



## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Hili Finance Company p.l.c. (the “Company”) pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority.

### QUOTE

It is being announced that in line with the requirements of the Capital Markets Rules, the Financial Analysis Summary of the Company dated 26 June 2023, has been approved for publication and is attached herewith. It is also available for viewing on the Company’s website: <https://hilifinance.com/>

### UNQUOTE

By order of the Board

A handwritten signature in blue ink, appearing to read 'A. Mercieca', positioned above the name of the signatory.

**Mr. Adrian Mercieca**  
Company Secretary

26 June 2023

The Directors  
**Hili Finance Company p.l.c.**  
Nineteen Twenty Three,  
Valletta Road,  
Marsa, MRS 3000,  
Malta

26 June 2023

**Re: Financial Analysis Summary – 2023**

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 Hili Finance Company p.l.c. (the “**Issuer**”), Hili Ventures Limited (the “**Guarantor**”) and related companies within the group as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2020, 2021 and 2022 has been extracted from the audited financial statements of the Issuer and Guarantor.
- (b) The forecast data for the financial years ending 31 December 2023 has been provided by management.
- (c) Our commentary on the Issuer’s results and financial position is based on the explanations set out by the Issuer in the Prospectus and MFSA Listing Policies.
- (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) 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 or websites providing financial data.

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,



Patrick Mangion  
Head of Capital Markets

# FINANCIAL ANALYSIS SUMMARY



Hili Finance Company p.l.c.

26 June 2023

Prepared by Calamatta Cuschieri  
Investment Services Ltd

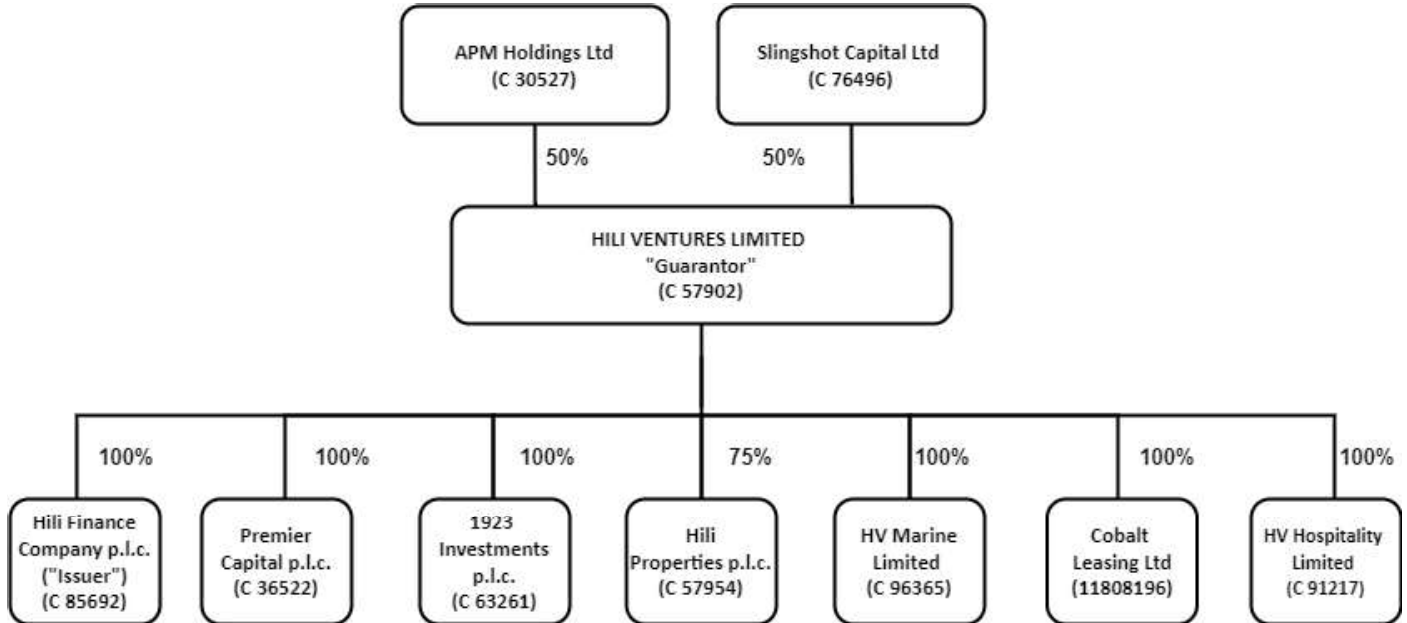
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## Part 1 - Information about the Issuer

### 1.1 Key Activities and Structure

The Group structure is as follows:



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

The Issuer has an authorised and issued share capital of €2,000,000 divided into 2,000,000 ordinary shares, fully paid up. The Guarantor is the controlling shareholder of the Issuer with the exception of one ordinary share which is held by APM Holdings Limited. The principal objective of the Issuer is to act as the finance company for Hili Ventures Limited and its subsidiaries. This means that the Issuer acquires, holds and manages assets and other financial interests for the Guarantor.

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

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

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

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

- **Hili Properties p.l.c. (“Hili Properties”)**: is the parent company of the property division of the Guarantor, owning and managing commercial real estate and industrial land in Malta, Latvia, Lithuania, Estonia and Romania.
- **Premier Capital p.l.c. (“Premier Capital”)**: is engaged in the operation of quick service restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c. (“1923 Investments”)**: is engaged in retail and technology solutions. Its subsidiaries operate in Malta, Hungary, Poland and Germany.
- **HV Marine Limited (“HV Marine”)**: HV Marine is engaged in providing specialised engineering services related to

port handling equipment and crane assembly in Malta and Morocco. On 28 April 2023, HV Marine acquired Hili Logistics, which operates a logistics and ship-to-ship (STS) support services business in Malta, UK and Poland, from 1923 Investments.

- **Cobalt Leasing Ltd (“Cobalt Leasing”)**: is engaged in the leasing of containers to shipping lines.
- **HV Hospitality Limited (“HV Hospitality”)**: merged with Kemmuna Limited (C 15344) in 2022. Kemmuna Limited owned and operated the hotel and bungalows on the island of Comino. HV Hospitality is part of a strategy to establish a presence in the European hospitality market. The company is engaged in redevelopment of the hotel and bungalows at Comino, which are at the design stage and awaiting a building permit.

