450k in FY24, in line with the lower level of taxable profits.

As a result, profit for the year decreased to €7.2m in FY25, compared to €21.8m in FY24. Net margin declined materially to 6.6% from 21.6% in FY24. Net profit for FY26 is projected at €5.5m, with a corresponding net margin of 4.8%. Total comprehensive income for the year amounted to €6.7m in FY25, compared to €21.3m in FY24, mainly reflecting the lower profit for the year and remeasurements of post-employment benefit obligations.

#### 2.4.1 Variance Analysis

Income Statement	2025P	2025A	Variance
<b>Revenue</b>	108,407	108,426	19
Government subsidies	36,291	37,361	1,070
Operating and administrative expenses	(98,206)	(111,132)	(12,926)
Cost of service pensions due to Government	185	304	119
<b>EBITDA</b>	<b>46,676</b>	<b>34,959</b>	<b>(11,717)</b>
Depreciation	(25,683)	(27,647)	(1,964)
<b>EBIT</b>	<b>20,993</b>	<b>7,312</b>	<b>(13,681)</b>
Share of results of jointly-controlled entity	41	83	42
Finance income	1,784	2,389	605
Finance costs	(2,024)	(2,285)	(261)
<b>Profit before taxation</b>	<b>20,794</b>	<b>7,499</b>	<b>(13,295)</b>
Tax expense	(408)	(321)	87
<b>Profit for the year</b>	<b>20,386</b>	<b>7,178</b>	<b>(13,208)</b>
Remeasurements of post-employment benefit obligations	-	(479)	(479)
<b>Total comprehensive income for the year</b>	<b>20,386</b>	<b>6,699</b>	<b>(13,687)</b>

The Group managed to generate the same revenue level as its projections. This was due to increased billing efficiency. The variance between projected and actual operating and

administrative expenses reflects a significant cost overrun of 13%, primarily driven by intensified repairs and maintenance programmes focused on wastewater infrastructure

resilience. In addition, workforce costs increased following the implementation of a revised remuneration framework, while higher raw material costs were incurred due to supply chain disruptions. These factors collectively resulted in a cost base that materially exceeded initial expectations, despite revenue remaining broadly in line with projections.

Depreciation also exceeded projections by 8%, caused by a higher capital expenditure in FY2025. Together, these cost pressures significantly impacted operating profitability, with the resulting margin compression driven more by cost escalation than revenue underperformance.

2.5 Guarantor's Statement of Financial Position

Statement of Financial Position	2023A	2024A	2025A	2026P
	€	€	€	€
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	381,715	424,560	494,686	550,499
Finance lease receivables	794	739	669	620
Investments in subsidiaries	1	1	1	1
Investments in jointly-controlled entity	967	1,008	590	673
Loan receivable	327	217	161	-
Right of use asset	3,970	8,907	6,504	7,160
Trade and other receivables	20,564	19,483	17,001	16,607
<b>Total non-current assets</b>	<b>408,338</b>	<b>454,915</b>	<b>519,612</b>	<b>575,560</b>
<b>Current assets</b>				
Inventories	23,514	24,339	25,510	26,429
Finance lease receivables	48	58	70	49
Loan receivable	42	47	57	-
Trade and other receivables	46,497	68,005	39,342	36,482
Current tax assets	-	66	72	-
Financial assets at fair value through profit or loss	-	12,313	18,286	18,286
Cash and cash equivalents	90,949	50,384	34,739	15,518
<b>Total current assets</b>	<b>161,050</b>	<b>155,212</b>	<b>118,076</b>	<b>96,764</b>
<b>Total assets</b>	<b>569,388</b>	<b>610,127</b>	<b>637,688</b>	<b>672,323</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Government contribution	73,142	73,142	73,142	73,369
Revenue reserve	94,553	116,318	123,495	129,203
Pension contributions reserve	(5,619)	(6,127)	(6,606)	(7,085)
Other reserve	227	227	227	227
Non-controlling interest	7	9	10	9
<b>Total equity</b>	<b>162,310</b>	<b>183,569</b>	<b>190,268</b>	<b>195,497</b>
<b>Non-current liabilities</b>				
Bond	24,529	24,578	24,627	24,676
Bank borrowings	29,613	12,325	9,671	6,974
Other borrowings	2,806	2,601	2,392	2,142
Deferred government grants	244,355	270,836	285,950	332,199
Provision for other liabilities and charges	6,449	4,484	4,505	4,505
Lease liability	2,197	5,618	3,594	3,177
Trade and other payables	235	209	181	50
<b>Total non-current liabilities</b>	<b>310,184</b>	<b>320,651</b>	<b>330,920</b>	<b>373,725</b>
<b>Current liabilities</b>				
Trade and other payables	75,307	84,557	94,551	83,104
Bank borrowings	6,255	2,613	2,654	2,697
Other borrowings	202	205	208	250

