

SP FINANCE p.l.c

**No. 89, The Strand,
Sliema,
Malta.**

Co. Registration No. C-89462

Ref: SPF - 58

COMPANY ANNOUNCEMENT

QUOTE

The Board of Directors of the Company hereby announces that the Financial Analysis Summary dated 27 June 2024, has been approved for publication and may be accessed and downloaded from the Company's website: <https://pebbleshotelmalta.com/investor-relations/>. A copy of the Financial Analysis Summary is also attached herewith.

UUQUOTE

BY ORDER OF THE BOARD



Dr. Andrea Micallef
Company Secretary

27th June 2024

The Directors
SP Finance p.l.c.,
89,
The Strand,
Sliema, Malta

Re: Financial Analysis Summary – 2024

27 June 2024

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 SP Finance p.l.c. (the “**Issuer**”) and Sea Pebbles Limited (the “**Guarantor**”), where the former is the parent company of the “**Group**”. The data is derived from various sources, or is based on our own computations as follows:

- a. Historical financial data for the three years ending 31 December 2021, 2022 and 2023 have been extracted from the audited financial statements of the Issuer and the Guarantor.
- b. The forecast data for the financial year ending 31 December 2024 has been provided by management.
- c. Our commentary on the Guarantor’s and Group’s results and financial position is based on the explanations provided by management.
- d. The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- e. The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist investors in the Issuer’s securities and potential investors by summarising the more important financial data of the 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 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 2024**



SP Finance p.l.c.

27 June 2024

Prepared by Calamatta Cuschieri
Investment Services Limited

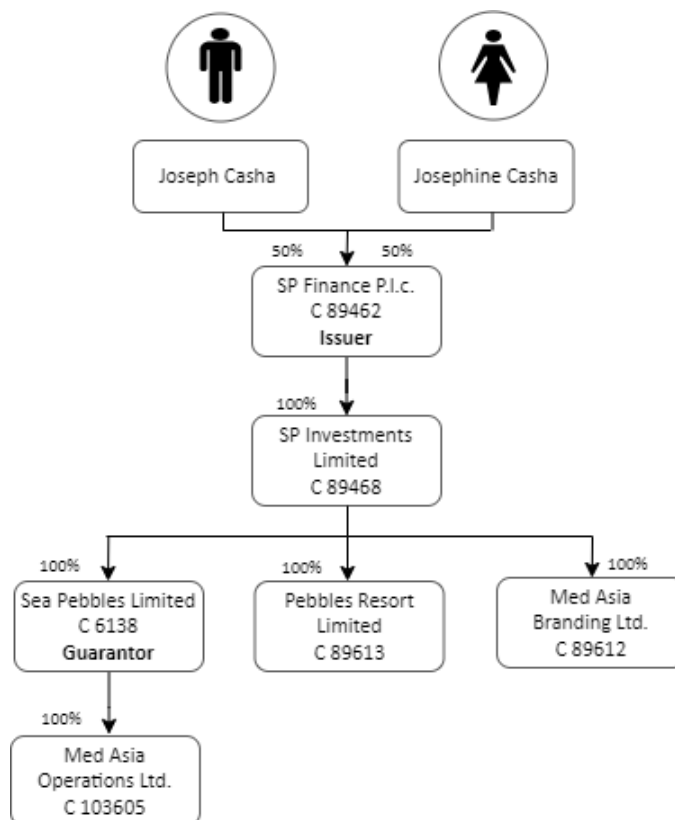
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Part 1 Information about the Group

1.1 Group’s Subsidiaries Key Activities and Structure

The Group structure is as follows:



The “**Group**” of companies consists of; SP Finance p.l.c. (the “**Issuer**”), SP Investments Limited acting as the “**Holding Company**”, and its subsidiaries; Sea Pebbles Limited (“the **Guarantor**”), Pebbles Resort Limited and Med Asia Branding Ltd. In February 2023, Sea Pebbles Limited acquired 100% of the shares in Med Asia Operations Ltd (C 103605).

The Issuer was incorporated on 19 November 2018 as a private limited liability company, registered in terms of the Companies Act with company registration number C 89462, and subsequently changed its status to a public company with effect from 23 January 2019. The Issuer, which was set up and established to act as the parent company of the Group and as a finance vehicle, has an authorised and issued share capital of €250,000 made up of 250,000 ordinary shares of €1 each, all fully paid up. The ultimate beneficial owners are Mr Joseph Casha and Ms Josephine Casha, who hold 125,000 ordinary shares each.

