DIZZ

FINANCE PLC

Board Approval of Financial Analysis Summary

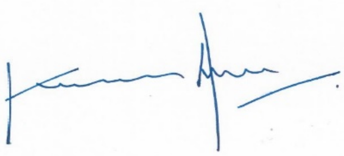
Date of Announcement	28th June 2021

The following is a company announcement issued by Dizz Finance p.l.c. (C 71189), hereinafter the "Company" pursuant to the Listing Rules issued by the Listing Authority:

QUOTE

The Board of Directors of the Company has approved the Financial Analysis Summary of the Company, which is hereby attached.

UNQUOTE



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Mr Kenneth Abela
Company Secretary

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Financial Analysis Summary

28 June 2021

Issuer

Dizz Finance p.l.c.

(C 71189)

Guarantor

Dizz Group of Companies Limited (C 64435)

MZ INVESTMENT SERVICES

MZ INVESTMENT SERVICES

The Board of Directors
Dizz Finance p.l.c.
Dizz Buildings
Triq il-Harruba
Santa Venera
Malta

28 June 2021

Dear Board Members,

Dizz Finance p.l.c. Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Dizz Finance p.l.c. (the "**Issuer**" or "**Company**") and Dizz Group of Companies Limited (the "**Guarantor**" or "**Dizz Group**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the year ended 31 December 2018 to 31 December 2020 has been extracted from the audited financial statements of the Issuer and the audited consolidated financial statements of the Guarantor for the three years in question.

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

(c) Our commentary on the results of the Issuer and Guarantor and on their respective financial position is based on the explanations provided by the Company.

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

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

MZ INVESTMENT SERVICES

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

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

MZ Investment Services Ltd
63, St Rita Street,
Rabat RBT 1523,
Malta
Tel: 2145 3739

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

1. KEY ACTIVITIES

1.1 THE ISSUER

Dizz Finance p.l.c. (the "**Issuer**" or "**Company**") was established on 24 June 2015 and is a wholly owned subsidiary of Dizz Group of Companies Limited (the "**Guarantor**", "**Group**" or "**Dizz Group**").

The Issuer acts as a finance company and is principally involved in raising funds and lending same to Dizz Group companies. Furthermore, the Issuer owns and manages a portfolio of properties in Malta either for use by the Dizz Group or for rental to third parties. The Issuer's property portfolio includes both residential properties mainly situated in upmarket localities and retail properties.

1.2 THE GUARANTOR

The Guarantor was incorporated as a private limited liability company on 28 March 2014 and is the holding company of the Group. The Dizz Group is principally involved in the sale of fashion-related items and food & beverages in Malta and operates the following key brands: Max & Co, Elisabetta Franchi, Liu Jo, Guess, Paul & Shark, Harmont & Blaine, Terranova, Calliope, Golden Point, Philip Plein, Michael Kors, Versace, Chiara Ferragni, DSquared, Moschino, Pinko, Aqua Azurra, KIKO, Caffe' Pascucci and Salad Box. In FY2020, Dizz Group acquired DCAFFE Holding Ltd and thereby becoming the local franchisor of Nespresso, Pastrocchio and Salad Box.

The weekly average number of employees directly engaged with the companies forming part of the Dizz Group during FY2020 amounted to 196 persons (FY2019: 118). The y-o-y increase in employees is on account of the Group's expansion into the food & beverages sector during FY2020.

The Group is also involved in acquiring and/or leasing property and sub-leasing such property to companies within the Group or to third parties.

Dizz Group has three subsidiaries, the Issuer, D Shopping Malls Finance p.l.c. and D Foods Finance p.l.c., whose primary objective is to raise finance for the Group. The Issuer issued €8 million 5% Unsecured Bonds on 28 September 2018, repayable at par on 7 October 2026, whilst D Shopping Malls Finance p.l.c. issued €7.5 million 5.35% Unsecured Bonds on 1 October 2018 on Prospects MTF, repayable at par on 28 October 2028. D Foods Finance p.l.c. issued €3 million 3% Secured Convertible Notes 2030 on 3 August 2020. The secured notes form part of a €10 million notes programme in terms of a base prospectus dated 21 July 2020 and are listed on the Institutional Financial Securities Market (IFSM).

2. DIRECTORS AND KEY EMPLOYEES

2.1 DIRECTORS OF THE ISSUER

The Issuer is managed by a Board consisting of six directors entrusted with the overall direction and management of the Company.

Diane Izzo	Chairperson and Executive Director
Karl Izzo	Executive Director
Edwin Pisani	Executive Director
Nigel Scerri	Independent Non-Executive Director
Kevin Deguara	Independent Non-Executive Director
Joseph C. Schembri	Independent Non-Executive Director

The Executive Directors of the Issuer are entrusted with the company's day-to-day management and are also directors of other companies within the Group. The Executive Directors are supported in this role by several consultants and benefit from the know-how gained by members and officers of the Dizz Group.

2.2 DIRECTORS OF THE GUARANTOR

The Guarantor is managed by a Board of Directors entrusted with its overall direction and management, and is composed as follows:

Diane Izzo	Group Chairperson and CEO
Karl Izzo	Executive Director

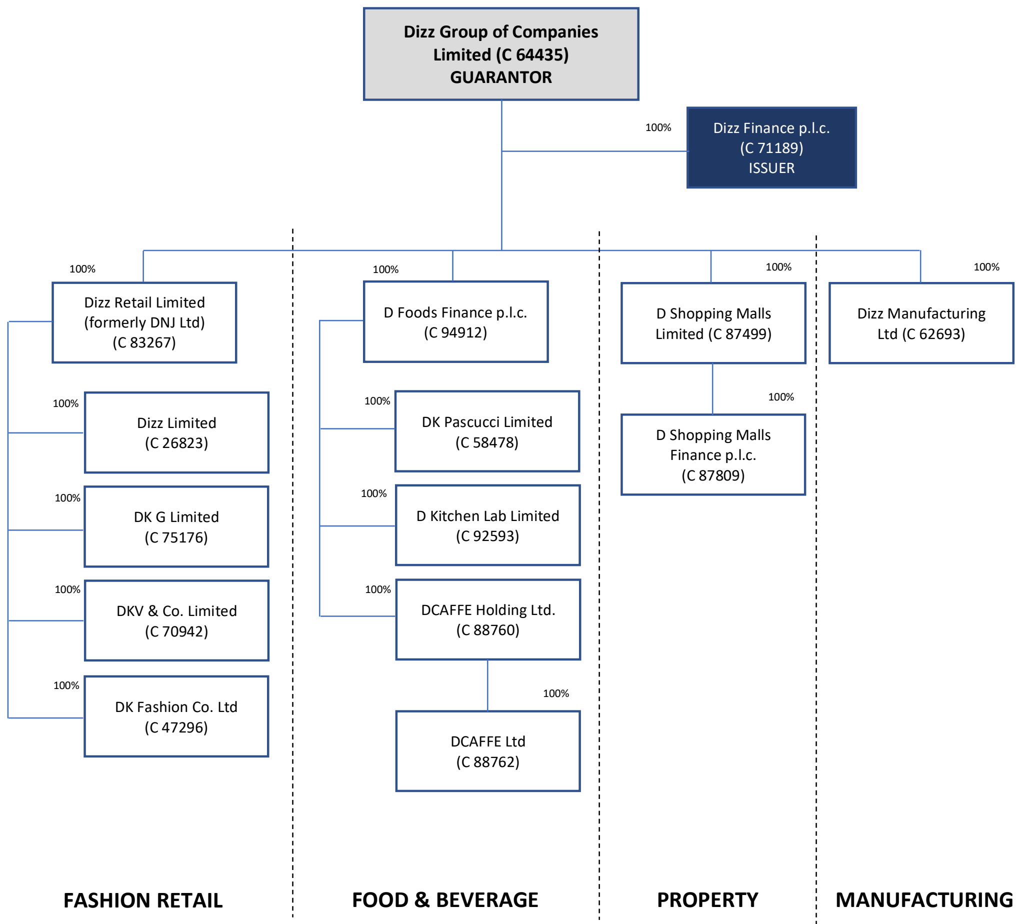
2.3 SENIOR MANAGEMENT

In the day-to-day operations of the Group, the Executive Directors are supported by the senior management team composed of the following individuals:

Kenneth Abela	Group Chief Financial Controller
Denise Bonello	Chief Operations Manager
Edwin Pisani	General Manager
Philip George Galea	Marketing and Development Manager

3. ORGANISATIONAL STRUCTURE

The issued share capital of Dizz Group amounts to €7,719,192 and is composed of 7,719,192 ordinary shares of a nominal value of €1 per share, fully paid up (FY2019: €3,291,200). The shares are owned equally by Diane Izzo and Karl Izzo. The diagram hereunder illustrates the latest organisational structure of the Group:



During 2020, the Group continued to expand its operations in the food & beverage sector through the establishment of a holding company - D Foods Finance p.l.c. On 21 May 2020, Xilema Limited was transferred from the Guarantor to D Foods Finance p.l.c.

On 13 June 2020, the Guarantor acquired from the ultimate beneficial owners the 100% shareholding in each of D Kitchen Lab Limited and DCAFFE Holding Ltd. for the consideration of the issue and allotment of an additional 4,427,992 ordinary shares of a nominal value of €1 each, fully paid up. On same date, D Foods Finance Ltd acquired from the Guarantor 49% of DK Pascucci Limited and 53.514% of each of Xilema Limited, D Kitchen Lab Limited and DCAFFE Holding Ltd. for the consideration of the issue and allotment of an additional 3,378,086 ordinary shares of a nominal value of €1 each, fully paid up.

The principal objective of D Kitchen Lab Limited is to operate a kitchen which will prepare food items to be sold and distributed to the Group's food & beverage outlets and other outlets operated by third parties. DCAFFE Ltd is the holder of the franchise license for the Salad Box and Nespresso brands, whereas Dizz Group of Companies Limited is the holder of the franchise license for Pastrocchio.

Pursuant to a prospectus dated 21 July 2020 relating to a €10 million programme of secured convertible notes, D Foods Finance p.l.c. issued €3 million 3% secured notes 2030 on 3 August 2020. The said notes are listed on the Institutional Financial Securities Market (IFSM) and the net proceeds were utilised to acquire the remaining shares of DK Pascucci Limited, Xilema Limited, D Kitchen Lab Limited and DCAFFE Holding Ltd.