Deferred government grants	13,210	14,747	15,627	14,747
Lease liability	1,827	3,409	3,084	1,928
Current tax liabilities	93	-	-	-
Bond borrowings	-	376	376	376
<b>Total current liabilities</b>	<b>96,894</b>	<b>105,907</b>	<b>116,510</b>	<b>103,102</b>
<b>Total liabilities</b>	<b>407,078</b>	<b>426,558</b>	<b>447,420</b>	<b>476,826</b>
<b>Total equity &amp; liabilities</b>	<b>569,388</b>	<b>610,127</b>	<b>637,688</b>	<b>672,323</b>

Ratio Analysis	2023A	2024R	2025A	2026P
<b>Financial Strength</b>				
Gearing 1 (Net Debt / Net Debt and Total Equity)	-16.9%	0.7%	5.9%	12.0%
Gearing 2 (Total Liabilities / Total Assets)	71.5%	69.9%	70.2%	70.9%
Gearing 3 (Net Debt / Total Equity)	-14.5%	0.7%	6.2%	13.7%
Net Debt / EBITDA	(0.6)x	0.0x	0.3x	0.7x
Current Ratio (Current Assets / Current Liabilities)	1.7x	1.5x	1.0x	0.9x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	1.4x	1.2x	0.8x	0.7x
Interest Coverage level (EBITDA / Finance costs)	16.6x	19.4x	15.3x	19.2x

In FY25, total assets increased to €637.7m, compared to €610.1m in FY24, reflecting a 4.5% increase. This growth was primarily driven by the Group's continued investment in property, plant and equipment, which rose from €424.6m in FY24 to €494.7m in FY25, in line with the Group's ongoing strategic capital investment programme. Total non-current assets are projected to increase further to €576.0m by the end of FY26, supported by additional capital expenditure.

Short-term trade and other receivables decreased in FY25 to €39.3m, compared to €68.0m in FY24. This decrease was driven by the decrease in amounts due from a jointly controlled entity. Trade and other receivables are expected to come down to €36.5m in FY26.

Inventories, mainly consisting of mains, pipes and spare parts, increased from €24.3m in FY24 to €25.5m in FY25 and are projected to rise further to €26.4m in FY26. The Group's cash and cash equivalents decreased to €34.7m in FY25 from €50.4m in FY24. This decrease is mainly attributable to continued deployment of cash towards capital expenditure and investment activity. Cash and cash equivalents are forecast to decline further to €15.5m in FY26 as the Group continues to make significant investments in its property, plant and equipment.

On the equity side, the Group's equity increased to €190.3m in FY25, up from €183.6m in FY24, driven

primarily by retained earnings for the year. Equity is projected to increase further to €195.5m in FY26

Non-current liabilities increased from €320.7m in FY24 to €330.9m in FY25. The increase was mainly driven by higher deferred government grants, which rose to €286.0m from €270.8m in FY24, reflecting ongoing investment in subsidised assets. This was partially offset by lower bank borrowings, which declined from €12.3m to €9.7m. Non-current liabilities are projected to increase further to €373.7m in FY26, mainly due to a further build-up in deferred government grants. The Group's gearing ratio stood at 5.9% in FY25, reflecting the strong equity base.