Following its bond issue in 2019, the Issuer transferred the bond proceeds to the Group subsidiaries through an equity injection. €12.0m were invested into SP Investments Limited through the allotment of 12,000,000 €1 redeemable

preference shares. In turn, SP Investments Limited invested €3.75m, €3m and €0.6m in Sea Pebbles Limited, Pebbles Resort Limited and Med Asia Branding Ltd, respectively, through the allotment of 3,750,000, 3,000,000 and 600,000 €1 ordinary shares.

SP Investments Limited, a fully owned subsidiary of the Issuer, is a private limited liability company incorporated and registered in Malta on 19 November 2018, with company registration number C 89468. SP Investments Limited has an authorised and issued share capital of €12,010,000 divided into 10,000 ordinary shares of €1 each and 12,000,000 redeemable preference shares of €1 each, all fully paid up. SP Investments Limited carries out the activity of a holding company within the Group.

The Guarantor was incorporated on 15 November 1982 as a private limited liability company, registered in terms of the Companies Act with company registration number C 6138. Pursuant to a reorganisation concluded on 10 December 2018, the Guarantor, through the Holding Company, is a wholly owned subsidiary of the Issuer. On 30 December 2022, the Guarantor converted €2,500,000 worth of its share

capital into a loan due to SP Investments Limited, thus reducing its issued share capital to €1,715,875 (1,715,875 ordinary shares of €1 each, all fully paid up). The Guarantor's authorised share capital remained €4,215,875. The principal objective of the Guarantor is to carry out all or any of the business of hotel-keepers, hotel managers or operators, and to manage and operate one or more hotels and guest houses.

Pebbles Resort Limited (C 89613) and Med Asia Branding Ltd (C 89612) were both incorporated on 28 November 2018 and are wholly owned by the Issuer through the Holding Company. Pebbles Resort Limited was set up to operate the hotel Pebbles Resort situated in St. Paul's Bay, which is held under a 5-year lease commencing in May 2019 and extendable by a further two 5-year terms. The company has informed the landlord that it will be availing of the second 5-year term commencing on 1 May 2024.

Med Asia Branding Ltd (formerly Pebbles St Julians Limited) was incorporated to construct and manage a hotel overlying Ryan's Pub ("Pebbles St Julian's Hotel"), which was held under a 20-year lease. However, as the permit for Pebbles St Julian's Hotel was granted for a 10-room, instead of an 18-room hotel, management decided not to proceed with this investment. Accordingly, Pebbles St Julians Limited had not carried out any operations and was considered dormant until March 2023. In March 2023, Pebbles St Julians Limited had its name changed to Med Asia Branding Ltd and acquired certain intellectual property relating to the catering operations which were acquired by its sister company Med Asia Operations Ltd following the acquisition made by the Guarantor as described in more detail in section 1.4.

1.2 Directors and Key Employees

Board of Directors – Issuer

As at the date of this Analysis, the board of the Issuer is made up of the following persons:

Name	Designation
Joseph Casha	Executive Director
Josephine Casha	Executive Director
Alex Perici-Calascione	Independent non-executive Director
Mark Grech	Independent non-executive Director
Reuben Debono	Independent non-executive Director

The business address of all of the directors is the registered office of the Issuer. The company secretary of the Issuer is Dr Andrea Micallef.

The board of directors of the Issuer currently consists of two executive directors who are entrusted with the Issuer's day-to-day management, and three non-executive directors, all of whom are independent of the Issuer. The main functions of the non-executive directors are to monitor the operations of the executive directors and their performance, as well as to review any proposals tabled by the executive directors. This practice goes in accordance with the generally accepted principles of sound corporate governance, where at least one of the directors shall be a person independent of a group of companies.

The Issuer does not have any employees of its own (excluding directors), and thus is dependent on the resources within the Group entities. Meanwhile, the Group entities had 124 employees as at 2023 (excluding directors).

Board of Directors – Guarantor

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

Name	Designation
Joseph Casha	Executive Director
Josephine Casha	Executive Director

The business address of all of the directors is the registered office of the Issuer. The company secretary of the Guarantor is Ms Josephine Casha.

1.3 Major Assets owned by the Group

Given its function as a special purpose vehicle set up to act as a holding and financing company, the Issuer's assets consist of the investments in its subsidiaries together with the loans granted to the said subsidiaries.

All major assets owned by the Group's subsidiary companies are set out below.