The following changes were made to the organisational structure since the date of the latest financial statements (being 31 December 2020):

- Xilema Ltd was merged into DK Pascucci Ltd by acquisition;
- D3 Fashion Ltd and D's Ltd were each merged into DKV & Co Ltd by acquisition;
- D Fashion Ltd and DK Max Ltd were each merged into DK Fashion Co Ltd by acquisition;
- Dizz Labs Ltd was merged into Dizz Limited by acquisition;
- D Caffe Holding Ltd will be placed into liquidation in due course.

DK G Limited shall be fully transferred from Dizz Group of Companies Limited to Dizz Retail Limited as part of the restructuring process of the Dizz Group.

Furthermore, the Group intends to acquire Dizz Franchises Limited from its ultimate beneficial owners during the current financial year. The said company is the franchise license holder of the KIKO Brand.

4. MAJOR ASSETS OWNED BY THE GROUP

The Dizz Group is the owner of a number of properties which are included in the consolidated statement of financial position under the headings: ‘property, plant & equipment’ and ‘investment property’. The following is a list of major assets owned by the Dizz Group.

Dizz Group of Companies Limited Group Assets	Ownership	Lessee	FY2018 €’000	FY2019 €’000	FY2020 €’000	Revaluation Res. as at 31 Dec'20 €’000
Store in Carob Street, St Venera	Issuer	Dizz Group companies	254	254	254	
Terranova Outlet, Kap. Mifsud Str., St Venera	Issuer	Dizz Group companies	567	567	650	83
Head Office in Carob Street, St Venera	Issuer	Dizz Group companies	190	190	275	85
Apt 912, Tas-Sellum, Mellieha	Issuer	Third parties	216	216		
Apartment Compass Rose, Pieta	Issuer	Third parties			231	
Apt 2, Church Street, St Julians	Issuer	Third parties	263	263	450	187
Apt in Savoy Gardens, Gzira	Issuer	Third parties	260	260	260	
Apt in Corner View, Swieqi	Issuer	Third parties	368	368	400	32
Aquarius', maisonette & garage in Swieqi	Issuer	Third parties	275	275	375	100
Caffe Pascucci, Gzira Road, Gzira	Issuer	Dizz Group companies	525	525	890	365
Apt 13, Waterside Apts, Ix-Xatt ta' Qui Si Sana	D Shopping Malls Ltd	Third parties	966	966	1,304	338
Laguna Apartment, Portomaso, St Julians	D Shopping Malls Ltd	Third parties	1,900	1,900	2,200	300
Apt 6, Byron Court, Ix-Xatt ta' Qui Si Sana	D Shopping Malls Ltd	Third parties	734	734	946	212
The Hub-Land, Mriehel (under development)	Dizz Manufacturing Ltd	n/a	871	4,288	5,586	501
			7,389	10,806	13,821	2,203

Source: Consolidated audited financial statements of Dizz Group of Companies Limited.

In FY2020, the Issuer acquired an apartment in Pieta for the consideration of €225,000 and sold Apt 912, Tas-Sellum, Mellieha for the amount of €288,000.

5. OVERVIEW OF FASHION RETAIL STORES AND FOOD & BEVERAGE OUTLETS

The Group presently operates, through a number of franchises, the following fashion retail stores and food & beverage outlets.

FASHION RETAIL STORES

	Company	Brand	Location	Owned/Leased	Status
1	DK Fashion Co. Limited	Liu Jo	Valletta	Leased	Open
2	DK Fashion Co. Limited	Liu Jo	Tigne Point, Sliema	Leased	Open
3	DK Fashion Co. Limited	Boggi	D Mall, Sliema	Leased	Open
4	Dizz Limited	Terranova	Bay Street Complex	Leased	Open
5	Dizz Limited	Terranova	Tigne Point, Sliema	Leased	Open
6	Dizz Limited	Terranova	Iklin	Leased	Open
7	Dizz Limited	Terranova	Centerparc, Qormi	Leased	Open
8	Dizz Limited	Terranova	Fgura	Leased	Open
9	Dizz Limited	Calliope	Bay Street Complex	Leased	Open
10	DK G Limited	Guess	Tigne Point, Sliema	Leased	Open
11	DK G Limited	Guess	Bay Street Complex	Leased	Open
12	DK G Limited	Guess	Centerparc, Qormi	Leased	Open
13	DK G Limited	Guess Kids	Tigne Point, Sliema	Leased	Open
14	DK G Limited	Guess	Valletta	Leased	Open
15	DK G Limited	Designer Outlet	St Venera	Owned by Issuer	Open
16	DKV & Co. Limited	Paul & Shark	D Mall, Sliema	Leased	Open
17	DKV & Co. Limited	Paul & Shark	Valletta	Leased	Closed - to open as KIKO
18	DKV & Co. Limited	Harmont & Blaine	Tigne Point, Sliema	Leased	Open
19	D3 Fashion Limited	Elisabetta Franchi	Sliema	Leased	Open
20	D's Ltd	Goldenpoint	Centerparc, Qormi	Leased	Open
21	D Fashion Limited	Designer Brands	St Julians	Leased	Open
22	DK Max Limited	Max & Co	D Mall, Sliema	Leased	Open

FOOD & BEVERAGE OUTLETS

	Company	Brand	Location	Owned/Leased	Status
1	DK Pascucci Limited	Caffé Pascucci	St Venera	Leased	Open
2	DK Pascucci Limited	Caffé Pascucci	Paceville	Leased	Open
3	DK Pascucci Limited	Caffé Pascucci	Bay Street Complex	Leased	Open
4	DK Pascucci Limited	Caffé Pascucci	Centerparc, Qormi	Leased	Open
5	DK Pascucci Limited	Caffé Pascucci	D Mall, Sliema	Leased	Open
6	DK Pascucci Limited	Caffé Pascucci	Gzira	Owned by Issuer	Open
7	DK Pascucci Limited	Salad Box	D Mall, Sliema	Leased	Open
8	DCAFFE Ltd	Pastrocchio	Mriehel	Leased	Open
9	DCAFFE Ltd	Nespresso	Tigne Point, Sliema	Leased	Open
10	DCAFFE Ltd	Nespresso	Mriehel	Leased	Open
11	DCAFFE Ltd	Nespresso	Mosta	Leased	Open
12	DCAFFE Ltd	Nespresso	Centerparc, Qormi	Leased	Open

6. KEY FINANCIAL INFORMATION – THE GROUP

2020 was a year of unprecedented challenges and required the Group to adapt its business to address the disruption caused by the COVID-19 pandemic. Faced with the temporary closure of stores and changes in consumer shopping behaviours, the Group had to right-size its cost base and operating model, focus on product categories with higher consumer demand and digital shopping, and accelerate its focus on the food & beverage sector. Financial results in the first and second quarter of 2020 were significantly impacted by the COVID-19 pandemic but the Group saw sequential improvement in its operating results during the third and fourth quarters of 2020, albeit at lower levels compared to FY2019.

The Group expects to continue to be negatively impacted by the deterioration in economic conditions caused by the spread of COVID-19 and the possible follow-on impact of that deterioration on discretionary consumer spending and changes in consumer behaviour. Public concern regarding the risk of contracting COVID-19 has materially and adversely affected the Group's business, as government-imposed operating restrictions intended to limit the spread of the virus have reduced store traffic, and even in the absence of such restrictions, some customers have been cautious about visiting public locations in which the Group operates its stores for fear of being exposed to the virus.

The pandemic has impeded economic activity for an extended period and is expected to continue to do so, even as restrictions are lifted, which could significantly reduce discretionary spending. While this is expected to be temporary and it is challenging to accurately predict the ultimate impact of the pandemic, the Group expects its results for at least the current financial year (FY2021) to continue to be impacted by COVID-19 and its associated economic challenges.

Dizz Group Divisional Analysis	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Projection**
Turnover (€'000)	**14,758**	**14,406**	**13,534**	**19,177**
Fashion retail	13,425	12,590	9,989	14,226
Food & beverage	1,168	1,437	2,924	4,409
Rental income	165	379	621	542
Fashion retail	*91.0%*	*87.4%*	*73.8%*	*74.2%*
Food & beverage	*7.9%*	*10.0%*	*21.6%*	*23.0%*
Rental income	*1.1%*	*2.6%*	*4.6%*	*2.8%*
Gross Operating Profit (€'000)	**6,620**	**6,057**	**4,673**	**9,832**
Gross Operating Profit Margin (%)	**45%**	**42%**	**35%**	**51%**

Source: Management information.

The **fashion retail division** comprises the management and operation of the Group's fashion retail stores and is the principal business activity of the Group. The last updated list of stores is provided in section 5 above.

In FY2018, revenue generated from this segment amounted to €13.4 million, a decrease of €1.5 million (-10%) from a year earlier (FY2017: €15.0 million). The principal reason for the decline was due to the closure of Terranova outlets in Valletta and Paola; Calliope store at The Point, Sliema; Pinko store in Sliema and Trussardi outlet at The Point, Sliema.

In FY2019, the Group registered a further decrease in revenue from fashion retail of €0.8 million (-6%, y-o-y) to €12.6 million, mainly due to the closure of Max & Co. in Valletta.

Revenue in FY2020 decreased by 21%, from €12.6 million in FY2019 to €10.0 million, on account of the complete shutdown during April 2020 due to the pandemic, and the curtailment of fashion retail operations during the following 8 months to December 2020. As for the projected year (FY2021), the Group expects revenue from fashion retail to amount to €14.2 million, an increase of €4.2 million (+42%) compared to the prior year.

Revenue generated from the **food & beverage division** increased over the 3-year historical period from €1.2 million in FY2018 to €1.4 million and €2.9 million in FY2019 and FY2020 respectively. The y-o-y increase of 103% in FY2020 is on account of the acquisition in FY2020 of D Kitchen Lab Limited and DCAFFE Holding Ltd., and further investment in new store openings.

In FY2021, the Group is projecting its food & beverage division to register a further increase in revenue of €1.5 million (+51%) to €4.4 million (FY2020: €2.9 million).

Rental income in FY2020 amounted to €0.6 million, an increase of €0.2 million from the prior year. The higher rent was generated from leases to third parties of retail space at Center Parc and to a lesser extent at D Mall (see sections 8 and 9 below). The Group is forecasting rental income to amount to €0.5 million in FY2021.