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

## 1.2 Directors and Key Employees

### Board of Directors – Issuer

As at the date of this Analysis, the directors of the Issuer are:

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

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

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

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

### Board of Directors – Guarantor

As at the date of this Analysis, the directors of the Guarantor are:

Name	Office designation
Mr. Archibald Anderson Bethel	Chairman and independent non-executive director
Mr. Carmelo <i>sive</i> Melo Hili	Executive director
Dr. Annabel Hili	Executive director
Mr. Victor Tedesco	Non-executive director
Mr. Jesmond Mizzi	Independent non-executive director and chairman of the audit committee

The Guarantor’s management team is composed as follows:

Name	Office designation
Mr. Carmelo <i>sive</i> Melo Hili	Chief Executive Officer
Mr. Dorian Desira	Chief Financial Officer
Mr. Valentin Truta	General Counsel
Dr. Annabel Hili	Chief Operating Officer

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

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

As at the date of this Analysis, apart from two independent directors, the Issuer does not have any employees of its own. The Guarantor currently has approximately 40 employees. The Group currently has approximately 11,900 employees, with an average ratio of 95:5 between operational employees and administrative employees.

## 1.3 Major Assets owned by the Group

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

The Group’s major assets are composed of:

- Property, plant and equipment
- Right-of-use-assets
- Goodwill
- Intangible assets

- Investment property
- Property held for sale

The Group's assets are mainly composed of property, plant and equipment, right-of-use-assets, investment property, goodwill, non-current available for sale investments and intangible assets, which collectively represent circa 79.3% of total assets (FY21: 76.7%) amounting to €708.1m during FY22 (FY21: €558.4m). The non-current available for sale assets relate to a portfolio of stocks and bonds worth around €29.0m (FY21: €0.8m).

## 1.4 Operational Developments

### 1.4.1 Strategy

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

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

### 1.4.2 Business overview and latest operational developments

#### 1.4.2.1 Premier Capital, 1923 Investments and Hili Properties

Further information on the latest operational developments of Premier Capital, 1923 Investments and Hili Properties can be found in their respective Financial Analysis Summaries, which were published on 19 June 2023, 20 June 2023 and 23 June 2023 respectively.

#### 1.4.2.2 HV Marine

In FY22, consolidated revenue generated by Motherwell Bridge Industries Limited and its subsidiary Techniplus SARL in Morocco amounted to €5.9m, reflecting an increase of 2% when compared to FY21.

## 1.5 War in Ukraine

The Board of Directors of the Issuer is actively following the war and the resulting humanitarian crisis in Ukraine. While the group has no direct interest vested in the country, it is monitoring the effects of the situation on its operations in neighbouring countries Romania, the Baltics and Poland. Inflationary pressures and heightened utility costs are presently being experienced by certain operations within the Group. While it may be challenging to distinguish between the effects of the war in Ukraine and the after effects of the Covid-19 pandemic, it is evident that the compounded effect on the Group is potentially material. The Group's projections continue to show stable performance despite the uncertainty of the current state of affairs on its operations and it remains vigilant in monitoring restrictions on the conduct of business with sanctioned entities and individuals.

## 1.6 Assumptions undertaken in projections utilised for the purpose of this document

Business activity is projected to improve when compared to 2022 despite the potential impact of the aforementioned global events, particularly in terms of sustained inflationary pressures. These projections are also based on the 2022 actual financial performance and on the actual performance of the first few months of 2023, which management have reported to be positive. These projections also include the new business ventures that the Issuer and/or its subsidiaries entered into during 2023. On 31 March 2023, iSpot Poland acquired Cortland Sp. z o.o., a company operating 16 Apple retail outlets across Poland and a B2B sector.

### 1.7 Related party securities

The Issuer is a subsidiary of Hili Ventures. Its sister entities 1923 Investments, Premier Capital, Hili Properties and Harvest Technology p.l.c. have the following listed securities. The below table also includes the Issuer's current outstanding securities.

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



## Part 2 - Historical Performance and Forecasts

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

The projected financial information for the year ending 31 December 2023 has been provided by the Guarantor's management. This financial information relates to events in the future and is based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

### 2.1 Issuer's Statement of Comprehensive Income

Hili Finance Company p.l.c. Statement of Comprehensive Income for the year ended 31 December	2020A	2021A	2022A	2023F
	€'000s	€'000s	€'000s	€'000s
Finance income	5,496	5,509	7,346	7,758
Finance costs	(4,682)	(4,674)	(6,360)	(6,718)
<b>Net finance income</b>	<b>814</b>	<b>835</b>	<b>986</b>	<b>1,040</b>
Administrative expenses	(41)	(49)	(44)	(45)
<b>Profit before tax</b>	<b>773</b>	<b>786</b>	<b>942</b>	<b>995</b>
Taxation	(282)	(289)	(342)	(360)
<b>Total profit and other comprehensive income after tax</b>	<b>491</b>	<b>497</b>	<b>600</b>	<b>635</b>

Ratio Analysis	2020A	2021A	2022A	2023F
<b>Profitability</b>				
Gross Margin (Net finance income/ Finance income)	14.8%	15.2%	13.4%	13.4%
Net Margin (Profit for the year / Finance income)	8.9%	9.0%	8.2%	8.2%

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

In the audited financial statements for 2022, the Issuer reported finance income of €7.3m, a €1.8m increase over 2021 due to the interest receivable by the Issuer through the 2027 bonds issued last year.

Overall, gross margin decreased to 13.4% with this being in line with the expectations set out in the previous Analysis. Administrative expenses, which mainly comprise audit fees

and directors' fees, amounted to €44k, while total comprehensive income increased to €600k, reflecting the aforementioned increase in finance income.

For 2023, the Issuer is projecting a total finance income of €7.8m, slightly higher than the 2022 finance income due to the fact that the 2027 bonds did not incur full year interest in 2022.

In this respect, the Issuer's profitability is projected to increase by 5.8% to €635k during 2023.

## 2.2 Issuer's Statement of Financial Position

Hili Finance Company p.l.c. Statement of Financial Position for the year ended 31 December	2020A	2021A	2022A	2023F
	€'000s	€'000s	€'000s	€'000s
<b>Assets</b>				
<b>Non-current assets</b>				
Loans owed by parent company	122,481	122,411	172,411	172,411
<b>Total non-current assets</b>	<b>122,481</b>	<b>122,411</b>	<b>172,411</b>	<b>172,411</b>
<b>Current assets</b>				
Trade and other receivables	2,299	2,649	4,553	4,661
Cash and cash equivalents	3	126	409	912
<b>Total current assets</b>	<b>2,302</b>	<b>2,775</b>	<b>4,962</b>	<b>5,573</b>
<b>Total assets</b>	<b>124,783</b>	<b>125,186</b>	<b>177,373</b>	<b>177,984</b>
<b>Equity</b>				
<b>Equity and reserves</b>	<b>2,785</b>	<b>3,282</b>	<b>3,882</b>	<b>4,517</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Debt securities	120,000	120,000	170,000	170,000
<b>Current liabilities</b>				
Trade and other payables	1,998	1,904	3,491	3,467
<b>Total liabilities</b>	<b>121,998</b>	<b>121,904</b>	<b>173,491</b>	<b>173,467</b>
<b>Total equity and liabilities</b>	<b>124,783</b>	<b>125,186</b>	<b>177,373</b>	<b>177,984</b>

The Issuer's assets as at 2022 comprised interest-bearing securities loaned to the Guarantor, while liabilities predominately reflect the issued bond securities of €40m,

€80m and €50m offered to the public in 2018, 2019 and 2022 respectively. To date, no material changes are envisaged for 2023.