Current liabilities increased to €116.5m in FY25 from €105.9m in FY24, mainly due to higher trade and other payables, which rose from €84.6m to €94.6m. This increase is mainly due to higher accruals. The current ratio declined from 1.5x in FY24 to 1.0x in FY25 but remains at satisfactory levels and demonstrates that the Group can comfortably meet its short-term obligations. The quick ratio also saw a decline from 1.2x to 0.8x and reflects a slight decrease in liquidity. Current liabilities are projected to decline to €103.1m in FY26

2.6 Guarantor's Statement of Cash Flows

Cash Flows Statement	2023A	2024A	2025A	2026P
	€	€	€	€
<b>Cash flows from operating activities</b>				
EBITDA	39,381	44,104	34,959	38,417
Share of results of jointly-controlled entity	80	41	83	83
Movement in provision for ECL	(842)	(530)	(59)	9
Movement in provision for other liabilities and charges	(1,247)	(1,516)	21	-
Movement in post-employment benefits obligations	(371)	(508)	(479)	(479)
Movement in lease obligations Impairment of investment	(548)	(1,706)	(3,418)	(1,572)
Impairment of investment	-	-	501	-
Net gain/(loss) from changes in fair value during the year	-	(434)	(522)	(49)
Write-off of property, plant and equipment	-	(292)	5,777	-
Movement in provision for obsolete	-	29	(249)	-
Interest income on finance lease	-	(209)	(199)	(343)
Amortisation of bond costs	-	49	49	49
Share of results of jointly controlled entity	-	(41)	(83)	(83)
Finance costs	-	2,223	2,285	2,004
Working capital changes	23,148	5,484	37,734	(8,984)
<b>Cash generated from operations</b>	<b>59,601</b>	<b>46,694</b>	<b>76,400</b>	<b>29,051</b>
Finance income	1,532	2,967	2,389	343
Finance costs	(2,241)	(2,272)	(2,285)	(2,004)
Interest paid	-	-	-	-
Tax paid	(433)	(610)	327	(261)
<b>Net cash from operating activities</b>	<b>58,459</b>	<b>46,779</b>	<b>76,177</b>	<b>27,129</b>
<b>Cash flows used in investing activities</b>				
Disposal/(acquisition) of property, plant and equipment	(36,553)	(63,623)	(100,391)	(85,595)
Movements in investment in subsidiaries & joint-venture	(80)	-	-	(83)
Write-off of property, plant and equipment	212	-	-	-
Acquisition of right of use assets	(2,460)	-	-	(1,899)
Acquisition of portfolio investments	-	(12,254)	(6,642)	-
Additions to finance lease receivables	(21)	(4)	-	49
Repayments from lessees	40	258	258	-
Repayments of loan advanced to related party	-	105	47	218
<b>Net cashflows used in investing activities</b>	<b>(38,862)</b>	<b>(75,143)</b>	<b>(105,537)</b>	<b>(87,310)</b>
<b>Cash flow used in financing activities</b>				
Net cash movement in bank and other borrowings	(4,835)	(19,298)	(2,613)	(2,862)
Bond issue proceeds	25,000	-	-	-
Movements in lease liabilities	2,460	-	-	-
Bond issue cost	(488)	-	-	-
Loans advanced to related parties	117	-	-	-
Grants received	52,587	10,920	18,480	45,369
Repayment of government loan	-	(250)	(205)	394
Interest paid	-	(1,952)	(1,972)	(2,004)
<b>Net cashflows from financing activities</b>	<b>74,841</b>	<b>(10,580)</b>	<b>13,690</b>	<b>40,897</b>

<b>Cash and cash equivalents as at 1 January</b>	<b>(5,121)</b>	<b>89,317</b>	<b>50,471</b>	<b>34,801</b>
Net (decrease)/increase in cash	94,438	(38,846)	(15,670)	(19,283)
<b>Cash and cash equivalents as at 31 December</b>	<b>89,317</b>	<b>50,471</b>	<b>34,801</b>	<b>15,518</b>

<b>Ratio Analysis</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026P</b>
<b>Cash Flow</b>				
Free Cash Flow (Net cash from operations + Interest - Capex)	€5,196	-€(17,198)	€(63,147)	€(45,174)

In FY25, the Group's EBITDA declined by €9.2m from FY24, reaching €35.0m. Despite the lower EBITDA, movements in working capital were significantly more favourable compared to the prior year, with a €37.7m positive adjustment compared to €5.5m in FY24. This led to an increase in cash generated from operations to €76.4m in FY25, compared to €46.8m in FY24. After adjusting for finance and tax movements, net cash from operating activities stood at €76.2m, representing an increase of €29.3m over FY24. For FY26, net cash from operating activities is projected at €27.1m, with the decline mainly reflecting adverse working capital movements and lower operating cash generation.