Competition in the retail sector is constantly on the rise, both from other retail stores as well as online sales, which is pushing retailers to offer apparel at more competitive prices (with the consequence of lower operating profit margins for retailers). Due to the adverse impact of the pandemic in FY2020, the Group negotiated substantial discounts with various franchisors and closed non-performing outlets. Notwithstanding such efforts, gross operating profit margin for the year declined substantially to 35% from 42% in the prior year. In view of the anticipated recovery in turnover during FY2021, management expects the Group's gross operating profit margin to improve from 35% in FY2020 to 51%.

7. THE HUB

The Group is currently in the process of developing a site having a footprint of *circa* 1,245m^2 with frontage on Triq L-Industrija, Mriehel (referred to as the "Hub" or the "Hub project"), which is earmarked as a storage and logistics centre for the Group's retail operations, a manufacturing facility and the Group's head office. The site has been acquired by Dizz Manufacturing Limited from the Government Property Department on a temporary emphyteusis of 65 years as from 26 May 2016. The annual ground rent is €18,000 and is revisable every five years.

The Hub project shall consist of six floors of which two levels will be located below road level. The ground level will incorporate a reception area leading to the upper floors; the entrance to the underground parking area and an area of *circa* 900m^2 is to serve as a large warehouse for the storage of Terranova products. The two basement levels, shall consist of underground parking serving the Hub which shall be linked to the stores and offices by means of two separate cores consisting of a stairwell and lifts: one of the cores shall be used for the transport of goods and the other shall to be utilised by the users of the offices.

The ground floor is intended to be set on double height to increase the storage capacity for the brands and loading and unloading bays will serve the storage located both on the ground floor and on other levels, the latter by means of goods lifts. Entrances to the underground carpark, by means of a ramp, and the entrance to the reception area servicing the offices situated on the upper levels shall also be located on the ground floor. This shall be complemented by a lounge area with a bar/ cafeteria which is expected to cover 7% of the Hub. The floor internally numbered as 'Level 1' shall consist of an intermediate level consisting of stores and a separate intermediate level overlooking the reception.

Around two thirds of the area of the first floor shall consist of a double height with level 0. Level 2 will include six storage areas of *circa* 150m^2 per brand. The third floor will consist of: office space for the management and administration arm of the Group and a canteen therefor; an area dedicated to printing of promotional materials; area dedicated to finishing of Terranova garments; and a professional kitchen which will serve the canteen and also be used to produce food products which will be distributed to the Pascucci cafeterias. The fourth floor (recessed level) will consist solely of office space.

As a result of the pandemic, the Board has been exercising considerable caution and although construction works at The Hub continued, albeit at a much slower pace, expected finalisation is being postponed to the end of 2022. As at 31 December 2020, completed construction works amounted to €1.8 million. Remaining construction works are estimated at €0.7 million and are payable in accordance with agreed terms with the building contractor during the course of 2021. Capital expenditure relating to finishes is projected to amount to *circa* €1.5 million. The carrying value of the Hub as at 31 December 2020 amounted to €5.6 million (FY2019: €4.35 million).

8. D MALL

D Shopping Malls Limited has leased from Sliema Wanderers Football Club an area measuring 2,861m^2 situated in the Sliema Wanderers Sports Complex, Tigne Complex, Sliema for the purposes of developing and subleasing D Malls, a commercial centre. The property is being leased for a 15-year period as from date of official opening, of which the first 7 years are *di fermo*, whilst the remaining 8 years are *di rispetto* at the option of the lessee. The lease period can be extended further for two consecutive 15-year periods, and an additional 3-year period, at the exclusive discretion of the lessee.

All construction and finishing works were completed by September 2020, except for one outlet on level zero which is expected to be completed and leased out by end of September 2021, and office space on level -1. The project was inaugurated on 21 November 2020 and by the end of the year eight of the nine outlets were leased out.

9. CENTER PARC

On 1 September 2017, Dizz Limited and Center Parc Holdings Limited, entered into an agreement to lease *circa* 2,581m^2 of commercial space situated at third level (ground floor) of Center Parc Retail Hub, Triq it-Tigrija, Qormi, Malta. The property is leased for a period of 15 years of which the first 4 years are *di fermo*, whilst the remaining 11 years are *di rispetto* at the option of the lessee, subject to a six-month notification period. If the lessee fails to inform the lessor twelve months prior to the expiration of the *di fermo* period, the lease is automatically extended for the next 11 years. Dizz Limited has assigned the lease agreement to D Shopping Malls Limited.

The property was leased in shell form, with all other works and improvements carried out by the lessee and completed in October 2019. D Shopping Malls Limited has sub-leased 1,286m^2 (equivalent to 50% of the total retail space within Center Parc) to Dizz Limited to operate a Terranova outlet situated opposite the main entrance of the shopping mall. In addition, four outlets have been sub-leased to related parties, while three other outlets have been sub-leased to third parties (8 outlets in aggregate).

10. MARKET OVERVIEW

10.1 ECONOMIC UPDATE[1]

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

The COVID-19 pandemic has decimated tourism proceeds and made a deep dent in consumption. Malta's GDP[2] fell significantly in 2020 with services exports and household consumption contracting

[1] Economic Forecast – Spring 2021 (European Commission Institutional Paper 149 May '21).

[2] Gross Domestic Product (GDP) is an estimate of the value of goods and services produced in the economy over a period of time.

sharply under the pressure of the pandemic and related safety measures. On the contrary, financial services and gaming sector exports continued to perform robustly. Although the pandemic has clearly depressed economic activity in Malta, the government's sizeable stimulus package has managed to partially offset some of the impact. Wage supplement schemes and other business support measures appear to have cushioned the drop in consumption.

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

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

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

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

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

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

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

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

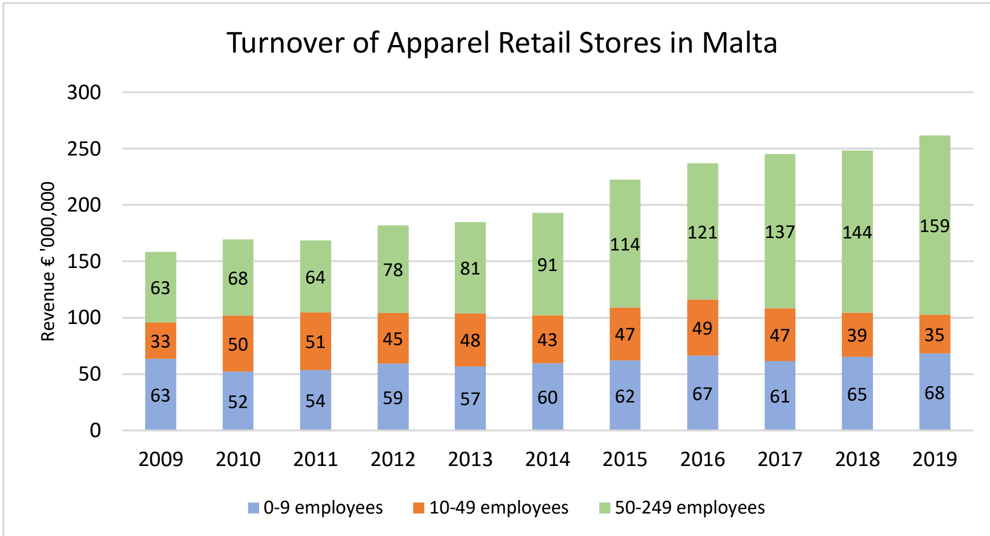
10.2 FASHION RETAIL SECTOR

Data in relation to the size of the apparel market in Malta is not published. Notwithstanding, an estimate of the retail store market has been derived from data obtained from the National Statistics Office of Malta (the latest available information relates to calendar year 2019). Data with respect to online sales generated in Malta is not available and therefore is excluded from the analysis below.

The table below sets out statistics in relation to sales of apparel (excluding textiles, footwear and leather goods) by retail outlets in Malta. The information has been analysed by size of outlet on the basis of the number of staff employed by a retail store.

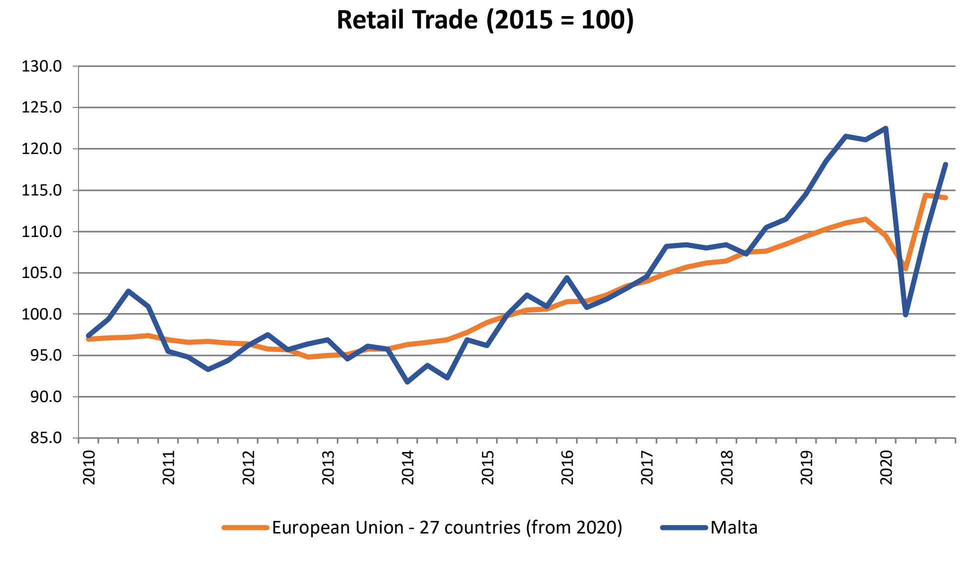
Turnover of Apparel Retail Stores in Malta	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2009-19**
0-9 employees												
Total turnover (€'million)	63	52	54	59	57	60	62	67	61	65	68	**0.7%**
No. of outlets (units)	706	667	675	677	657	660	602	632	614	595	571	
Average turnover (€'million)	0.09	0.08	0.08	0.09	0.09	0.09	0.10	0.11	0.10	0.11	0.12	
Year-on-year growth		-13%	2%	10%	-1%	5%	14%	2%	-5%	10%	9%	
10-49 employees												
Total turnover (€'million)	33	50	51	45	48	43	47	49	47	39	35	**0.6%**
No. of outlets (units)	17	28	29	28	27	26	32	33	31	28	31	
Average turnover (€'million)	1.92	1.77	1.76	1.61	1.76	1.64	1.47	1.50	1.52	1.40	1.11	
Year-on-year growth		-8%	-1%	-8%	9%	-7%	-10%	2%	2%	-8%	-21%	
50-249 employees												
Total turnover (€'million)	63	68	64	78	81	91	114	121	137	144	159	**9.8%**
No. of outlets (units)	11	12	13	14	14	14	15	15	16	17	17	
Average turnover (€'million)	5.69	5.64	4.92	5.55	5.78	6.50	7.57	8.07	8.55	8.47	9.36	
Year-on-year growth		-1%	-13%	13%	4%	13%	16%	7%	6%	-1%	10%	
Total Turnover (€'million)	159	169	169	182	185	193	223	237	245	249	262	**5.1%**
Year-on-year growth		7%	0%	8%	2%	4%	15%	6%	4%	1%	5%	