### 2.3 Issuer's Statement of Cash Flows

Hili Finance Company p.l.c. Statement of Cash Flows for the year ended 31 December	2020A	2021A	2022A	2023F
	€'000s	€'000s	€'000s	€'000s
Operating profit before working capital movement	773	786	941	996
<i>Adjustments for:</i>				
Interest income	(5,496)	(5,509)	(7,346)	(7,758)
Interest expenses on debt securities issued	4,580	4,580	6,236	6,583
<b>Opening loss before working capital movement</b>	<b>(143)</b>	<b>(143)</b>	<b>(169)</b>	<b>(179)</b>
Movement in working capital	20	(41)	47	3
Income tax paid	(180)	(384)	(425)	(349)
<b>Net cash flows used in operating activities</b>	<b>(303)</b>	<b>(568)</b>	<b>(547)</b>	<b>(525)</b>
<b>Net cash flows (used in) / generated from investing activities</b>	<b>4,858</b>	<b>5,270</b>	<b>(44,600)</b>	<b>7,650</b>
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(4,570)</b>	<b>(4,579)</b>	<b>45,430</b>	<b>(6,622)</b>
<b>Movement in cash and cash equivalents</b>	<b>(15)</b>	<b>123</b>	<b>283</b>	<b>503</b>
Cash and cash equivalents at start of year	18	3	126	409
<b>Cash and cash equivalents at end of year</b>	<b>3</b>	<b>126</b>	<b>409</b>	<b>912</b>

Given that the purpose of the Issuer is to act as a financing vehicle for the Guarantor, it is appropriate to examine cash flows from investing activities.

The 2022 results reflect the issuance of the 4.0% Hili Finance Company 2027 bonds, as well as the loan advancement to the Guarantor by the Issuer. No major inflows or outflows are expected in 2023 apart from the normal business operations of a finance company.

## 2.4 Guarantor's Consolidated Statement of Comprehensive Income

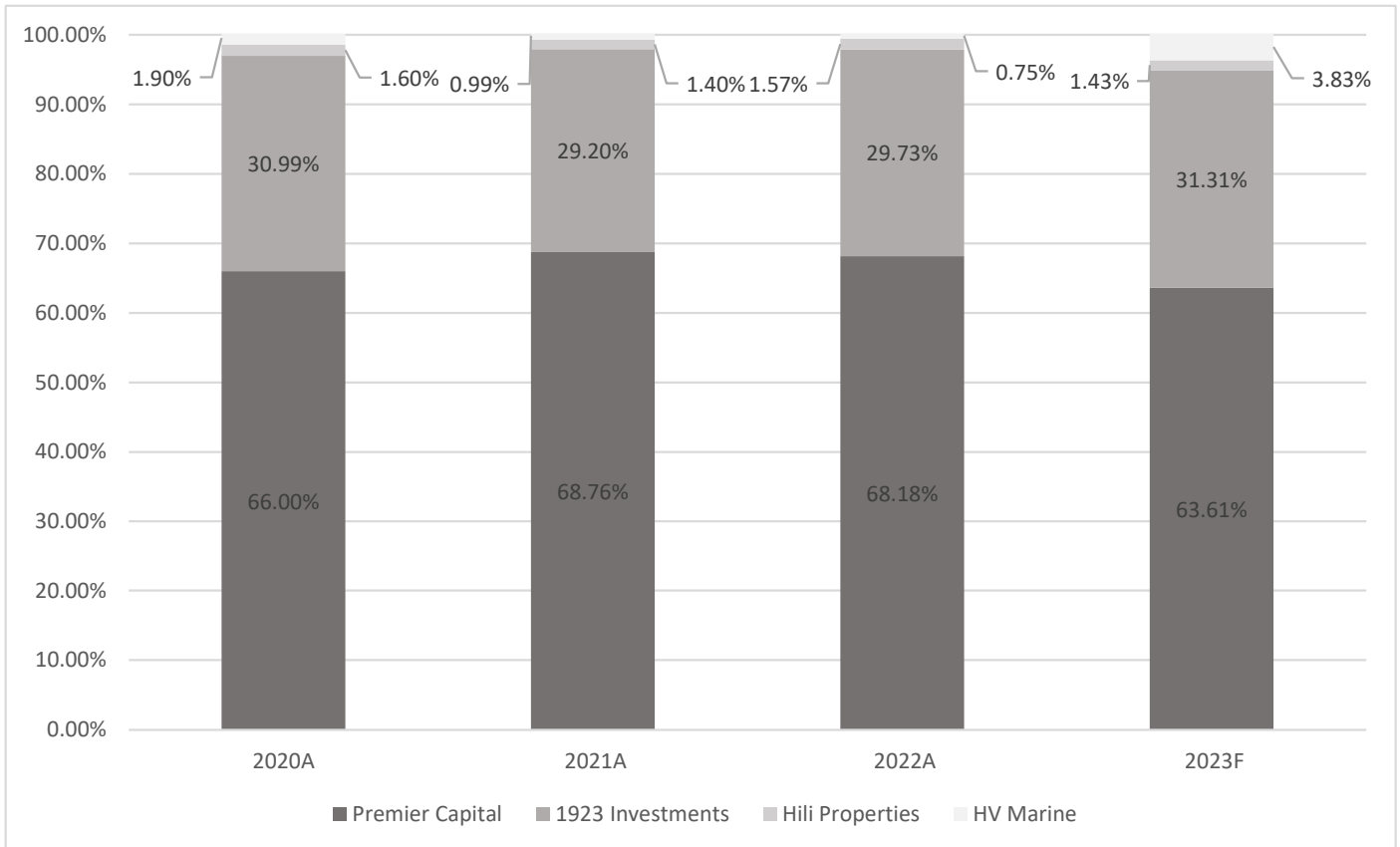
Hili Ventures Limited Consolidated Statement of Comprehensive Income for the year ended 31 December	2020A	2021A	2022A	2023F
	€'000s	€'000s	€'000s	€'000s
Revenue	483,237	589,593	782,648	1,011,027
Net operating expenses	(415,665)	(504,495)	(681,254)	(891,283)
<b>EBITDA</b>	<b>67,572</b>	<b>85,098</b>	<b>101,394</b>	<b>119,744</b>
Depreciation and amortisation	(29,935)	(29,933)	(32,462)	(46,025)
<b>EBIT</b>	<b>37,637</b>	<b>55,165</b>	<b>68,932</b>	<b>73,718</b>
Net investment income	913	3,518	3,814	866
Net finance costs	(19,476)	(18,793)	(22,971)	(20,028)
<b>Profit before tax</b>	<b>19,074</b>	<b>39,890</b>	<b>49,775</b>	<b>54,556</b>
Taxation	(3,825)	(7,464)	(6,503)	(12,312)
<b>Profit after tax</b>	<b>15,249</b>	<b>32,426</b>	<b>43,272</b>	<b>42,244</b>
<b>Other comprehensive income</b>				
Movement on available-for-sale investments	(21)	(7)	(467)	-
Exchange differences - foreign operations	(5,758)	925	599	163
Gain on revaluation of assets	4,200	486	12,965	911
	<b>(1,579)</b>	<b>1,404</b>	<b>13,097</b>	<b>1,073</b>
<b>Total comprehensive income</b>	<b>13,670</b>	<b>33,830</b>	<b>56,369</b>	<b>43,317</b>