1.3.1 Guarantor

The Group, through the Guarantor, owns and operates Pebbles Boutique Aparthotel situated at No. 88/89, The Strand, Sliema, and the neighbouring corner building situated at No. 90, The Strand, Sliema. Both properties are freehold and consist of two 9-storey blocks. The said properties overly the commercial outlet TexMex Bar & Grill and the popular restaurant MEDASIA Fusion Lounge. Once

the expansion is completed, the commercial outlet formerly operated as TexMex will be leased to Med Asia Operations Ltd and will be an extension of the MedAsia Fusion Lounge. The said expansion is explained in further detail project in section 1.5.

From the two aforementioned properties, the Guarantor operates a 54-room aparthotel along the Gzira/Sliema promenade. These two buildings include apartments and garages, all of which are operated by the Guarantor.

The Guarantor also owns two apartments and the relative airspace overlying the block at No. 90, The Strand Sliema, and an adjoining guesthouse in Sliema. Management confirmed that the total value of the aforementioned two apartments and airspace, as well as the adjoining guesthouse in Sliema, is of €4.4m.

As part of its growth strategy, and following the conclusion of the revised permits, the Guarantor's intention was initially to construct and extend the Pebbles Boutique Aparthotel bringing the total number of standard rooms to 303, whilst also comprising 4 two-bedroom apartments and a four-bedroom penthouse. After a careful analysis of current and anticipated tourism market trends, and with a view to maximise the returns from the project, the Guarantor re-evaluated the above proposal and has now commenced the expansion project, as explained further in section 1.5.

Operational Performance - Pebbles Boutique Aparthotel

The following table sets out the highlights of Pebbles Boutique Aparthotel's operating performance for the years indicated therein:

Pebbles Boutique Aparthotel	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Revenue	722	1252	1455	N/A
Gross operating profit	242	471	535	N/A
Gross operating profit margin	33.5%	37.6%	36.8%	N/A
Occupancy level	65.7%	80.0%	83.8%	N/A
Average daily rate (€)	55.7	79.5	88.1	N/A
Revenue per available room (Rev/PAR) (€)	13.4	23.2	26.9	N/A
Gross operating profit per available room (GOP/PAR)	4.5	8.7	9.9	N/A

The occupancy of the Pebbles Boutique Aparthotel increased to 83.8% in FY23. This was coupled with an

increase in the average daily rate in FY23 to €88.1 from €79.5 in FY22. These led to corresponding increases in both revenue per available room and gross operating profit per available room, which reached €26.9 and €9.9 respectively. No forecasted results are reported given the closure of the Pebbles Boutique Aparthotel as explained further in section 1.5. Further analysis on the Guarantor's operational performance can be found in section 2.1.

1.3.2 Pebbles Resort Limited

Pebbles Resort Limited operates Pebbles Resort, which is held under a 5-year lease. The lease commenced in May 2019 and can be extended by a further two 5-year terms. The company has recently taken the option to avail of the second 5-year term commencing in May 2024.

As part of its lease commitments, the Group carried out a comprehensive upgrade of the hotel which is now complete.

Operational Performance - Pebbles Resort Limited

The following table sets out the highlights of the hotel's operating performance since 2021:

Pebbles Resort	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Revenue	1,303	2,374	3,912	4,113
Gross operating profit	182	736	1,142	1,175
Gross operating profit margin	14.0%	31.0%	29.2%	28.6%
Occupancy level	25.8%	41.5%	70.9%	72.0%
Average daily rate (€)	62.3	74.7	70.6	72.1
Revenue per available room (Rev/PAR) (€)	5.9	11.3	18.3	19.0
Gross operating profit per available room (GOP/PAR)	0.8	3.5	5.3	5.4

Revenue generated by this hotel in FY23 was €3.9m, which exceeded FY22 levels by 64.7% (€1.5m) and also exceeding the projections set out by management in the previous financial analysis summary dated 28 June 2023. This translated into a gross operating profit of €1.1m.

Occupancy levels in FY23 improved to around 70.9%, while average daily rates decreased to €70.6 in FY23 (FY22: €74.7). Moving into FY24 the hotel is expected to exceed FY23 levels across the board. Revenue is expected to increase by 5.1%, to €4.1m, with gross operating profit increasing to €1.2m resulting in a gross operating margin of 28.6%. Average

occupancy levels are also expected to increase throughout FY24 and reach 72.0%. Average daily rates, on the other hand, are projected to increase in FY24 and reach €72.1 whilst revenue per available room and gross operating profit per available room are expected to reach €19.0 and €5.4, respectively.