Capital expenditure in FY25 rose significantly to €100.4m, compared to €63.6m in FY24, reflecting the Group's ongoing infrastructure investments. In addition, the Group continued to invest in portfolio investments, resulting in a net cash outflow from investing activities of €105.5m,

compared to €75.1m in FY24. The Group expects net cash used in investing activities in FY26 to amount to €87.3m as it continues to enhance its asset base and expand operational capacity.

In FY25, the Group recorded net cash inflows from financing activities of €13.7m, compared to a net cash outflow of €10.6m in FY24. This was mainly driven by €18.5m in grants received during the year, partially offset by net repayments of bank and other borrowings and interest paid. For FY26, the Group anticipates net cash inflows from financing activities to increase to €40.9m, largely supported by a higher level of grants received.

In FY25, the Group's cash and cash equivalents declined to €34.8m, down from €50.5m in FY24, reflecting increased capital expenditures. The Group expects its cash position in FY26 to be €15.5m, influenced by lower operating inflows and heavy capital expenditures.

## Part 3 - Key Market and Competitor Data

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2026. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

### 3.1. Economic Update<sup>1</sup>

Economic activity in Malta has moderated somewhat. The Bank's Business Conditions Index indicates that in April, annual growth in business activity moderated towards its long-term average. Meanwhile, industrial production contracted in March, while year-on-year growth in retail trade moderated. Services output rose in February following declines in the preceding three months. On the other hand, tourism activity in March grew more moderately than in previous months.

Despite remaining above its long-term average, economic sentiment weakened as confidence in the industry and the services sectors declined. On balance, according to the European Commission's Economic Uncertainty Indicator, there was less economic certainty surrounding decisions made by respondents in April. Supply and demand conditions in the property market remain strong. In April, residential permits were higher on a year earlier, but commercial permits were lower.

Meanwhile, both the number of residential promise-of-sale agreements and the number of final deeds of sale increased on a year earlier. The labour market shows some signs of easing. In April, the European Commission's Employment Expectations Indicator, fell below its historical average. The unemployment rate in March remained unchanged at 3.5% for the third consecutive month, though it was higher than the rate recorded in the same month a year earlier. Malta's inflation rate rose in April but stood well below that in the euro area. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) edged up to 2.5% in April, while HICP inflation excluding food and energy remained unchanged at 2.4%.

Across the euro area, HICP inflation was higher than that in Malta due to an increase in energy inflation. However, when excluding energy and food prices, HICP inflation in Malta was higher. According to the Retail Price Index (RPI), inflation in April edged up to 2.8%. In March, the Consolidated Fund registered a larger deficit compared with that recorded a year earlier, due to higher expenditure coupled with a decline in revenue, brought about by lower tax receipts. The annual rate of change of Maltese residents' deposits rose, while credit grew at an unchanged annual rate in March, compared with February.

### 3.2. Economic Outlook<sup>2</sup>

According to the Bank's latest forecasts, Malta's real GDP growth is projected at 3.7%, 3.6% and 3.8% over the period 2026-2028. Compared to the Bank's previous projections, the outlook for GDP growth has been revised down by 0.1 p.p. in 2027 and upwards by 0.1 p.p. in 2028. Against an uncertain global backdrop due to the Middle East conflict, the Maltese economy is expected to present some degree of resilience to these effects in 2026, though a marginal delayed impact on GDP and prices is envisaged to materialise in 2027.

Growth over the projection horizon is expected to be led by private consumption, which is projected to continue to grow at a brisk pace, in part supported by recent changes to income tax bands. Employment growth is expected to moderate gradually to 2.3% by 2028. The unemployment rate is forecast to edge down to 2.9% over the projection horizon. Wage growth is set to remain strong, driven by labour market tightness, but is set to ease to 3.9% in 2028 from 4.2% last year. HICP inflation is projected to be impacted by the war in the Middle East, primarily through the channel of higher imported inflation, particularly in goods and food components as continued fiscal support mitigates the propagation of the energy shock on domestic energy prices.