Ratio Analysis	2020A	2021A	2022A	2023F
<b>Profitability</b>				
Growth in Revenue (YoY Revenue Growth)	-1.5%	22.0%	32.7%	29.2%
EBITDA Margin (EBITDA / Revenue)	14.0%	14.4%	13.0%	11.8%
Operating (EBIT) Margin (EBIT / Revenue)	7.8%	9.4%	8.8%	7.3%
Net Margin (Profit for the year / Revenue)	3.2%	5.5%	5.5%	4.2%
Return on Common Equity (Net Income / Average Equity)	14.1%	24.8%	20.6%	17.3%
Return on Assets (Net Income / Average Assets)	2.4%	4.8%	4.9%	4.5%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	13.0%	14.0%	13.7%	14.8%

The Guarantor's consolidated revenue amounted to €782.7m during 2022, representing an overall increase of 32.7% when compared to the prior year (FY21: €589.6m). The management noted that this improvement is mainly the result of both organic growth in all the respective subsidiaries and new stores opened at Premier Capital and 1923 Investments. As further illustrated through the revenue segmentation table below all business pillars contributed to the aforementioned healthy increase in revenue, which exceeded previous expectations set out in the previous Analysis. All business pillars of the Guarantor are expected to perform positively in the current financial

year, with total revenues projected to surpass €1.0b during 2023, illustrating an overall increase of 29.2% over 2022. This revenue improvement takes into account the contribution of the new business ventures entered into by the respective subsidiaries specifically at 1923 Investments. Meanwhile, Premier Capital (+21%), Hili Properties (+18%) and HV Marine (+558%) are also projected to experience growth during 2023, mainly on account of new store openings and additional property acquisitions. The increase in revenue at HV Marine is primarily due to the acquisition of Hili Logistics.

Hili Ventures Limited Revenue breakdown by entity	2020A	2021A	2022A	2023F
	€'000s	€'000s	€'000s	€'000s
Premier Capital	318,955	405,408	533,605	643,132
1923 Investments	149,734	172,155	232,714	316,503
Hili Properties	7,741	8,241	12,249	14,476
HV Marine	9,169	5,864	5,891	38,762
Other divisions & consolidation adjustments	(2,362)	(2,075)	(1,811)	(1,846)
<b>Total</b>	<b>483,237</b>	<b>589,593</b>	<b>782,648</b>	<b>1,011,027</b>



The Guarantor's consolidated net operating expenses amounted to €681.3m during 2022, reflecting an overall increase of 35.0% over the prior year. On the back of increased revenues, EBITDA increased to €101.4m during 2022 (FY21: €85.1m), resulting in an EBITDA margin of 13.0% (FY21: 14.4%).

The forecasted improvement across all subsidiaries from continuing operations is projected to result in an EBITDA of €119.8m in 2023.

The depreciation and amortisation charge amounted to €32.5m during 2022, mainly because of new store openings at Premier Capital. This is projected to increase to €46.0m in 2023, primarily due to further capital expenditure expected to be undertaken in 2023 by the respective subsidiary companies, along with the acquisition of Cortland.

#### 2.4.1 Variance Analysis

Hili Ventures Limited Consolidated Statement of Comprehensive Income for the year ended 31 December	Dec-22	Dec-22	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Revenue	732,352	782,648	50,296
Net operating expenses	(639,061)	(681,254)	(42,193)
<b>EBITDA</b>	<b>93,291</b>	<b>101,394</b>	<b>8,103</b>
Depreciation and amortisation	(33,569)	(32,462)	1,107
<b>EBIT</b>	<b>59,722</b>	<b>68,932</b>	<b>9,210</b>
Net investment income	403	3,814	3,411
Net finance costs	(20,846)	(22,971)	(2,125)
<b>Profit before tax</b>	<b>39,279</b>	<b>49,775</b>	<b>10,496</b>
Taxation	(7,500)	(6,503)	997
<b>Profit after tax</b>	<b>31,779</b>	<b>43,272</b>	<b>11,493</b>
<b>Other comprehensive income</b>			
Movement on available-for-sale investments	-	(467)	(467)
Exchange differences - foreign operations	316	599	283
Gain on revaluation of assets	890	12,965	12,075
	<b>1,206</b>	<b>13,097</b>	<b>11,891</b>
<b>Total Comprehensive income</b>	<b>32,985</b>	<b>56,369</b>	<b>23,384</b>

Actual 2022 revenue was higher than previously anticipated by €50.3m. Management attributes this to improved financial performance at Premier Capital and 1923 Investments. Net investment income was also higher by €3.4m with net finance

Net finance costs increased to €23.0m during 2022 and mainly reflect interest incurred on the bonds issued by companies within the Group, in addition to finance costs on bank borrowings and finance lease liabilities (IFRS 16). Finance costs are projected to decrease to €20.0m during 2023.

In view of the developments noted above, profit before tax amounted to €49.8m in 2022 and is expected to amount to €54.6m during 2023. Moreover, total comprehensive income came in at €56.4m in 2022 due to a €13.0m increase through revaluation of assets.

The financial performance of the Guarantor resulted in a net margin of 5.5% (FY21: 5.5%), Return on Common Equity of 20.6% (FY21: 24.8%), and Return on Assets of 4.9% (FY21: 4.8%).

costs exceeding forecasts by €2.1m. In view of this, actual profit before tax was €10.5m higher than previously anticipated, with the Guarantor also recording a positive variance in revaluation of assets of €12.1m.