Source: National Statistics Office Malta (NACE 47.71 data)



During the period under review (2009 – 2019), the average total number of outlets amounted to 684 units. Further analysis shows that in the small stores category (0-9 employees), number of stores decreased by 19% from 706 units in 2009 to 571 units in 2019. In contrast, the medium (10-49 employees) and large (50-249 employees) stores categories reported an increase (in aggregate) over the period from 28 units in 2009 to 48 units in 2019 (+71%).

Furthermore, consumer spending has also changed and shows a preference towards the larger stores. In fact, during the period 2009 to 2019, small and mid-sized outlets registered a compounded annual increase in turnover of only 0.7% and 0.6% respectively, while the larger outlets recorded a compounded annual growth rate in turnover of 9.8%. Overall, consumer spending in apparel retail in Malta increased at a compounded annual growth rate of 5.1% over the reviewed period from €159 million in 2009 to €262 million in 2019.



Source: Eurostat NACE Rev.2 (retail trade except motor vehicles and motor cycles quarterly data)

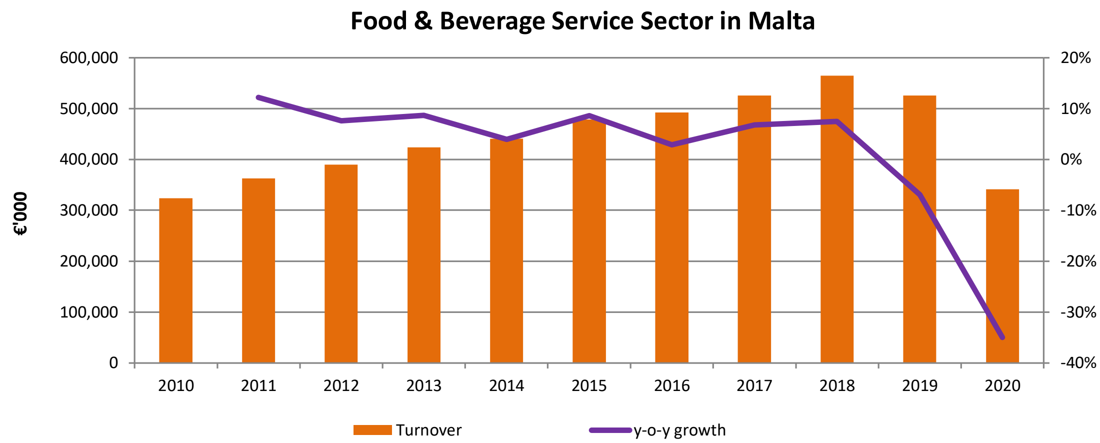
The above chart provides an indication of the trend in performance of the overall retail sector in Malta as compared to the European Union (2015 being the base year = 100). According to the EU trend line above, retail trade was marginally in decline between 2010 and 2013 but increased at a constant rate of growth thereafter, up to Q2 2020. Pursuant to the COVID-19 outbreak in March 2020, retail activity declined 5% in Q2 2020 compared to Q4 2019 but recovered to some extent by Q4 2020.

Retail activity in Malta has broadly tracked the EU average, except for the outperformance registered in 2018 and 2019. Various factors have contributed to this strong performance, including: (i) the robust overall growth of the Maltese economy and a strong labour market which has outpaced the EU average; and (ii) the increase in population of the expat community in Malta.

In Q2 2020, the fashion retail sector in Malta decreased by 18% as a result of the pandemic. Due to the imposition of a lockdown by Government, all non-essential retail outlets were closed during March 2020 till end of April 2020 and re-opened for business on 4 May 2020. Notwithstanding the re-opening, turnover generated by the fashion retail sector in Malta was considerably lower in Q2 2020 but improved in both Q3 2020 and Q4 2020. The situation is still very fluid and the full impact on the subject industry is yet to be determined and assessed.

10.3 FOOD & BEVERAGE SERVICE SECTOR

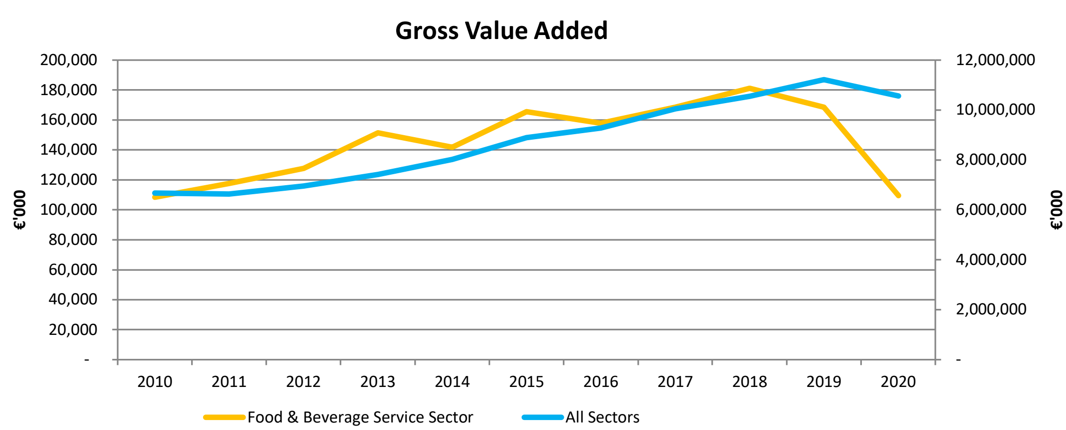
The food & beverage service sector comprises restaurants & mobile food service activities and beverage serving activities. In 2020, total income from this sector in Malta amounted to €341.4 million, a decrease of 35% compared to the prior year (2019: €525.3 million).



Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

As shown in the above chart, market output has progressively increased from 2010 to 2018 at a moderately stable growth rate. In 2019, market output declined by 7% to €525.3 million (2018: €564.6 million) and decreased further by 35% in 2020 to €341.4 million. The said reduction in 2020 output was largely due to the temporary closure of hotels, restaurants, bars and other food & beverage outlets imposed by the authorities to control the COVID-19 pandemic.

The chart hereunder shows the gross value added generated by the food & beverage service sector in Malta compared to the country total. During the years 2010 to 2018, the y-o-y growth registered by this sector was broadly in line with the country growth rate (all sectors). In 2019, gross value added derived from the food & beverage service sector decreased by 7% (y-o-y) compared to an increase of 6% (y-o-y) from all sectors, while the temporary closure of food & beverage outlets in 2020 resulted in a y-o-y decline in gross value added of 35% compared to a reduction of 6% from all sectors.



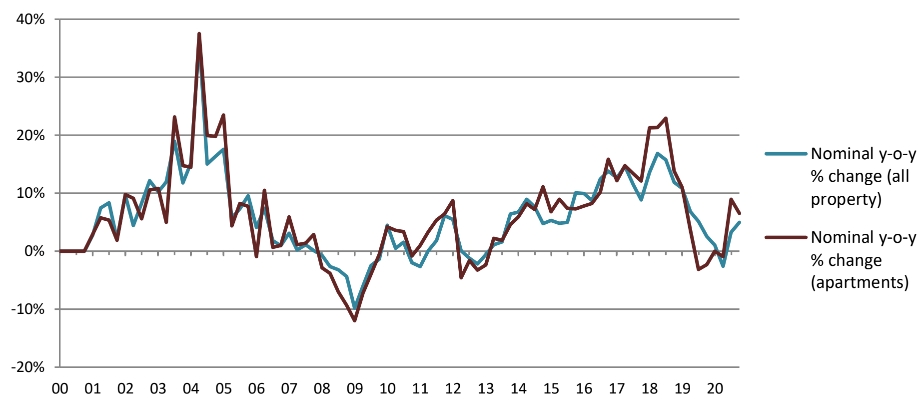
Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

10.4 PROPERTY SECTOR

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

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

CHART I: Change in Property Prices



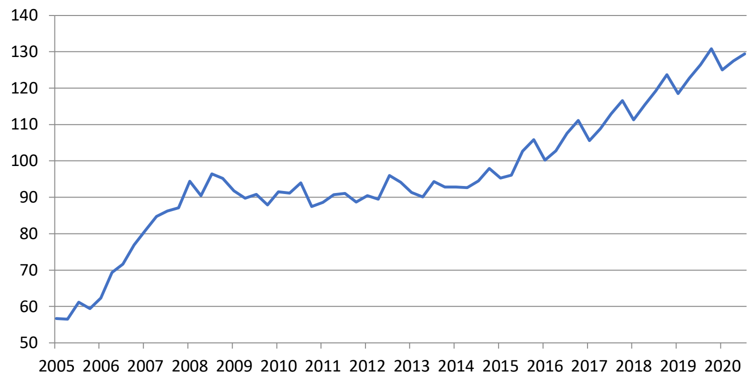
Source: Central Bank of Malta

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

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

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

CHART II: Malta House Price Index



Source: Eurostat

Prior to the pandemic crisis, residential property prices were supported by numerous factors, including the low-interest rate environment that makes property more attractive as an investment, as well as the Government's schemes for first-time and second-time buyers. Demand for residential property was also driven by favourable labour market conditions, strong growth in tourism (particularly in private accommodation), disposable income and an increase in foreign workers. The Individual Investor Programme also contributed, although property acquisitions under this Programme account for a limited proportion of all property transactions.[6]

On 8 June 2020, the Government of Malta announced a plan to regenerate the economy following the impact of COVID-19 on the country. Measures relating to immovable property include a reduction in taxation from 8% to 5% on sales of property, whilst stamp duty levied on the acquisition of property will be charged at 1.5% for the first €400,000. These reductions apply to preliminary agreements entered into until the end of July 2021, provided the final transfer is made by 31 January 2022. Also, Budget 2021 extended or introduced more favourable terms on a number of existing schemes supporting the property market.