Overall HICP inflation is thus projected to increase to 2.5% in 2026 and is set to remain at that level in 2027. It is then expected to ease to 2.2% in 2028, driven primarily by lower services and NEIG inflation. Compared to the Bank's previous forecast publication, overall HICP inflation has been revised up by 0.2 percentage points in 2026 and 2028 and by 0.4 percentage points in 2027. The general government deficit-to-GDP ratio is projected to continue to decline over the forecast horizon, albeit in a more gradual manner. It is set to narrow to 1.9% in 2026, 1.7% in 2027

<sup>1</sup> Central Bank of Malta – Economic Update 05/2026

<sup>2</sup> Central Bank of Malta – Economic Projections 2026 - 2028

and to 1.6% by 2028. The general government debt-to-GDP ratio is expected to decline further from 46.4% in 2025 to 46.0% in 2026 and subsequently to 44.1% by 2028.

Risks to growth are tilted to the downside. These risks largely emanate from the uncertainty surrounding the duration and intensity of the conflict in the Middle East which may lead to a weaker external environment and hence a more subdued trajectory in foreign demand. Disruptions to transport through the Strait of Hormuz have also raised concerns on fuel shortages in trading partner countries which may negatively impact tourism, aviation and the shipping industry. However, this downside risk to tourism could be mitigated potentially by the redirection of tourists towards safer destinations like central and western Mediterranean. Risks to inflation are tilted to the upside over the projection horizon.

Upside risks to inflation primarily reflect stronger disruptions to energy markets than assumed in the technical assumptions. Although the direct impact on domestic energy prices continues to be mitigated by the Government's commitment to its fixed energy price policy, higher than envisaged global energy prices could generate stronger imported inflation, with potential further amplification via indirect effects on wages and profit margins. Inflation could also be higher than expected if supply disruptions were to spread to non-energy markets, although alternative supplies from other regions could mitigate this effect.

On the fiscal side, risks are assessed to be tilted to the downside (deficit-increasing). These predominantly stem from the possibility of slippages in current expenditure, notably higher-than-expected spending on energy support measures should commodity prices exceed assumptions. These risks are partly mitigated by the likelihood of higher-than-forecast increases in tax revenue, brought about by additional improvements in tax administration.

### 3.3. Demand for Water<sup>3</sup>

The demand for water is driven by a multitude of factors. These factors include population growth, economic development, agriculture, climate patterns, industrial demands, lifestyle choices, water management, and conservation efforts. Global freshwater use has increased by a factor of six over the past 100 years and continues to grow at a rate of roughly 1% per year since the 1980s.

<sup>3</sup><https://era.org.mt/wp-content/uploads/2023/09/3rd-River-Basin-Management-Plan-MALTA-Chapter-1-Introduction-Final.pdf>

Much of this growth can be attributed to a combination of the aforementioned factors. Unfortunately, the overall increase in the demand for water is putting a strain on available supplies.

The population of the Maltese islands has seen a continued increase, registering an increase of around 20% over the last decade. This recent change has occurred due to an expanding economy which has resulted in an increase in the foreign workforce. This provides added challenges from a water management perspective, not just due to the actual increase in population numbers but also due to the different water use practices.

External factors such as climate change also need to be considered when assessing the development of the national water demand. Climate change is expected to result in a reduced rainfall depth as well as a change in the rainfall patterns favouring more high intensity rain events, two factors which are expected to result in a reduction in the mean annual recharge to groundwater. Furthermore, increased temperatures will be expected to result in increased water demands whilst also entailing increased natural losses from evapotranspiration. Overall, climate change is expected to result in exacerbating the current water scarcity conditions prevailing in the Maltese Islands which compounds the need for increased efficiency when handling wastewater within our local water supply.