2.5 Guarantor's Statement of Financial Position

Hili Ventures Limited Statement of Financial Position for the year ended 31 December	2020A	2021A	2022A	2023F
	€'000s	€'000s	€'000s	€'000s
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill and other intangibles	106,330	106,860	106,196	149,958
Property, plant and equipment	214,445	229,845	260,339	293,186
Investment property	64,727	83,321	189,753	161,169
Right-of-use assets	80,582	102,037	116,942	117,919
Other non-current assets	38,257	43,272	40,919	31,500
Loans and receivables	14,338	23,210	31,757	31,189
Trade and other receivables	1,984	2,426	4,368	9,403
Restricted cash	1,583	1,804	1,972	301
<b>Total non-current assets</b>	<b>522,246</b>	<b>592,775</b>	<b>752,246</b>	<b>794,625</b>
<b>Current assets</b>				
Inventory	17,714	20,105	30,103	43,010
Trade and other receivables	23,508	29,628	31,363	38,040
Other assets	13,159	7,822	6,993	9,916
Cash and cash equivalents	47,596	77,339	69,753	57,886
<b>Total current assets</b>	<b>101,977</b>	<b>134,894</b>	<b>138,212</b>	<b>148,852</b>
<b>Total assets</b>	<b>624,223</b>	<b>727,669</b>	<b>890,458</b>	<b>943,477</b>
<b>Equity</b>				
Equity and reserves	106,811	154,632	210,277	244,031
<b>Total equity</b>	<b>106,811</b>	<b>154,632</b>	<b>210,277</b>	<b>244,031</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Debt securities in issue	255,338	255,760	305,593	306,147
Trade and payables	592	1,145	3,144	2,479
Bank loans and other financial liabilities	74,512	91,182	100,816	129,230
Lease liabilities	74,883	97,091	111,858	116,695
Deferred tax liabilities	8,655	8,709	9,109	8,247
<b>Total non-current liabilities</b>	<b>413,980</b>	<b>453,887</b>	<b>530,520</b>	<b>562,798</b>
<b>Current liabilities</b>				
Trade and other payables	65,697	88,490	107,533	96,209
Bank loans, overdrafts and other financial liabilities	24,897	17,298	27,203	15,658
Lease liabilities	9,472	10,479	11,932	13,031
Current tax liability	3,366	2,883	2,993	11,750
<b>Total current liabilities</b>	<b>103,432</b>	<b>119,150</b>	<b>149,661</b>	<b>136,648</b>
<b>Total liabilities</b>	<b>517,412</b>	<b>573,037</b>	<b>680,181</b>	<b>699,446</b>
<b>Total equity and liabilities</b>	<b>624,223</b>	<b>727,669</b>	<b>890,458</b>	<b>943,477</b>

Ratio Analysis	2020A	2021A	2022A	2023F
<b>Financial Strength</b>				
Gearing 1 (Net Debt / Net Debt and Total Equity)	78.6%	71.8%	69.9%	68.2%
Gearing 2 (Total Liabilities / Total Assets)	82.9%	78.7%	76.4%	74.1%
Net Debt / EBITDA	5.8x	4.6x	4.8x	4.4x
Current Ratio (Current Assets / Current Liabilities)	1.0x	1.1x	0.9x	1.1x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.8x	1.0x	0.7x	0.8x
Interest Coverage 1 (EBITDA / Cash interest paid)	4.7x	5.7x	5.6x	6.0x
Interest Coverage 1 (EBITDA / Finance Costs)	3.5x	4.5x	4.4x	6.0x

Total non-current assets as at 31 December 2022 amounted to €752.3m (FY21: €592.8m), and principally comprise goodwill and intangible assets at €106.2m, property, plant and equipment at €260.3m, investment property at €189.8m and right-of-use assets amounting to €116.9m. The increase in property, plant and equipment during 2022 primarily relates to the opening of new retail stores, and the increase in investment property relates to new property acquisitions occurring during the year. Meanwhile, the increase in loans and receivables of €8.6m is mainly because of loan advanced to related parties.

Total non-current assets in 2023 are projected to €794.6m. Management confirmed that this anticipated increase is mainly due to projected capital expenditure and acquisitions resulting in positive movements in goodwill.

Additionally, current assets, which mainly comprise of inventory, trade and other receivables, as well as cash and cash equivalents, amounted to €138.2m during 2022 (FY21: €134.9m). Notably, this increase is coming mainly from higher inventory levels.

The Guarantor's cash reserves are forecasted to decrease to €57.9m during 2023, with this drop being predominantly in line with the property acquisitions and the additional

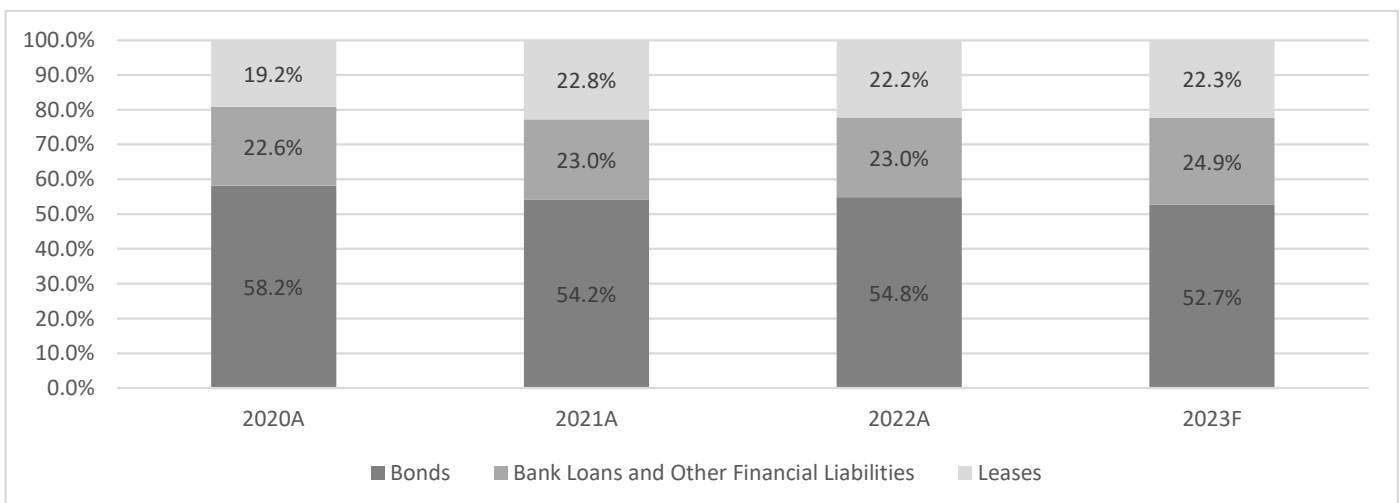
investments expected to take place during the year. Total assets are projected to amount to €943.5m in 2023.