1.4 Operational Developments

1.4.1 Assets owned by Pebbles Resort Limited

As part of the refurbishment of the Pebbles Resort in 2019 and 2020, Pebbles Resort Limited had constructed a 6-room extension on level 5. This extension was finished in July 2023 and resulted in an increase in the hotel's rooms from 211 to 217.

1.4.2 Sea Pebbles Limited

In February 2023, Sea Pebbles Limited acquired 100% of the shares in Med Asia Operations Ltd. On 1 April 2023, the Guarantor, through its subsidiary Med Asia Operations Ltd, acquired the catering operations previously carried out by related companies outside the Group. These are namely, MedAsia Fusion Lounge, MedAsia Playa, Noodle Box, MedAsia Golden Sands, and the various restaurants/bars situated within the Pebbles Resort Hotel in St. Paul's Bay.

1.4.3 Med Asia Branding Ltd

In March 2023, Pebbles St Julians Limited changed its name to Med Asia Branding Ltd and acquired certain intellectual

property relating to the catering operations which were acquired by its sister company Med Asia Operations Ltd.

1.5 Subsequent events after the reporting period

In early January 2024, the Guarantor embarked on a project to transform the Pebbles Boutique Aparthotel in Sliema from a 54-room -3-star hotel to a 110-room / 300-bed 3-star hotel and self-catering apartments. The project is expected to be completed in the 3rd quarter of 2025 and will allow the Guarantor to fully exploit the business potential of this prime site on the Sliema – Gzira seafront. The hotel therefore stopped operations in the first week of January 2024. This expansion will include all the footprint of the property, including the adjoining guesthouse which was bought in 2019 but had never been utilised.

Part 2 Historical Performance and Forecast

The financial information in sections 2.1 to 2.3 is extracted from the audited financial statements of the Guarantor for the financial years ended 31 December 2021, 2022 and 2023. The financial information in section 2.4 to 2.6 is extracted from the audited financial statements of Group for the financial years ended 31 December 2021, 2022 and 2023.

The projected financial information for the year ending 31 December 2024 has been provided by the Group's management. This financial information relates to events in the future and is based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1 Guarantor's Statement of Comprehensive Income

Statement of Comprehensive Income for the year ended 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Revenue	722	1,252	1,455	-
Cost of sales	(480)	(781)	(920)	-
Gross profit	242	471	535	-
Administrative expenses	(98)	(87)	(747)	(242)
Other operating income	33	58	61	30
EBITDA	177	442	(151)	(212)
Depreciation	(177)	(166)	(164)	(3)
EBIT	-	276	(315)	(215)
Profit on sale of property	-	153	-	-
Profit on sale of intellectual property	-	-	942	-
Investment income	-	-	422	265
Finance costs	(321)	(325)	(437)	(469)
Profit before tax	(321)	104	612	(419)
Income tax	104	2	114	147
Profit after tax	(217)	106	726	(272)

Ratio Analysis	2021A	2022A	2023A	2024F
Growth in Revenue (YoY Revenue Growth)	109.3%	73.4%	16.2%	N/A
Gross Profit Margin (Gross Profit / Revenue)	33.5%	37.6%	36.8%	N/A
EBITDA Margin (EBITDA / Revenue)	24.5%	35.3%	-10.4%	N/A
Net Margin (Profit for the year / Revenue)	-30.1%	8.5%	49.9%	N/A

The Guarantor generates revenue from room rentals of the Pebbles Boutique Aparthotel in Sliema. As per the latest FY23 results, the Guarantor generated *circa* €1.5m in revenue, representing an increase of 16.2% when compared to FY22.

The increase in FY23 revenue also beat expectations set out in last year's financial analysis summary dated 28 June 2023. The Guarantor is projecting no revenue in FY24 due to the closure of the hotel as explained in section 1.5.

Cost of sales mainly represents booking fees paid to third-party online booking portals like "booking.com", as well as the day-to-day operating costs such as salaries and wages, water and electricity expenses, and repairs and maintenance expenses. The FY23 results illustrate an increase in cost of sales of 17.8%, which is mainly attributable to the aforementioned increase in revenue and led to a slightly lower gross profit margin of 36.8%. The cost of sales during FY24 are expected to be nil since the hotel will not be trading during the year.