### 3.4. Comparative Analysis

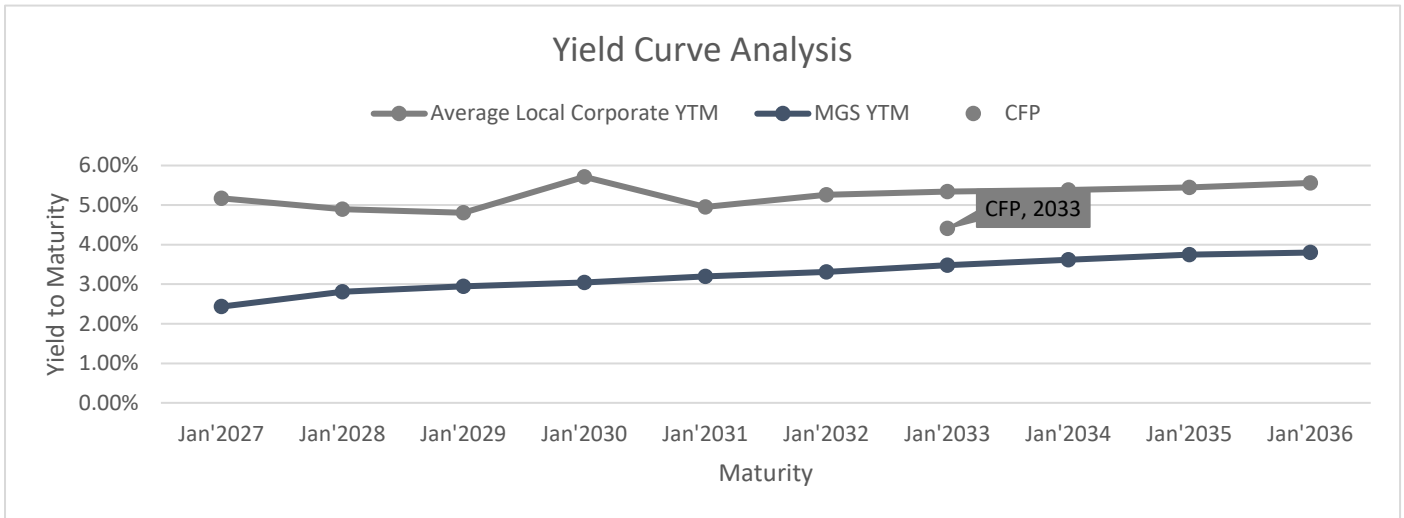
The purpose of the table below compares the Bond issued by the Issuer to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

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)	(%)	(%)	(%)
5% CF Estates Finance plc Secured € 2028-2033	30,000	5.09%	6.6x	94.9	19.1	79.9%	70.9%	3.3x	2.0x	49.6%	23.5%	-1.8%
6% Pharmacare Finance plc Unsecured € 2033	17,000	5.90%	0.9x	46.6	14.2	69.5%	61.2%	17.9x	1.5x	-14.0%	-17.1%	-1.4%
5.25% Bonnici Bros Properties plc Unsecured € 2033 S1 T1	12,000	5.25%	2.3x	41.8	18.2	56.4%	43.1%	9.5x	0.3x	1.4%	15.5%	17.4%
6.25% AST Group plc Secured 2033	8,500	5.79%	3.1x	15.9	1.1	92.9%	86.2%	4.1x	1.2x	10.8%	1.0%	-16.0%
6% JD Capital plc Secured 2033 S2 T1	11,000	5.91%	1.1x	162.9	38.6	76.3%	69.3%	17.2x	2.4x	3.6%	6.3%	34.9%
4.25% ClearflowPlus plc Unsecured € Bonds 2033	25,000	4.41%	15.3x	637.7	190.3	70.2%	6.0%	0.3x	1.0x	3.8%	6.6%	7.6%
5.85% AX Group plc Unsecured € 2033	40,000	5.34%	4.0x	529.4	272.5	48.5%	39.0%	4.7x	1.1x	5.7%	11.8%	57.1%
4% Central Business Centres plc Unsecured € 2027-2033	21,000	5.69%	1.7x	86.3	28.3	67.2%	60.8%	19.4x	0.5x	3.4%	37.4%	8.9%
6% International Hotel Investments plc 2033	60,000	5.99%	5.9x	116.5	64.1	44.9%	30.8%	4.7x	0.3x	4.5%	9.9%	7.3%
4.75% Dino Fino Finance plc Secured € 2033	7,800	4.97%	(1.2)x	12.4	(1.9)	114.9%	131.2%	N/A	0.5x	N/A	-111.0%	8.4%
5.75% Phoenicia Finance Company plc Unsec 2028-2033	50,000	5.41%	2.5x	169.9	86.0	49.4%	42.7%	7.0x	1.2x	3.8%	12.4%	10.7%
Average*		5.53%										