Total equity increased to €210.3m during 2022, predominantly because of the aforementioned profit generated during the year, which translates into higher retained earnings. Total equity is projected to increase to €244.0m during 2023, again mainly due to the positive financial performance projected throughout the year.

Total financial debt, which is primarily composed of debt securities, borrowings, other financial liabilities, and lease liabilities, increased to €557.4m during 2022, mainly because of the bond issued last year by the Issuer. The Guarantor's total debt is projected to increase to €580.8m in 2023 as a result of additional borrowings to finance further growth.

In view of the higher total equity, the Group's 2023 Gearing 1 ratio is expected to decrease to 68.2%. Meanwhile, total liabilities/total assets is expected to come in at 74.1% during 2023.

As a result of the above, total liabilities are projected to amount to €699.5m during 2023, compared to €680.2m in 2022.





### 2.5.1 Variance Analysis

Hili Ventures Limited Statement of Financial Position for the year ended 31 December	Dec-22	Dec-22	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill and other intangibles	106,200	106,196	(4)
Property, plant and equipment	252,611	260,339	7,728
Investment property	176,195	189,753	13,558
Right-of-use assets	103,297	116,942	13,645
Other non-current assets	16,676	40,919	24,243
Loans and receivables	24,153	31,757	7,604
Trade and other receivables	7,817	4,368	(3,449)
Restricted cash	691	1,972	1,281
<b>Total non-current assets</b>	<b>687,640</b>	<b>752,246</b>	<b>64,606</b>
<b>Current assets</b>			
Inventory	24,077	30,103	6,026
Trade and other receivables	32,233	31,363	(870)
Other assets	7,970	6,993	(977)
Cash and cash equivalents	67,538	69,753	2,215
<b>Total current assets</b>	<b>131,818</b>	<b>138,212</b>	<b>6,394</b>
<b>Total assets</b>	<b>819,458</b>	<b>890,458</b>	<b>71,000</b>
<b>Equity</b>			
Equity and reserves	177,733	210,277	32,544
<b>Total equity</b>	<b>177,733</b>	<b>210,277</b>	<b>32,544</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Debt securities in issue	305,593	305,593	-
Trade and payables	580	3,144	2,564
Bank loans and other financial liabilities	115,529	100,816	(14,713)
Lease liabilities	100,435	111,858	11,423
Deferred tax liabilities	10,527	9,109	(1,418)
<b>Total non-current liabilities</b>	<b>532,664</b>	<b>530,520</b>	<b>(2,144)</b>
<b>Current liabilities</b>			
Trade and other payables	79,565	107,533	23,880
Bank loans, overdrafts and other financial liabilities	11,168	27,203	16,035
Contract liabilities	10,895	4,088	(6,807)
Lease liabilities	7,433	11,932	4,499
Current tax liability	-	2,993	2,993
<b>Total current liabilities</b>	<b>109,061</b>	<b>149,661</b>	<b>40,600</b>
<b>Total liabilities</b>	<b>641,725</b>	<b>680,181</b>	<b>38,456</b>
<b>Total equity and liabilities</b>	<b>819,458</b>	<b>890,458</b>	<b>71,000</b>

The main variances arising within the Guarantor's non-current assets during 2022 relate to a positive variance in investment property of €13.6m, with management

attributing this to property acquisitions at Hili Properties, which exceeded what was forecasted. In addition, the right-of-use assets variance comes mainly from Premier Capital

and relates to differences in renewals and new premises lease agreements along with a new store opening which was not forecasted. One may note a similar movement under lease liabilities. The management further noted that the other non-current assets variance primarily relates to increased investments in a foreign instrument portfolio. Moreover, looking at current assets, the main variance came from a positive €6.0m movement in inventory due to

increased sales at both Premier Capital and 1923 Investments. On the liabilities side, the main variance comes from a difference in classification of current and non-current assets due to Hili Properties bank loans being refinanced at the beginning of 2023 as opposed to end of 2022. Moving to current liabilities, the trade payables variance relates to timing issues of trade creditors, suppliers and accruals mainly vis-à-vis the Group's store operations.

## 2.6 Guarantor's Statement of Cash Flows

Hili Ventures Limited Statement of Cash Flows for the year ended 31 December	2020A	2021A	2022A	2023F
	€'000s	€'000s	€'000s	€'000s
Net cash flows from continuing operations	63,064	96,695	104,019	125,563
Interest paid	(14,496)	(14,899)	(18,060)	(20,021)
Income tax paid	2,521	510	630	1,168
Tax refund	(6,204)	(8,975)	(8,010)	(24,632)
<b>Net cash flows generated from operating activities</b>	<b>44,885</b>	<b>73,331</b>	<b>78,579</b>	<b>82,078</b>
<b>Net cash flows (used in) investing activities</b>	<b>(48,617)</b>	<b>(54,070)</b>	<b>(92,006)</b>	<b>(74,228)</b>
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(14,170)</b>	<b>14,246</b>	<b>1,706</b>	<b>(20,353)</b>
<b>Movement in cash and cash equivalents</b>	<b>(17,902)</b>	<b>33,507</b>	<b>(11,721)</b>	<b>(12,503)</b>
Cash and cash equivalents at start of year	59,445	41,889	75,943	64,148
Effects of movements in exchange	346	547	(74)	-
<b>Cash and cash equivalents at end of year<sup>1</sup></b>	<b>41,889</b>	<b>75,943</b>	<b>64,148</b>	<b>51,645</b>

Ratio Analysis	2020A	2021P	2022P	2023F
<i>Cash Flow</i>	€'000s	€'000s	€'000s	€'000s
Free Cash Flow (Net cash from operations + Interest - Capex)	€79,413	€50,410	€59,412	€34,369

Net cash flows from operations during 2022 show a €5.3m, equivalent to 7.2%, increase when compared to the prior year. While this increase takes into account a number of working capital movements, this improvement is predominantly attributable to the positive financial performance registered by the Guarantor during 2022.

Interest paid increased by €3.2m reflecting the interest paid on all outstanding bonds and bank loans. Tax refunded was

lower whilst tax paid was slightly higher when compared to the prior year, reflecting higher income for the year.

Driven by current and new operations, the Guarantor is projecting net cash flows from operating activities to improve to €82.1m during 2023.

Additionally, cash flows used in investing activities increased to €92.0m, as the Guarantor invested heavily in property, plant and equipment amounting to €36.1m (FY21: €32.6m). Net cash used in investing activities is projected to amount to

<sup>1</sup> Made up of the cash balance in the statement of financial position as netted off with the bank overdraft balances forming part of the "Bank loans, overdrafts and other financial liabilities" line item in current assets

€74.2m during 2023, predominantly on the back of the continued expansion plans of the Group.