Administrative expenses increased to €747k during FY23, €619k of which were related to a loss on disposal of PPE linked to the hotel closure which was not forecast last year. The remaining administrative expenses relate to fixed costs that are not affected by changes in revenue, such as management fees charged by the Holding Company, professional, audit and accounting fees, insurance and licences, and permits fees. The Guarantor's administrative expenses are expected to decrease to €242k during FY24.

Other operating income represents rental income generated by the Guarantor from its properties at ground floor level that are rented out to two restaurants namely, TexMex and MedAsia which amounted to €61k in FY23.

The Guarantor's depreciation charge for FY23 remained at the same level as the previous year *circa* €0.2m. Finance

costs increased to €437k in FY23 and are forecasted to increase to €469k in FY24. In FY23 the Guarantor registered a profit on the sale of intellectual property to another Group company of €942k and investment income of €422k related to dividends received.

Profit before tax in FY23 was *circa* €612k with a deferred tax income of €114k, resulting in a profit after tax of €726k. The Guarantor expects to generate a loss after tax of €272k in FY24 mainly due to the hotel closure.

2.2 Guarantor's Statement of Financial Position

Statement of Financial Position as at 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Intangible assets	-	-	1	1
Property, plant and equipment	22,147	22,001	21,221	23,921
Investment property	6,004	6,004	6,005	6,005
Right-of-use-assets	17	14	10	7
Investment in associate/subsidiary	-	-	1	1
	28,168	28,019	27,238	29,934
Current assets				
Trade and other receivables	199	348	1,823	1,461
Other financial assets at amortised cost	645	500	350	-
Current tax recoverable	-	-	32	153
Cash and cash equivalents	15	68	92	-
Total current assets	859	916	2,297	1,614
Total assets	29,027	28,935	29,535	31,548
Equity and liabilities				
Capital and reserves				
Share capital	4,216	1,716	1,716	1,716
Revaluation reserve	14,800	14,800	14,800	14,800
Other reserves	2,837	2,838	2,838	2,838
Retained earnings	(11)	96	822	550
Total equity	21,842	19,450	20,176	19,904
Non-current liabilities				
Long-term borrowings	3,959	6,441	6,278	9,022
Deferred taxation	2,309	2,148	2,034	1,887
Lease liabilities	14	10	6	1
	6,282	8,599	8,318	10,910
Current liabilities				
Short-term borrowings	508	445	675	482
Trade and other payables	231	322	362	247
Current tax payable	160	115	-	-
Lease liabilities	4	4	4	5
Total current liabilities	903	886	1,041	734
Total liabilities	7,185	9,485	9,359	11,644
Total equity and liabilities	29,027	28,935	29,535	31,548

Non-current assets, which mainly comprise property, plant and equipment and investment property, accounted for 92.2% of the Guarantor's total assets during FY23. Of note, the majority of the Guarantor's property, plant and equipment is composed of land and buildings. The Guarantor's non-current assets are anticipated to increase to €29.9m during FY24 mainly due to investment in PPE.

Current assets made up 7.8% of the Guarantor's total assets. Apart from cash and cash equivalents, current assets are composed of trade and other receivables and other financial assets. The increase in trade and other receivables mainly relate to higher amounts owed by related parties which increased to €1.7m in FY23. Other financial assets reflect amounts due by a commonly controlled entity outside the Group. These amounted to €0.4m in FY23. Forecasts for FY24 show that total current assets are expected to decrease to €1.6m.

Total equity increased to €20.2m during FY23, which is in line with the €20.0m forecast last year. The profit generated during the year, which ultimately impacted the Guarantor's

retained earnings, had a positive effect on equity. Total equity is projected to amount to €19.9m during FY24 lower than the previous year due to the loss expected for the year.

Non-current liabilities, which are composed of long-term borrowings, deferred taxation and lease liabilities, account for 88.9% of the Guarantor's total liabilities as at FY23. Long-term borrowings remained stable at €6.3m. All other components of non-current liabilities also remained relatively stable. Non-current liabilities during FY24 are expected to increase to €10.9m mainly due to higher long-term borrowings in the form of bank loans.

In addition, current liabilities as per FY23 results represented 11.1% of the Guarantor's total liabilities. Current liabilities are composed of trade and other payables, current tax liabilities, short-term borrowings and lease liabilities. Total current liabilities are expected to drop to €0.7m in FY24 (FY23: €1.0m).