Source: Latest Available Audited Financial Statements

Last price as at 17/06/2026

\*Average figures do not capture the financial analysis of the Group



Source: Central Bank of Malta and Malta Stock Exchange (MSE)

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 ClearFlowPlus plc bond.

As at 17 June 2026, the average spread over the Malta Government Stocks (MGS) for issuers with a maturity range

of 8 years (2033) was 205 basis points. The ClearFlowPlus plc bond is currently trading at a YTM of 441 basis points, meaning a spread of 93 basis points over the equivalent MGS, and therefore at a discount to the average on the market of 112 basis points. It is pertinent to note that this analysis was done based on a maturity matching principle with the Issuers' industry differing significantly to the corporates identified and as such its risks also differ to that of other issuers.

## Part 4 - Glossary and Definitions

<i>Income Statement</i>	
<b>Revenue</b>	Total revenue generated by the Group/Company from its principal business activities during the financial year.
<b>Costs</b>	Costs are expenses incurred by the Group/Company in the production of its revenue.
<b>EBITDA</b>	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
<b>EBIT (Operating Profit)</b>	EBIT is an abbreviation for earnings before interest and tax.
<b>Depreciation and Amortisation</b>	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.
<b>Net Finance Costs</b>	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
<b>Profit After Taxation</b>	The profit made by the Group/Company during the financial year net of any income taxes incurred.
<i>Profitability Ratios</i>	
<b>Growth in Revenue (YoY)</b>	This represents the growth in revenue when compared with previous financial year.
<b>Gross Profit Margin</b>	Gross profit as a percentage of total revenue.
<b>EBITDA Margin</b>	EBITDA as a percentage of total revenue.
<b>Operating (EBIT) Margin</b>	Operating margin is the EBIT as a percentage of total revenue.
<b>Net Margin</b>	Net income expressed as a percentage of total revenue.
<b>Return on Common Equity</b>	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).
<b>Return on Assets</b>	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>	
<b>Cash Flow from Operating Activities (CFO)</b>	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
<b>Cash Flow from Investing Activities</b>	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
<b>Cash Flow from Financing Activities</b>	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
<b>Capex</b>	Represents the capital expenditure incurred by the Group/Company in a financial year.
<b>Free Cash Flows (FCF)</b>	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>	
<b>Total Assets</b>	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
<b>Non-Current Assets</b>	Assets, full value of which will not be realised within the forthcoming accounting year
<b>Current Assets</b>	Assets which are realisable within one year from the statement of financial position date.
<b>Inventory</b>	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

<b>Cash and Cash Equivalents</b>	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
<b>Total Equity</b>	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
<b>Total Liabilities</b>	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
<b>Non-Current Liabilities</b>	Obligations which are due after more than one financial year.
<b>Current Liabilities</b>	Obligations which are due within one financial year.
<b>Total Debt</b>	All interest-bearing debt obligations inclusive of long and short-term debt.
<b>Net Debt</b>	Total debt of a Group/Company less any cash and cash equivalents.

#### *Financial Strength Ratios*

<b>Current Ratio</b>	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.
<b>Quick Ratio (Acid Test Ratio)</b>	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.
<b>Interest Coverage Ratio</b>	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
<b>Gearing Ratio</b>	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
<b>Gearing Ratio Level 1</b>	Is calculated by dividing Net Debt by Net Debt and Total Equity.
<b>Gearing Ratio Level 2</b>	Is calculated by dividing Total Liabilities by Total Assets.
<b>Gearing Ratio Level 3</b>	Is calculated by dividing Net Debt by Total Equity.
<b>Net Debt / EBITDA</b>	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

#### *Other Definitions*

<b>Yield to Maturity (YTM)</b>	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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