Net cash flows from financing activities in 2022 stood at €1.7m mainly reflecting the net proceeds from the bond

issued last year by the Issuer. Bank loan repayments also increased by €22.9m to whilst dividends paid out amounted to €10.0m. Cash flows used in financing activities are projected to amount to €20.4 during 2023, mainly because of the acquisition of Cortland.

### 2.6.1 Variance Analysis

Hili Ventures Limited Statement of Cash Flows for the year ended 31 December	Dec-22	Dec-22	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Net cash flows from continuing operations	102,374	104,019	1,645
Interest paid	(14,378)	(18,060)	(3,682)
Income tax paid	(14,321)	(8,010)	6,311
Tax refund	1,861	630	(1,231)
<b>Net cash flows generated from operating activities</b>	<b>75,536</b>	<b>78,579</b>	<b>3,043</b>
<b>Net cash flows (used in) investing activities</b>	<b>(111,006)</b>	<b>(92,006)</b>	<b>19,000</b>
<b>Net cash flows generated from financing activities</b>	<b>26,170</b>	<b>1,706</b>	<b>(24,464)</b>
<b>Movement in cash and cash equivalents</b>	<b>(9,300)</b>	<b>(11,721)</b>	<b>(2,421)</b>
Cash and cash equivalents at start of year	75,943	75,943	-
Effects of movements in exchange	-	(74)	(74)
<b>Cash and cash equivalents at end of year</b>	<b>66,643</b>	<b>64,148</b>	<b>(2,495)</b>

When compared to the projected net cash flow from operating activities, the Guarantor reported a positive variance of €3.0m during 2022, with this being mainly attributable to the lower tax paid when compared to projections. Investing activities were lower by €19.0m when compared to what was projected and this was partly due to

lower capex investment. The remaining variance between investing activities and financing activities comes from a reclassification related to a share deal, which was previously classified as an asset deal.

## Part 3 - Key Market and Competitor Data

### 3.1 European Economic Update<sup>2</sup>

The European economy continues to show resilience in a challenging global context. Lower energy prices, abating supply constraints and a strong labour market supported moderate growth in the first quarter of 2023, dispelling fears of a recession. This better-than-expected start to the year lifts the growth outlook for the EU economy to 1.0% in 2023 and 1.7% in 2024. Upward revisions for the euro area are of a similar magnitude, with GDP growth now expected at 1.1% and 1.6% in 2023 and 2024 respectively. On the back of persisting core price pressures, inflation has also been revised upwards, to 5.8% in 2023 and 2.8% in 2024 in the euro area.

As inflation remains high, financing conditions are set to tighten further. Though the ECB and other EU central banks are expected to be nearing the end of the interest rate hiking cycle, the recent turbulence in the financial sector is likely to add pressure to the cost and ease of accessing credit, slowing down investment growth and hitting in particular residential investment.

After peaking in 2022, headline inflation continued to decline in the first quarter of 2023 amid a sharp deceleration of energy prices. Core inflation is, however, proving more persistent. In March it reached a historic high of 7.6%, whilst in April, the flash harmonised index of consumer prices estimate for the euro area, showed a marginal decline in the rate of core inflation. On an annual basis, core inflation in the euro area in 2023 is set to average 6.1%, before falling to 3.2% in 2024, remaining above headline inflation in both forecast years.

The EU labour market is expected to react only mildly to the slower pace of economic expansion. Employment growth is forecast at 0.5% this year, before edging down to 0.4% in 2024. The unemployment rate is projected to remain just above 6%. Wage growth has picked up since early 2022 but has so far remained well below inflation. More sustained wage increases are expected on the back of persistent tightness of labour markets, strong increases in minimum wages in several countries and, more generally, pressure from workers to recoup lost purchasing power.

Despite the introduction of support measures to mitigate the impact of high energy prices, strong nominal growth and the unwinding of residual pandemic-related measures led the EU aggregate government deficit in 2022 to fall further to 3.4% of GDP. In 2023 and more markedly in 2024, falling

energy prices should allow governments to phase out energy support measures, driving further deficit reductions, to 3.1% and 2.4% of GDP respectively. The EU aggregate debt-to-GDP ratio is projected to decline steadily to below 83% in 2024 (90% in the euro area), which is still above the pre-pandemic levels.

### 3.2 Malta Economic Update<sup>3</sup>

The Bank's Business Conditions Index (BCI) indicates that in April, annual growth in business activity increased, rising further above its long-term average, estimated since January 2000. The European Commission confidence surveys show that sentiment in Malta increased compared to March, and stood above its long-term average, estimated since November 2002. In month-on-month terms, sentiment increased across all sectors, bar the services sector, with the strongest increase recorded in the construction sector.

Additional survey information shows that price expectations stood firmly above their year-ago level in the construction sector, and to a lesser extent, among services firms. By contrast, price expectations in industry, the retail sector and among consumers, stood considerably lower. The European Commission's Economic Uncertainty Indicator (EUI) for Malta increased when compared with March, though it was still lower than last year's April level.

Uncertainty increased mostly in industry. In March, industrial production and retail trade grew at a slower rate compared to February. The unemployment rate stood at 2.9% in March, marginally lower than the rate of 3.0% registered in the previous month, and that registered in March 2022.

Commercial building and residential permits decreased in March relative to their year-ago level. In month-on-month terms, commercial permits increased while residential permits declined. In April, the number of promise-of-sale agreements rose on a year-on-year basis, while the number of final deeds of sales fell.

Meanwhile, both the number of promise-of-sale agreements and the number of final deeds of sale fell on a month-on-month terms. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 6.4% in April, down from 7.1% in the previous month. Inflation

<sup>2</sup> European Economic Forecast – Spring 2023

<sup>3</sup> Central Bank of Malta – Economic Update 05/2023

based on the Retail Price Index (RPI) decreased to 5.8% from 7.0% in March.

Maltese residents' deposits expanded at an annual rate of 1.6% in March, following an increase of 3.6% in the previous month, while annual growth in credit to Maltese residents moderated to 5.4%, from 6.4% a month earlier. In March, the Consolidated Fund recorded a lower deficit compared to a year earlier, as higher government revenue outweighed a smaller rise in government expenditure.