2.3 Guarantor's Statement of Cash Flows

Statement of Cash Flows for the year ended 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
EBITDA	177	442	791	(212)
Recharge of surrendered losses from group companies	-	(151)	-	-
Interest and tax paid	(334)	(376)	(585)	(590)
Change in trade and other receivables	141	(5)	(1,325)	712
Change in trade and other payables	(226)	175	241	(115)
Dividend income	-	-	423	265
Profit on disposal of PPE	-	(29)	619	-
Net cash flows generated from / (used in) operating activities	(242)	56	164	60
Cash flows from investing activities				
Capex	(171)	(16)	-	(2,700)
Acquisition of intangible assets	-	-	(1)	-
Proceeds from the sale of property, plant and equipment		182	-	-
Net cash flows generated from / (used in) investing activities	(171)	166	(1)	(2,700)
Cash flows from financing activities				
Movement in related party loan	-	2,500	-	-
Movement in bank loan	302	(180)	(158)	2,607
Movement in other borrowings	(4)	(4)	(4)	(4)
Issue of / (reduction in share capital)	-	(2,500)	-	-
Net cash flows generated from / (used in) financing activities	298	(184)	(162)	2,603
Movement in cash and cash equivalents	(115)	38	1	(37)
Cash and cash equivalents at start of year	8	(107)	(69)	(68)
Cash and cash equivalents at end of year	(107)	(69)	(68)	(105)

The Guarantor registered an improvement in EBITDA during the year. This helped the Guarantor report a net cash inflow from operating activities of €164k. The Guarantor is anticipating to generate €60k from operating activities during FY24.

The Guarantor had minimal investing activities during FY23 with total net cash flows used in investing activities amounting to just €1k. In FY24, management is expecting cash outflows from investing activities to be at €2.7m.

Cash flow used in financing activities was also minimal in FY23 with the net impact being an outflow of €162k mainly related to repayment of a bank loan. Net cash flow generated from financing activities is projected to amount to €2.6m in FY24 mainly due to increase bank borrowings.

2.4 Group's Statement of Comprehensive Income

Statement of Comprehensive Income for the year ended 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Revenue	2,025	3,626	10,521	9,969
Cost of sales	(1,629)	(2,469)	(7,625)	(7,458)
Gross profit	396	1,157	2,896	2,511
Administrative expenses	(162)	(276)	(403)	(346)
Other operating income	176	145	147	75
EBITDA	410	1,026	2,640	2,240
Depreciation	(1,466)	(1,470)	(1,487)	(1,378)
EBIT	(1,056)	(444)	1,153	862
(Loss) / profit on sale of property, plant & equipment	-	182	(619)	-
Finance costs	(857)	(859)	(938)	(918)
Modification gain on financial liabilities	11	-	-	-
Write off of amounts receivable	-	-	(22)	-
Impairment of non-financial instruments	-	(1,500)	-	-
Profit before tax	(1,902)	(2,621)	(426)	(56)
Tax credit / (expense)	631	70	293	20
Profit after tax	(1,271)	(2,551)	(133)	(36)

Ratio Analysis	2021A	2022A	2023A	2024F
<i>Profitability</i>				
Growth in Revenue (YoY Revenue Growth)	71.5%	79.1%	190.2%	-5.2%
EBITDA Margin (EBITDA / Revenue)	20.2%	28.3%	25.1%	22.5%
Operating (EBIT) Margin (EBIT / Revenue)	-52.1%	-12.2%	11.0%	8.6%
Net Margin (Profit for the year / Revenue)	-62.8%	-70.4%	-1.3%	-0.4%
Return on Common Equity (Net Income / Average Equity)	-7.6%	-17.4%	-0.8%	-0.2%
Return on Assets (Net Income / Average Assets)	-3.2%	-6.6%	-0.3%	-0.1%

Revenue is predominantly generated through its two hotel operations, namely Pebbles Boutique Aparthotel and Pebbles Resort and from catering outlets operated by Med Asia Operations Ltd. as from 1 April 2023.

During FY23, the Group reported €10.5m in revenues, illustrating a significant increase of 190.2% over the prior year in view of the catering business acquired by the subsidiary Med Asia Operations Ltd. For FY24 the Group is forecasting a decrease in revenue to €10.0m as a result of the temporary closure of the Pebbles Boutique Aparthotel in Sliema.

Cost of sales and administrative expenses collectively amounted to €8.0m during FY23 (FY22: €2.8m) and primarily include direct costs, wages and salaries, directors' remuneration, utility expenses and repairs and maintenance costs. As in the case of the Guarantor, the increase in the cost

of goods sold and administrative expenses experienced by the Group during FY23 is predominantly related to the above-mentioned increase in revenue.