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

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

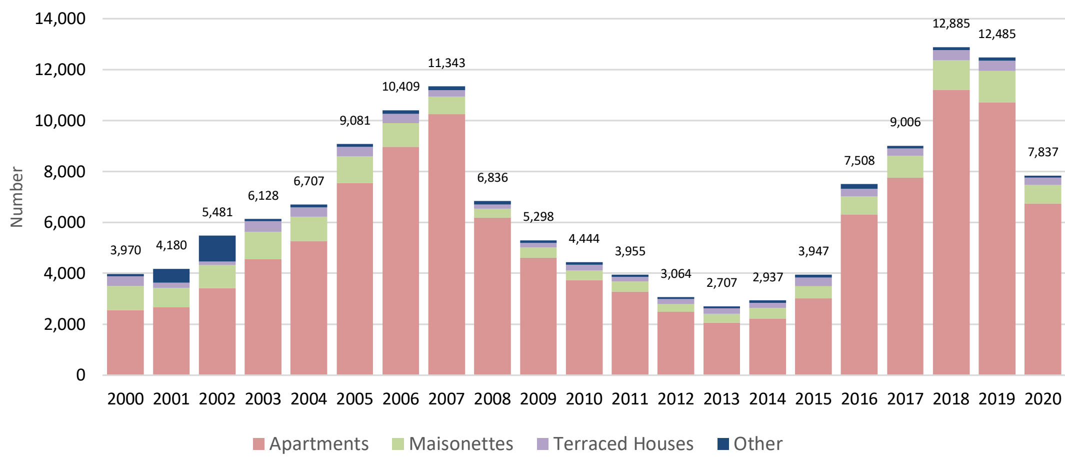
[6] Central Bank of Malta Quarterly Review 2020:1 (page 43).

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

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

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

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



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

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

[7] https://nso.gov.mt/en/News_Releases/Documents/2021/04/News2021_069.pdf

registration and maritime) generated a positive trend in the commercial property sector, in particular office space.

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

The short-let rental market for residential property has witnessed a significant decline in tourist demand following the temporary closure of the Airport, while the long-let rentals have been affected by the return of foreign workers to their home countries. This situation is presently exerting downward pressure on rental rates generally, which in turn may impact the demand for residential property and asset prices thereof.

11. TREND ANALYSIS AND BUSINESS STRATEGY

The retail market in Malta is subject to stiff competition, both from local retailers as well as from online sales. In addition, retailers face competition for consumers' disposable income from gastronomy outlets, the property market and consumers' propensity to save. Furthermore, the retail industry continues to evolve due to shifts in consumer preferences, product trends and shopping habits. Pre COVID-19, Malta's economy was performing well, resulting in an expansion of the labour market and higher income levels, to the benefit of retailers.

The Group will continue to monitor developments in sales, customer preferences and the market in general, introducing new product offerings with the aim of returning the Group to sustainable profitability. For this purpose, the Group is growing its food & beverage division and also undergoing a restructuring exercise to segregate the fashion, food & beverage and property sections within the Group, so as to consolidate the Group's business lines and to adapt to new legislative environment and conditions that COVID-19 is having on the Group's operations and the economy. Moreover, with the aim of enriching customer experience, the Group will continue to invest in its people and in the second half of 2021, will be launching *The Dizz Academy* with the team. The Group has teamed up with a world-renowned consultancy firm who has access to training programs used in its worldwide program. The training program developed for the Academy shall also include a "*Train the trainer*" module and shall therefore be expected to have a long-term effect on employee engagement with a specific focus on enhancing customer experience. This will continue to improve customer loyalty, thereby increasing the prospects of a positive effect on profitability.

PART 2 – GROUP PERFORMANCE REVIEW

12. FINANCIAL INFORMATION – THE ISSUER

The following financial information is extracted from the audited financial statements of Dizz Finance p.l.c. (the "**Issuer**") for the three years ended 31 December 2018 to 31 December 2020. The financial information for the year ending 31 December 2021 has been provided by Group management.

The projected financial statements detailed below relate 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.

Dizz Finance p.l.c. Income Statement for the year ended 31 December	**2018 Actual €'000**	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Projection €'000**
Rental income	227	289	171	94
Finance income	662	664	664	664
Finance costs	(429)	(425)	(430)	(400)
Gross profit	**460**	**528**	**405**	**358**
Profit on disposal of investment property	16	-	93	-
Other income	8	5	-	-
Adminstrative expenses	(97)	(120)	(137)	(119)
Fair value movement on property	-	-	853	-
Depreciation	(46)	(46)	(48)	(48)
Profit before tax	**341**	**367**	**1,166**	**191**
Taxation	(125)	-	145	-
Profit for the year	**216**	**367**	**1,311**	**191**

The Issuer is a fully owned subsidiary of the Guarantor and is principally engaged to act as a finance and property holding company. Most of the Issuer's revenue is generated from interest receivable on funds on-lent to Group companies. Accordingly, the Issuer's operating performance and future prospects are dependent on the Guarantor and other Group entities.

During FY2020, rental income generated by the Issuer amounted to €171,000 compared to €289,000 in FY2019 (-41%). The properties owned by the Issuer and which are leased in Group companies and third parties are listed in section 4 of this report. Rental income for FY2021 is projected to decrease to €94,000.

Net interest income reflects the net difference between interest receivable from advances to Group companies and interest payable on bonds in issue. In FY2020, net interest income amounted to €234,000 compared to €239,000 in the prior year. In FY2021, net interest receivable is expected to remain stable at €234,000.

Net profit in FY2020 amounted to €1.3 million (FY2019: €367,000). The variance from the previous year mainly emanates from the recognition of gains amounting to €853,000 on the fair value of 6 of the Issuer's properties. Furthermore, profit on disposal of investment property of €93,000 was registered in FY2020. Net profit in FY2021 is in turn projected to amount to €191,000 as no recognition of gains on the fair value of investment properties is being projected.

Dizz Finance p.l.c. Statement of Financial Position as at 31 December	2018 Actual €'000	2019 Actual €'000	2020 Actual €'000	2021 Projection €'000
ASSETS				
Non-current assets				
Property, plant & equipment	311	267	243	194
Investment property	2,918	2,918	3,786	3,386
Loans owed by related companies	6,163	6,163	6,163	6,163
Loans owed by third parties	88	89	81	81
Deposits on property	97	97	70	-
Deferred tax asset	-	-	243	243
	9,577	**9,534**	**10,586**	**10,067**
Current assets				
Trade and other receivables	6,467	5,135	5,872	5,872
Cash and cash equivalents	-	-	-	729
	6,467	**5,135**	**5,872**	**6,601**
Total assets	**16,044**	**14,669**	**16,458**	**16,668**
EQUITY				
Share capital	1,910	1,910	1,910	1,910
Retained earnings	1,472	1,839	3,151	3,342
	3,382	**3,749**	**5,061**	**5,252**
LIABILITIES				
Non-current liabilities				
Debt securities - 5% Bonds 2026	7,812	7,836	7,860	7,884
Deferred tax liabilities	195	195	271	271
	8,007	**8,031**	**8,131**	**8,155**
Current liabilities				
Bank balance overdrawn	36	26	5	-
Amounts due to related party	572	725	725	725
Trade & other payables	3,682	1,956	2,340	2,340
Current tax liabilities	365	182	196	196
	4,655	**2,889**	**3,266**	**3,261**
Total liabilities	**12,662**	**10,920**	**11,397**	**11,416**
Total equity and liabilities	**16,044**	**14,669**	**16,458**	**16,668**

The assets of the Issuer principally include investment property (listed in section 4 of this report) valued at €3.8 million as at 31 December 2020 (FY2019: €2.9 million), loans owed by related companies amounting to €6.2 million (FY2019: €6.2 million), and trade and other receivables of €5.9 million (FY2019: €5.1 million) which mainly comprises amounts due from Group companies. Apart from the sale of Apartment Corner View in Swieqi of €400,000 and the refund of the deposit paid on a property in FY2020, no other material movements are being projected in total assets as at 31 December 2021.

The liabilities of the Issuer mainly comprise debt securities listed on the Official List of the Malta Stock Exchange of €7.9 million (FY2019: €7.9 million) and amounts due to Group companies amounting to €3.1 million (FY2019: €2.7 million) (being the aggregation of line items "*amounts due to related party*" and "*trade & other payables*"). No material movements in liabilities have been projected for FY2021 compared to FY2020.

Dizz Finance p.l.c. Cash Flow Statement for the year ended 31 December	**2018 Actual €'000**	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Projection €'000**
Net cash from operating activities	835	633	333	664
Net cash from investing activities	1,667	(2)	101	470
Net cash from financing activities	(2,486)	(621)	(413)	(400)
Net movement in cash and cash equivalents	**16**	**10**	**21**	**734**
Cash and cash equivalents at beginning of year	(52)	(36)	(26)	(5)
Cash and cash equivalents at end of year	**(36)**	**(26)**	**(5)**	**729**

Net cash from operating activities amounted to €333,000 in FY2020 compared to €633,000 in the prior year. It is estimated that net operating cash inflows in FY2021 will be broadly unchanged and should amount to €664,000.

During FY2020, the Issuer disposed of Apt 912, Tas-Sellum, Mellieha and acquired an apartment in Pieta (mentioned in section 4 of this report). Furthermore, a deposit of €70,000 was paid on account of a promise of sale agreement for the purchase of a property. Overall, net cash generated from investing activities amounted to €101,000 (FY2019: net cash outflow of €2,000). During FY2021, the Issuer disposed of Apartment Corner View, Swieqi and has received a refund of €70,000 which was paid on account of a promise of sale agreement.