### 3.3 Comparative Analysis

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

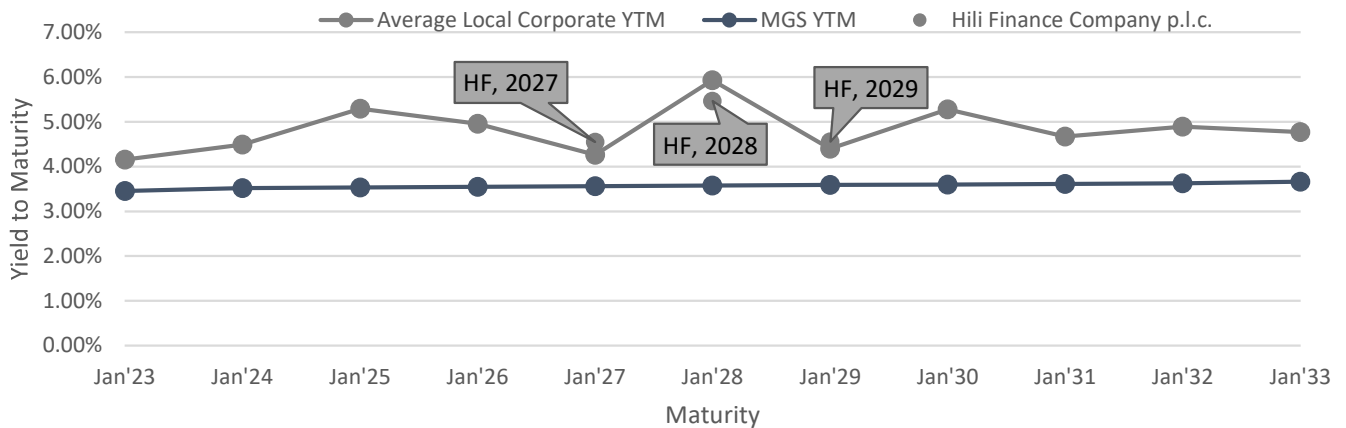
Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.89%	2.6x	179.4	37.2	79.3%	37.5%	3.5x	3.0x	24.1%	22.9%
4% Eden Finance plc Unsecured € 2027	40,000	4.55%	4.8x	217.9	135.4	37.9%	25.3%	4.8x	0.8x	1.0%	3.5%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1 (xd)	6,000	4.93%	1.3x	58.2	23.8	59.1%	55.3%	18.6x	0.7x	0.8%	10.0%
4.5% Grand Harbour Marina plc Unsecured € 2027	15,000	4.50%	1.6x	28.7	4.4	84.5%	79.3%	10.6x	2.2x	47.3%	39.9%
4% Stivala Group Finance plc Secured € 2027	45,000	4.00%	7.7x	396.6	249.3	37.1%	29.0%	5.6x	0.7x	10.8%	93.7%
3.75% Virtu Finance plc Unsecured € 2027	25,000	4.01%	(1.8)x	198.7	80.3	59.6%	44.2%	(12.2)x	0.7x	-7.9%	-24.2%
4% Hili Finance Company plc Unsecured € 2027	50,000	4.66%	4.4x	890.5	210.3	76.4%	69.9%	4.8x	0.9x	20.6%	5.5%
3.75% Bortex Group Finance plc Unsecured € 2027	12,750	4.41%	4.2x	67.8	34.5	49.1%	40.6%	4.9x	3.5x	5.7%	8.0%
3.85% Hili Finance Company plc Unsecured € 2028	40,000	5.17%	4.4x	890.5	210.3	76.4%	69.9%	4.8x	0.9x	20.6%	5.5%
4% Exalco Finance plc Secured € 2028	15,000	4.10%	5.8x	80.6	53.9	33.1%	22.4%	3.9x	2.1x	20.8%	200.2%
4.85% Melite Finance plc Secured € 2028	9,250	8.53%	1.6x	20.4	(1.1)	105.2%	105.4%	10.9x	0.5x	78.5%	-33.8%
4.15% Phoenicia Finance Company plc Unsecured € 2023-2028	25,000	5.21%	2.3x	128.2	46.8	63.5%	59.3%	15.1x	0.3x	0.6%	1.8%
4.5% Endo Finance plc Unsecured € 2029	13,500	4.79%	7.4x	48.5	18.2	62.4%	25.6%	0.9x	3.4x	22.6%	27.8%
4% SP Finance plc Secured € 2029	12,000	4.19%	1.4x	36.8	13.4	63.5%	58.8%	15.9x	0.3x	-19.0%	-70.4%
3.65% Stivala Group Finance plc Secured € 2029	15,000	4.48%	7.7x	396.6	249.3	37.1%	29.0%	5.6x	0.7x	10.8%	93.7%
3.8% Hili Finance Company plc Unsecured € 2029	80,000	4.91%	4.4x	890.5	210.3	76.4%	69.9%	4.8x	0.9x	20.6%	5.5%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	4.10%	2.6x	422.8	248.2	41.3%	30.0%	12.0x	1.1x	-0.1%	-0.7%
4.25% IZI Finance plc Unsecured € 2029	30,000	4.15%	2.5x	283.8	85.9	69.7%	18.8%	7.2x	0.3x	0.0%	-0.2%
5% MedservRegis plc Secured € 2029	13,000	5.00%	2.2x	151.7	60.4	60.2%	47.0%	6.1x	2.1x	0.9%	0.8%
*Average		4.68%									

Source: Latest available audited financial statements

Last closing price as at 23/06/2023

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

### Yield Curve Analysis



The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the yield of the yield of Hili Finance Company p.l.c. bonds.

As at 23 June 2023, the average spread over the Malta Government Stock (MGS) for corporates with a maturity of 4 years was 79 basis points. The 4% Hili Finance Company p.l.c. Unsecured 2027 is currently trading at a YTM of 4.55%, translating into a spread of 98 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 19 basis point in comparison to the market.

As at 23 June 2023, the average spread over the Malta Government Stock (MGS) for corporates with a maturity of 5 years was 253 basis points. The 3.85% Hili Finance Company

p.l.c. Unsecured 2028 is currently trading at a YTM of 5.46%, translating into a spread of 189 basis points over the corresponding MGSs. This means that this bond is trading at a discount of 64 basis points in comparison to the market.

As at 23 June 2023, the average spread over the Malta Government Stock (MGS) for corporates with a maturity of 6 years was 69 basis points. The 3.8% Hili Finance Company p.l.c. Unsecured 2029 is currently trading at a YTM of 4.56%, translating into a spread of 97 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 27 basis points in comparison to the market.

It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.

## Part 4 - Glossary and Definitions

Income Statement	
<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>Operating Profit (EBIT)</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>Net Income</b>	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
<b>Growth in Revenue (YoY)</b>	This represents the growth in revenue when compared with previous financial year.
<b>Gross 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).
<b>Return on Capital Employed</b>	Return on capital employed (ROCE) measures the relative profitability of a company after taking into account the amount of capital used during a relative financial performance.
Cash Flow Statement	
<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.
Balance Sheet	
<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>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.
<b>Current Liabilities</b>	Obligations which are due within one financial year.

#### 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 cash interest paid 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>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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