The Group's cost of sales are expected to decrease slightly to €7.5m during FY24. This is in line with the slightly lower level of revenue anticipated for FY24.

Other operating income generated during FY23 amounted to *circa* €147k (FY22: €145k) with the Group expecting other income to decrease to €75k in FY24.

Upon taking the above factors into consideration, the Group reported an EBITDA figure of €2.6m for FY23. In view of the anticipated deterioration in revenue caused by the temporary closure of the Pebbles Boutique Aparthotel, the Group is projecting EBITDA of €2.2m during FY24.

Depreciation remained stable in FY23 at €1.5m and is expected to be €1.4m in FY24. Finance costs remained relatively unchanged in FY23 and amounted to *circa* €0.9m.

In view of the above, the Group reported a loss before tax of €0.4m. This resulted in the Group benefiting from a tax credit amounting to *circa* €0.3m during the year leading to a loss after tax of €0.1m. The Group is projecting a minimal loss after tax of €36k in FY24.

2.4.1 Group's Variance Analysis

Statement of Comprehensive Income for the year ended 31 December	2023F	2023A	Variance
	€000s	€000s	€000s
Revenue	10,717	10,521	(196)
Cost of sales	(5,225)	(7,625)	(2,400)
Gross profit	5,492	2,896	(2,596)
Administrative expenses	(2,674)	(403)	2,271
Other operating income	195	147	(48)
Third party loan waiver	-	-	-
EBITDA	3,013	2,640	(373)
Depreciation	(1,507)	(1,487)	20
EBIT	1,506	1,153	(353)
Fair value gain on investment property	-	-	-
(Loss) / profit on sale of property, plant & equipment	-	(619)	(619)
Finance costs	(868)	(938)	(70)
Write off of amounts receivable	-	(22)	(22)
Impairment of non-financial instruments	-	-	-
Profit before tax	638	(426)	(1,064)
Tax credit / (expense)	(223)	293	516
Profit after tax	415	(133)	(548)

Revenue in FY23 was €0.2m below what was forecasted. This variance is mainly the net effect of income from accommodation which was €0.6m higher than forecast, income from catering which was €0.7m lower than forecast and the fact that forecasts did not account for set-off of intra-group sales from catering to accommodation of €0.3m which is netted off on consolidation.

The cost of sales were significantly higher than what was projected. The main reason for this was that certain items of expenditure were included under administrative expenses in the forecast, but were classified as cost of sales in the audited accounts. In fact, if one were to total the forecasted cost of sales and administrative expenses line items, these would amount to €7.9m. This is in line with the audited sum of these line items, which was €8.0m. Any remaining variance can be explained due to the inflationary effect on wages in the accommodation and catering sectors, food

costs in the catering sector, and higher than forecast commissions in the accommodation sector.

All this led to an EBIT of €1.2m compared to the EBIT of €1.5m expected.

The Group also registered a loss on sale of property, plant and equipment of €0.6m, which was not in last year's forecasts. Finance costs were in line with forecasts. Finally, since management had forecast a profit for the year but the actual results led to a loss, the Group registered a tax credit of €0.3m as opposed to a tax expense of €0.2m.

2.5 Group's Statement of Financial Position

Statement of Finance Position as at 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Property, plant and equipment	27,372	25,976	25,640	27,610
Intangible assets	-	-	4,103	4,103
Right-of-use assets	4,091	2,686	2,700	2,187
Investment property	6,004	6,004	6,004	6,004
Trade and other receivables	-	-	79	-
Deferred tax asset	1,088	1,166	1,488	1,488
Total non-current assets	38,555	35,832	40,014	41,392
Current assets				
Inventory	-	-	117	117
Trade and other receivables	979	872	2,978	1,725
Current income tax asset	89	-	-	-
Cash and cash equivalents	334	88	149	61
Total current assets	1,402	960	3,244	1,903
Total assets	39,957	36,792	43,258	43,295
Equity and liabilities				
Capital and reserves				
Share capital	250	250	250	250
Share premium	17,750	17,750	17,750	17,750
Revaluation reserve	14,800	14,800	14,800	14,800
Fair value gain reserve	2,938	2,938	2,938	2,938
Other reserve	(17,532)	(17,532)	(12,917)	(12,917)
Retained earnings	(2,227)	(4,780)	(4,914)	(5,131)
Total equity	15,979	13,426	17,907	17,690
Non-current liabilities				
Borrowings	13,834	12,980	12,237	15,129
Lease liability long term	4,691	4,419	4,279	3,536
Deferred tax liability	2,262	2,262	2,278	2,269
Total non-current liabilities	20,787	19,661	18,794	20,934
Current liabilities				
Trade and other payables	1,202	1,772	4,006	3,210
Current income tax liability	160	116	130	25
Borrowings	1,572	1,545	1,819	834
Lease liability	257	272	602	602
Total current liabilities	3,191	3,705	6,557	4,671
Total liabilities	23,978	23,366	25,351	25,605
Total equity and liabilities	39,957	36,792	43,258	43,295