Cash flows from financing activities primarily include movements in amounts due/from related parties and bond interest payable. In the last financial year, net cash outflows amounted to €0.4 million compared to €0.6 million in FY2019. It is assumed that financing activities in FY2021 will represent bond interest payable amounting to €0.4 million.

13. FINANCIAL INFORMATION – THE GROUP

The historical financial information included hereinafter is extracted from the audited consolidated financial statements of the Guarantor for the three financial years ended 31 December 2018 to 31 December 2020. The financial information for the year ending 31 December 2021 has been provided by management. ***The projections do not take into consideration the proposed acquisition of Dizz Franchises Limited referred to in section 3 of this report.***

The projected financial statements detailed below relate 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.

The COVID-19 outbreak has negatively impacted various industries across the business spectrum, causing a cutback in business operations across many sectors. In March 2020, the Authorities took preventative and protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their activities outside of their homes. Despite the gradual re-opening of the economy in June 2020, there remains significant uncertainty in the market and predictions, financial or otherwise, remain highly subjective.

The immediate impact of the pandemic on the Group resulted in the temporary closure of the fashion retail stores and food & beverage outlets. During this time period, retail operations were conducted solely through online sales while food & beverages outlets operated take-out and delivery services.

In light of the above, the Group's management has implemented various measures to curtail costs, monitor inventory levels, change work patterns, reduce working times and reduce tempo of certain capital expenditure projects (including the development of the Hub and completion of D Mall). Such measures are intended to preserve the financial position of the Group and to protect its employees and stakeholders.

Dizz Group of Companies Limited - Consolidated Income Statement				
for the year ended 31 December	**2018**	**2019**	**2020**	**2021**
	Actual	**Actual**	**Actual**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**
Revenue	14,758	14,406	13,534	19,177
Cost of sales	(8,138)	(8,349)	(8,861)	(9,345)
Gross operating profit	**6,620**	**6,057**	**4,673**	**9,832**
Administration expenses	(5,704)	(4,065)	(8,035)	(5,692)
Marketing expenses	(88)	(466)	(385)	(179)
EBITDA	**828**	**1,526**	**(3,747)**	**3,961**
Depreciation and amortisation	(914)	(3,355)	(4,222)	(4,193)
Management fees and other income/(costs)	688	1,261	3,278	1,311
Gain/(loss) on disposal of property, plant & equipment	16	-	94	-
Changes in fair value of investment property	645	-	1,169	-
Net finance costs	(582)	(1,720)	(1,868)	(1,750)
Profit/(loss) before tax	**681**	**(2,288)**	**(5,296)**	**(671)**
Taxation	(336)	625	995	(130)
Profit/(loss) after tax	**345**	**(1,663)**	**(4,301)**	**(801)**
Other comprehensive income				
Gains/(impairments) on property revaluation	-	3,083	1,034	-
Taxation	-	(260)	(60)	-
	-	**2,823**	**974**	**-**
Total comprehensive income/(expense)	**345**	**1,160**	**(3,327)**	**(801)**

Dizz Group of Companies Limited - Earnings before interest, tax, depreciation and amortisation ("EBITDA")				
for the year ended 31 December	**2018**	**2019**	**2020**	**2021**
	Actual	**Actual**	**Actual**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**
EBITDA has been calculated as follows:				
Gross profit	**6,456**	**5,679**	**2,552**	**9,290**
Adjustments:				
Administration expenses	(5,704)	(4,065)	(6,535)	(5,692)
Marketing expenses	(88)	(466)	(385)	(179)
Rental income	164	378	621	542
EBITDA	**828**	**1,526**	**(3,747)**	**3,961**

Key Accounting Ratios	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Projection
Gross operating profit margin *(Gross operating profit/revenue)*	45%	42%	35%	51%
EBITDA margin *(EBITDA/revenue)*	6%	11%	-28%	21%
Interest cover (times) *(EBITDA/net finance cost)*	1.42	0.89	(2.01)	2.26
Net profit margin *(Profit after tax/revenue)*	2%	-12%	-32%	-4%
Earnings per share (€) *(Profit after tax/number of shares)*	0.10	(0.51)	(0.56)	(0.10)
Return on equity *(Profit after tax/shareholders' equity)*	7%	-27%	-64%	-13%
Return on capital employed *(EBITDA/total assets less current liabilities)*	4%	4%	-8%	8%
Return on assets *(Profit after tax/total assets)*	1%	-3%	-7%	-1%

Source: MZ Investment Services Ltd

In **FY2018**, revenue of the Group decreased by €1.6 million (-10%) from €16.4 million in FY2017 to €14.8 million, primarily due to the closure of the Terranova outlets in Valletta and Paola, Calliope outlet at Tigne Point, Pinko Store in Sliema and Trussardi store at Tigne Point. Revenue generated from the food & beverage sector amounted to €1.2 million compared to €1.3 million in the prior year, and rental income was relatively stable (y-o-y) and amounted to €165,000.

The decline in revenue impacted gross operating profit by €1.3 million (-16%) to €6.6 million (FY2017: €7.9 million) and EBITDA decreased from €1.8 million in FY2017 to €0.8 million in FY2018 (-54%). In FY2018, the Group reflected an uplift in fair value of investment property and other income amounting to €1.3 million (FY2017: other costs of €13,000), which more than compensated for the y-o-y decrease in EBITDA. As such, the Group reported an increase in profit after tax of €250,000 in FY2018, from €95,000 in FY2017 to €345,000.

In **FY2019**, revenue generated by the Group amounted to €14.4 million, a decrease of €352,000 (-2%) from the prior year. Further analysis shows that fashion retail revenue decreased y-o-y by €0.8 million (-6%) to €12.6 million (FY2018: €13.4 million), which was partly offset by food & beverage revenue which increased from €1.2 million in FY2018 to €1.4 million (+23%), and an increase of €214,000 in rental income to €379,000 (FY2018: €165,000). The decrease in fashion retail revenue was mainly due to the closure of Max & Co in Valletta. As for rental income, the y-o-y increase was attributable to the sub-lease of retail outlets at Center Parc, Qormi to third parties.

The Group adopted IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, the right-of-use asset equals the lease liability on transition date, and no equity adjustment will be recognised on initial application of IFRS 16. Comparative information is not restated. Accordingly, as of FY2019, the Group was required to recognise a right-of-use asset and a lease liability in the statement of financial position for the lease of premises currently treated as operating leases. With regard to the impact in the consolidated income statement, the nature of the relevant expense will change from being an operating lease expense to depreciation and interest expense.

In terms of the above, the FY2019 consolidated income statement of the Group reflected an increase in right-of-use amortisation (accounted for in depreciation & amortisation) of €2.2 million and a decrease in rent (in administrative expenses) of approximately the same amount, and an increase in right-of-use interest (in net finance costs) of €1.0 million.

Accordingly, EBITDA in FY2019 increased by €0.7 million from €0.8 million in FY2018 to €1.5 million. This increase was more than offset by y-o-y increases in depreciation & amortisation and net finance costs of €2.4 million and €1.1 million respectively. Management fees receivable and other income amounted to €1.3 million in FY2019 compared to €0.7 million in FY2018. Overall, the Group registered a loss after tax of €1.7 million (FY2018: net profit after tax amounting to €0.3 million).

In FY2019, the Group revalued the Hub by €2.8 million (net of deferred taxation), which was reflected in other comprehensive income. As such, total comprehensive income for FY2019 amounted to €1.2 million (FY2018: €345,000).

Key accounting ratios – A comparability analysis for FY2018 and FY2019 shows that gross operating profit margin is trending downwards, from 45% in FY2018 to 42% in FY2019, particularly in view of stiff competition prevalent in the fashion retail sector. EBITDA margin improved from 6% in FY2018 to 11% in FY2019, but this was mainly due to the adoption of IFRS 16 in FY2019 as explained elsewhere in this report. Similarly, the interest cover weakened from 1.42 times in FY2018 to 0.89 times in FY2019 pursuant to the adoption of IFRS 16.

During the initial two months of **FY2020**, the Group's operational performance was in line with Board expectations. Thereafter, revenues were impacted following the Authorities' decision to close non-essential retail outlets, restaurants and cafeterias, and to halt all inbound commercial flights. Retail fashion operations were completely shut down during April 2020, while food & beverage operations were restricted to take-away and delivery services in April and May 2020. Despite re-opening in May 2020 with a reduced number of fashion retail outlets, operating activities were subdued for the remaining part of the financial year.

The y-o-y decrease of 21% in retail fashion revenue was partially offset by additional food & beverage revenue generated following the acquisition of the Pastrocchio, Salad Box and Nespresso brands and the opening of new Caffe Pascucci outlets during the year and an increase in rental income receivable from third parties. As such, the decrease in FY2020 revenue was of €0.9 million (-6%) on a comparable basis and amounted to €13.5 million. Notwithstanding the limited decline in revenue, gross operating profit decreased substantially from €6.1 million in FY2019 to €4.7 million (-23%).

Administration expenses increased by €4.0 million to €8.0 million in FY2020 on account of an impairment of aged inventory and inclusion of expenses related to the food companies. As a result, EBITDA decreased from €1.5 million in FY2019 to a negative balance of €3.7 million in FY2020.

On account of the inclusion of the food & beverage operations, depreciation and amortisation increased y-o-y by €867,000 while net finance costs increased y-o-y by €148,000.

Management fees and other income amounted to €3.3 million in FY2020 (FY2019: €1.3 million) and comprised amounts receivable of €2.2 million relating to Covid-19 rent discounts and wage supplements (FY2019: €0.4 million) and premium received from new third party tenants of outlets at D Mall and Center Parc of €0.3 million (FY2019: nil). The balance of €0.8 million mainly represented management fees receivable (FY2019: €0.8 million).

In FY2020, the Group increased the fair value of properties by €2.2 million (FY2019: €3.1 million) which were accounted for as to €1.2 million before profit after tax and €1.0 million in comprehensive income.

Overall, the Group registered total comprehensive expense of €3.3 million compared to a comprehensive income of €1.2 million in FY2019.

The projections for FY2021 take into account the actual trading results of the Group for the four-month period from 1 January 2021 to 30 April 2021 and forecast for the remaining eight months to 31 December 2021. The key assumptions adopted by the Group to compile the projected income statement are as follows:

- The Group's retail and food establishments re-opened in April 2021 and May 2021 respectively and will remain operational for the rest of the financial year; and
- Development works on the Hub will proceed according to plan.

Revenue in FY2021 is projected to increase by €5.6 million y-o-y to €19.2 million on account of the projected recovery of the retail and food & beverage segments in the second half of FY2021. The increase in operational activities is partly due to the full-year contribution of the Pastrocchio, Salad Box and Nespresso brands, the full-year contribution of the outlets operated by the Group in D Mall and the re-opening of the refurbished outlets in BayStreet.

Administrative expenses are expected to decrease by €2.3 million to €5.7 million in FY2021 on account of a cost savings exercise undertaken by the Group in FY2021 and non-recurrence of inventory write-offs (FY2020: €1.5 million). As a result, EBITDA is expected to increase from a negative EBITDA of €3.7 million in FY2020 to a positive EBITDA of €4.0 million in FY2021.

Management fees and other income is projected to amount to €1.3 million in FY2021 (FY2020: €3.3 million) and comprises €0.6 million in COVID-19 supplements.

Depreciation and amortisation is projected to remain stable at €4.2 million while net finance costs are expected to decrease by €118,000. Overall, the Group is projected to register a comprehensive expense for the year amounting to €801,000 compared to €3.3 million in FY2020.

Dizz Group of Companies Limited - Statement of Financial Position				
As at 31 December	**2018**	**2019**	**2020**	**2021**
	Actual	**Actual**	**Actual**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**
ASSETS				
Non-current assets				
Property, plant & equipment	8,241	13,863	17,080	17,812
Investment property	5,507	5,507	6,166	5,766
Right of use assets	-	23,732	19,301	16,862
Intangible assets	2,000	888	5,227	5,140
Deferred tax assets & other non-current assets	373	1,010	2,305	2,105
Trade and other receivables	1,453	-	-	-
	17,574	**45,000**	**50,079**	**47,685**
Current assets				
Inventories	4,309	5,376	3,887	2,105
Trade & other receivables	4,743	3,979	6,429	6,340
Cash and cash equivalents	3,412	448	902	2,905
	12,464	**9,803**	**11,218**	**11,350**
Total assets	**30,038**	**54,803**	**61,297**	**59,035**
EQUITY				
Share capital	3,290	3,291	7,719	7,719
Other reserves	406	3,230	4,204	4,204
Retained earnings	1,403	(459)	(5,154)	(5,955)
	5,099	**6,062**	**6,769**	**5,968**
LIABILITIES				
Non-current liabilities				
5% unsecured bonds 2026 (listed on the Regulated Market)	7,811	7,836	7,860	7,860
5.35% unsecured bonds 2028 (listed on Prospects MTF)	7,419	7,427	7,435	7,435
Secured convertible notes (listed on Wholesale Securities Market)	-	-	2,950	2,950
Bank borrowings	-	-	2,225	2,031
Lease liabilities	-	19,223	16,529	15,084
Trade & other payables	-	-	4,179	6,579
Deferred tax liabilities	404	664	821	821
	15,634	**35,150**	**41,999**	**42,760**
Current liabilities				
Bank overdraft	1,754	2,220	1,683	1,500
Bank borrowings	-	-	194	194
Lease liabilities	-	1,998	1,352	1,398
Trade & other payables	6,778	8,777	8,585	6,500
Current tax liabilities	773	596	715	715
	9,305	**13,591**	**12,529**	**10,307**
Total liabilities	**24,939**	**48,741**	**54,528**	**53,067**
Total equity and liabilities	**30,038**	**54,803**	**61,297**	**59,035**

Key Accounting Ratios	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Projection**
Gearing ratio *(Net debt/net debt and shareholders' equity)*	73%	86%	85%	86%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	2.66	6.31	5.81	5.96
Net debt to EBITDA (years) *(Net debt/EBITDA)*	16.39	25.07	(9.85)	8.41
Net assets per share (€) *(Net asset value/number of shares)*	1.55	1.84	0.88	0.77
Liquidity ratio (times) *(Current assets/current liabilities)*	1.34	0.72	0.90	1.10
Quick ratio (times) *(Current assets less inventories/current liabilities)*	0.88	0.33	0.59	0.90

Source: MZ Investment Services Ltd

The Group's total assets as at 31 December **2020** amounted to €61.3 million, an increase of €6.5 million on a comparable basis (FY2019: €54.8 million).

Property, plant & equipment increased from €13.9 million in FY2019 to €17.1 million in FY2020 following the acquisition of DCAFFE Ltd and D Kitchen Lab Limited, as well as the investment in D Mall, the Hub and new outlets opened during the year. A gain in fair value of properties used by the Group was also recognised in FY2020. Furthermore, Caffe Pascucci in Gzira was reclassified from investment property to property, plant & equipment.

Property, plant & equipment is expected to increase to €17.8 million in FY 2021 principally due to the investment in The Hub, D Mall and refurbishment of outlets in BayStreet.

In FY2020, investment property increased to €6.2 million from €5.5 million in FY2019 pursuant to the sale of the Tas-Sellum apartment, the acquisition of an apartment in Pieta, uplifts in fair value of assets as well as the derecognition of Pascucci Caffe in Gzira.

Trade & other payables (current and non-current) were higher than trade & other receivables in FY2020 by €6.3 million compared to €4.8 million in FY2019. Also, bank borrowings and debt securities increased from €17.5 million in FY2019 to €22.3 million.

In **FY2021**, investment property is expected to decrease by €0.4 million pursuant to the sale of Apartment Corner View in Swieqi.

Further to the acquisition of DCaffe Holdings Ltd and D Kitchen Lab Limited by the Guarantor in exchange for an issue of ordinary shares to the ultimate beneficial owners of the Group, the Guarantor's issued share capital increased by €4.4 million to €7.7 million. On consolidation, the Group recognised €4.4 million in goodwill (intangible assets).

The inventory value of the Group as at 31 December 2021 is projected to decrease from €3.9 million to €2.1 million, mainly on account of the negotiated purchase agreements with the Group's suppliers.

No material movements are being projected in liabilities.

Despite the increased borrowings, the gearing ratio of the Group remained stable at 85% (FY2019: 86%) on account of an increase in equity from €3.3 million in FY2019 to €7.7 million. Albeit, the current situation of accumulated losses, together with reduced cash balances and increasing debt levels is unsustainable, and as such, the Group requires a significant improvement in profitability or a fresh injection of cash as equity or both. The Group is actively seeking ways of how to increase its capital base to address the situation. The gearing ratio in FY2021 is projected at 86% compared to 85% in the prior year.

The above view is confirmed when looking at the liquidity ratio which deteriorated from 1.34 times in FY2018 to 0.90 times in FY2020. The lack of short-term liquidity is further highlighted with the quick ratio, which shows that the Group's near cash assets in FY2019 covered current liabilities by only 0.33 times and 0.59 times in FY2020 (generally, a company should have a quick ratio higher than 1). A strengthening of both liquidity and quick ratios is expected to be reported in FY2021, at 1.10 times and 0.90 times respectively.

Dizz Group of Companies Limited - Cash Flow Statement for the year ended 31 December	**2018 Actual €'000**	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Projection €'000**
Net cash from operating activities	(2,721)	4,883	1,070	7,434
Net cash from investing activities	(1,262)	(2,469)	(2,415)	(1,929)
Net cash from financing activities	7,122	(5,868)	2,325	(3,319)
Net movement in cash and cash equivalents	**3,139**	**(3,454)**	**980**	**2,186**
Cash and cash equivalents at beginning of year	(1,481)	1,658	(1,772)	(781)
Adj. for cash balances of subsidiaries acquired by the Group	-	24	11	-
Cash and cash equivalents at end of year	**1,658**	**(1,772)**	**(781)**	**1,405**

Net cash flows from operating activities principally reflect movements of cash flows from the Group's operations. In FY2020, net cash from operating activities amounted to €1.1 million mainly on account of favourable working capital changes (FY2019: €4.9 million). In FY2021, net cash inflows from operating activities is expected to amount to €7.4 million.

Net cash flows from investing activities mainly reflect the acquisition and disposal of investment property and property, plant & equipment, and capital expenditure on the Group's outlets and property development works. During FY2020, the Group acquired the property in Pieta and sold off the "Tas-Sellum" apartment in Mellieha resulting in a net cash inflow of *circa* €106,500. The amount of €2.5 million was incurred in capital expenditure, comprising the refurbishment of outlets, the completion of D Mall and development works in relation to the Hub (FY2019: €2.5 million).

During FY2021, the Group disposed of Apartment Corner View, Swieqi and has received a refund of €70,000 which was paid on account of a promise of sale agreement. The Group is also expecting to incur €2.4 million in capital expenditure, comprising the refurbishment of outlets, the completion of D Mall and development works in relation to the Hub.

Net cash used in financing activities in FY2019 amounted to €5.9 million and comprised advances to related parties (€1.8 million), bond interest (€0.8 million) and payment of finance leases (€3.3 million). In FY2020, net cash inflows from financing activities amounted to €4.9 million made up of €3 million derived from the issue of secured convertible notes and drawdowns of €1.9 million from bank borrowings. With regard to outflows, interest paid on bonds in FY2020 amounted to €0.8 million and lease payments amounted to €1.7 million. Furthermore, the Group advanced €0.1 million to related parties.

Net cash used in financing activities in FY2021 is expected to amount to €3.3 million made up of €0.2 million in repayments of bank borrowings, interest payable on bonds of €0.9 million and lease payments amounting to €2.2 million.

14. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecasted financial information of the Group for the year ended 31 December 2020 included in the prior year's Financial Analysis Summary dated 10 July 2020 and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

Dizz Group of Companies Limited - Consolidated Income Statement for the year ended 31 December 2020	**Actual €'000**	**Projection €'000**	**Variance €'000**
Revenue	13,534	13,032	502
Cost of sales	(10,361)	(5,679)	(4,682)
Gross operating profit	**3,173**	**7,353**	**(4,180)**
Administration expenses	(6,535)	(5,695)	(840)
Marketing expenses	(385)	(274)	(111)
EBITDA	**(3,747)**	**1,384**	**(5,131)**
Depreciation and amortisation	(4,222)	(3,901)	(321)
Management fees and other income/(costs)	3,278	2,097	1,181
Gain/(loss) on disposal of property, plant & equipment	94	-	94
Changes in fair value of investment property	1,169	-	1,169
Net finance costs	(1,868)	(1,834)	(34)
Profit/(loss) before tax	**(5,296)**	**(2,254)**	**(3,042)**
Taxation	995	1,523	(528)
Profit/(loss) after tax	**(4,301)**	**(731)**	**(3,570)**
Other comprehensive income			
Gains/(impairments) on property revaluation	1,034	574	460
Taxation	(60)	(46)	(14)
	974	**528**	**446**
Total comprehensive income/(expense)	**(3,327)**	**(203)**	**(3,124)**

As presented in the above table, revenue generated by the Group in FY2020 was marginally higher than expected by €0.5 million. On the other hand, cost of sales and administration expenses were higher than projected by €5.5 million which adversely impacted EBITDA by €5.1 million.

The adverse variance in EBITDA was reduced by higher management fees and other income of €1.2 million and uplifts of €1.2 million in fair value of investment property which was not included in the projected income statement. The Group further benefited from a favourable variance in property revaluations of €0.5 million. As such, total comprehensive expense was worse than expected by €3.1 million.

Dizz Group of Companies Limited - Statement of Financial Position
As at 31 December 2020

	Actual €'000	Projection €'000	Variance €'000
ASSETS			
Non-current assets			
Property, plant & equipment	17,080	15,786	1,294
Investment property	6,166	5,795	371
Right of use assets	19,301	21,499	(2,198)
Intangible assets	5,227	5,706	(479)
Deferred tax assets & other non-current assets	2,305	2,436	(131)
Trade and other receivables	-	-	-
	50,079	**51,222**	**(1,143)**
Current assets			
Inventories	3,887	5,947	(2,060)
Trade & other receivables	6,429	3,468	2,961
Cash and cash equivalents	902	375	527
	11,218	**9,790**	**1,428**
Total assets	**61,297**	**61,012**	**285**
EQUITY			
Share capital	7,719	7,719	-
Other reserves	4,204	3,758	446
Retained earnings	(5,154)	(1,190)	(3,964)
	6,769	**10,287**	**(3,518)**
LIABILITIES			
Non-current liabilities			
5% unsecured bonds 2026 (listed on the Regulated Market)	7,860	7,860	-
5.35% unsecured bonds 2028 (listed on Prospects MTF)	7,435	7,435	-
Secured convertible notes (listed on Wholesale Securities Market)	2,950	3,000	(50)
Bank borrowings	2,225	496	1,729
Lease liabilities	16,529	17,170	(641)
Trade & other payables	4,179	-	4,179
Deferred tax liabilities	821	1,286	(465)
	41,999	**37,247**	**4,752**
Current liabilities			
Bank overdraft	1,683	2,225	(542)
Bank borrowings	194	-	194
Lease liabilities	1,352	1,998	(646)
Trade & other payables	8,585	9,255	(670)
Current tax liabilities	715	-	715
	12,529	**13,478**	**(949)**
Total liabilities	**54,528**	**50,725**	**3,803**
Total equity and liabilities	**61,297**	**61,012**	**285**

Actual value of total assets was marginally higher by €285,000 compared to the projections. Property, plant and equipment and trade & other receivables were higher than forecast by €4.3 million. This increase was offset by lower amounts of right-of-use assets and inventories amounting to €4.3 million. Cash balances were higher than expected by €0.5 million.

Total liabilities were higher than expected by €3.8 million principally on account of an increase in trade & other payables amounting to €3.5 million and higher than projected bank borrowings of €1.4 million.

Dizz Group of Companies Limited - Cash Flow Statement for the year ended 31 December 2020	**Actual €'000**	**Projection €'000**	**Variance €'000**
Net cash from operating activities	1,070	2,772	(1,702)
Net cash from investing activities	(2,415)	(1,794)	(621)
Net cash from financing activities	2,325	(985)	3,310
Net movement in cash and cash equivalents	**980**	**(7)**	**987**
Cash and cash equivalents at beginning of year	(1,772)	(1,772)	-
Adj. for cash balances of subsidiaries acquired by the Group	11	(71)	82
Cash and cash equivalents at end of year	**(781)**	**(1,850)**	**1,069**

Actual net movement in cash and cash equivalents was higher than projected by €987,000. Net operating cashflow was lower than expected by €1.7 million, while capital expenditure (accounted for in investing activities) was also lower by €621,000.

As to financing activities, the variance in net cash amounted to €3.3 million primarily due to higher than expected drawdowns from bank borrowings.

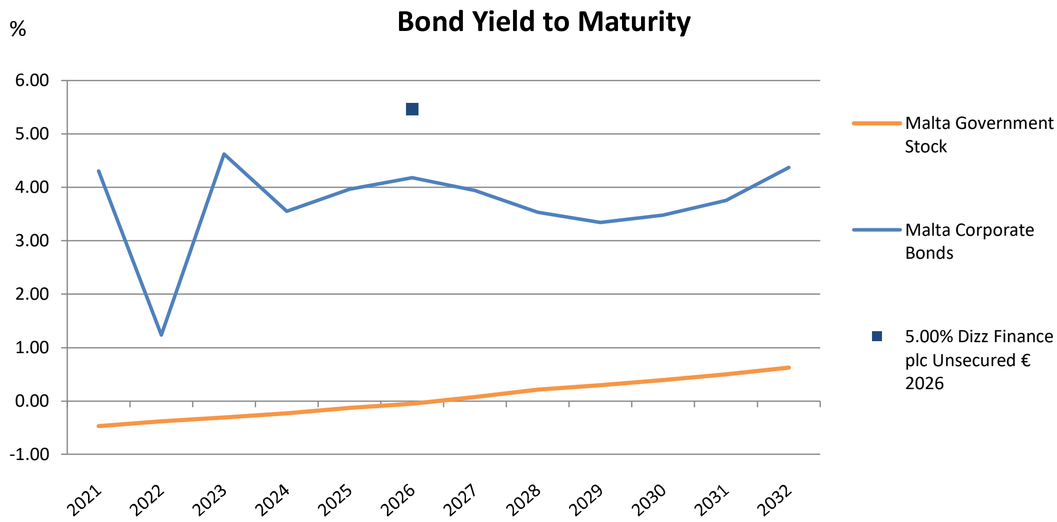
PART 3 - COMPARABLES

The table below compares the Group and the Issuer's 2016 bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	**Nominal Value (€)**	**Yield to Maturity (%)**	**Interest Cover (times)**	**Total Assets (€'000)**	**Net Asset Value (€'000)**	**Gearing Ratio (%)**
5.80% International Hotel Investments plc 2021	20,000,000	4.30	- 0.61	1,544,099	773,176	41.87
3.65% GAP Group plc Secured € 2022	30,049,800	1.24	2.24	103,895	15,134	73.44
6.00% Pendergardens Developments plc Secured € 2022 Series	21,845,300	3.53	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	19,247,300	2.66	2.24	103,895	15,134	73.44
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.62	1.44	36,921	8,038	70.88
5.80% International Hotel Investments plc 2023	10,000,000	4.47	- 0.61	1,544,099	773,176	41.87
6.00% AX Investments Plc € 2024	40,000,000	4.76	0.76	348,657	217,449	25.57
6.00% International Hotel Investments plc € 2024	35,000,000	4.16	- 0.61	1,544,099	773,176	41.87
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	3.55	3.66	100,350	50,297	48.12
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	4.04	2.04	122,396	47,319	52.86
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.31	3.09	135,492	45,574	27.66
4.25% Best Deal Properties Holding plc Secured € 2024	14,776,400	3.03	-	27,453	4,128	81.72
3.7% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.45	2.24	103,895	15,134	73.44
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.34	- 0.61	1,544,099	773,176	41.87
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.56	7.33	160,836	54,602	29.84
4.50% Hili Properties plc Unsecured € 2025	37,000,000	3.96	1.46	149,639	62,675	54.94
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.18	3.16	43,383	5,522	81.61
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.79	- 0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.46	- 0.61	1,544,099	773,176	41.87
5.00% Dizz Finance plc Unsecured € 2026	**8,000,000**	**5.46**	**- 2.01**	**61,297**	**6,769**	**85.32**
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.32	7.39	278,759	53,003	75.22
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	3.64	- 0.61	1,544,099	773,176	41.87
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	2.28	0.76	348,657	217,449	25.57
4.35% SD Finance plc Unsecured € 2027	65,000,000	3.96	6.86	324,427	137,612	28.31
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.94	- 0.50	190,466	108,369	31.32
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.21	2.30	354,069	231,437	26.54
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.53	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.34	2.30	354,069	231,437	26.54
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.80	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	2.69	0.76	348,657	217,449	25.57

31-May-21

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



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

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

The Bonds are trading at a yield of 5.46%, which is 128 basis points higher when compared to other corporate bonds maturing in the same year. The premium over FY2026 Malta Government Stock is 551 basis points.

PART 4 - EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including retail and distribution of branded fashion and sportswear, food and beverage sales and income generated from the rental of various properties.
Cost of sales	Cost of sales includes inventory, food, beverage, labour expenses and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
EBIT	EBIT is an abbreviation for earnings before interest and tax. EBIT is a measure of a firm's profit that includes all expenses except interest and income tax expenses. It is the difference between operating revenues and operating expenses.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Gross operating profit margin	Gross operating profit margin is gross operating profit as a percentage of total revenue.
EBITDA margin	EBITDA margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders’ equity of the owners of issued share capital, computed by dividing profit after tax by shareholders’ equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company’s capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

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

Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company’s current assets to its current liabilities.
Quick ratio	The quick ratio is an indicator of a company’s short-term liquidity position and measures a company’s ability to meet its short-term obligations with its most liquid assets.
Interest cover	The interest coverage ratio is calculated by dividing a company’s EBITDA of one period by the company’s interest expense of the same period.
Net debt to EBITDA	The net debt to EBITDA is a measurement of leverage, calculated as a company’s interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders’ equity and debt used to finance a company’s assets, and is calculated by dividing a company’s net debt by net debt plus shareholders’ equity. Alternatively, the gearing ratio can be calculated by dividing a company’s net debt by shareholders’ equity.