Ratio Analysis	2021A	2022A	2023A	2024F
<i>Financial Strength</i>				
Gearing 1 (Net Debt / Net Debt and Total Equity)	55.6%	58.8%	51.2%	53.1%
Gearing 2 (Total Liabilities / Total Assets)	60.0%	63.5%	58.6%	59.1%
Gearing 3 (Net Debt / Total Equity)	125.3%	142.5%	104.9%	113.3%
Net Debt / EBITDA	48.8x	18.6x	7.1x	8.9x
Current Ratio (Current Assets / Current Liabilities)	0.4x	0.3x	0.5x	0.4x
Net Debt / Net cash from operations	232.8x	17.5x	9.1x	10.6x
Interest Coverage level 1 (EBITDA / Cash interest paid)	0.5x	1.2x	4.5x	3.6x
Interest Coverage level 2 (EBITDA / finance costs)	0.5x	1.2x	2.8x	2.4x

Non-current assets, which comprise property, plant and equipment, intangible assets, investment property, right-of-use assets, and deferred tax assets, accounted for 92.5% of the Group's total assets for FY23. The introduction of intangible assets is due to the intellectual property acquired by Med Asia Branding Ltd relating to the catering operations as explained in section 1.4 of this Analysis. The Group's non-current assets are anticipated to amount to €41.4m by the end of FY24.

The Group's current assets consisted of 7.5% of total assets during FY23. These were made up of inventory, cash and cash equivalents and trade and other receivables. The primary reason as to why the FY23 trade and other receivables is higher when compared to FY22 is due to higher amounts due by commonly controlled entities, which reached €2.2m in FY23. Current assets are projected to decrease to €1.9m during FY24.

In terms of equity and reserves, the Group's retained earnings dropped to -€4.9m (FY22: -€4.8m). The Group's other reserves include the capitalisation reserve which represents contribution by related parties outside the Group. The acquisition of the Med Asia brand and the catering business from a related party outside the Group led

to a signed agreement between the subsidiary and the related party outside the group. This agreement meant that €4.6m of the amounts payable created upon the acquisition of the brand and the various catering businesses will be payable at the discretion of the Group and meant a capitalisation of €4.6m. This resulted in total equity increasing to €17.9m.

Non-current liabilities, which are mainly composed of long-term borrowings, long-term lease liabilities and deferred tax liabilities, account for 74.1% of the Group's total liabilities. All 3 items remained relatively stable in FY23. Non-current liabilities during FY24 are expected to amount to €20.9m mainly due to increased borrowings.

Current liabilities comprise trade and other payables, current income tax liability, short-term borrowings and short-term lease liabilities. Trade and other payables increased by €2.2m in FY23 and reached €4.0m mainly due to trade payables, indirect taxes and accruals, all of which were higher than last year. The Group's current liabilities are expected to decrease to €4.7m during FY24. The Group's stronger equity position resulted in a healthier gearing ratio of 51.2% in FY23 with this forecasted to reach 53.1% in FY24.

2.6 Group's Statement of Cash Flows

Statement of Cash Flows for the year ended 31 December	2021A	2022A	2023A	2024F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
EBITDA	410	1,026	2,616	2,240
Interest paid	(826)	(828)	(593)	(617)
Tax paid/refunded	99	37	-	(274)
Provision for doubtful debts	(11)	41	-	-
Rental concession	(56)	-	-	-
Change in trade and other receivables	127	248	(2,194)	1,332
Change in trade and other payables	343	571	2,233	(796)
Net cash flows generated from operating activities	86	1,095	2,062	1,885
Cash flows from investing activities				
Investment Capex	(262)	(169)	(180)	(2,835)
Consideration paid on business combination	-	-	(650)	-
Net cash flows used in investing activities	(262)	(169)	(830)	(2,835)
Cash flows from financing activities				
Movement in bank loans	584	(494)	(622)	2,328
Third party borrowings	(278)	(367)	(333)	(133)
Lease liability payments	(187)	(257)	(671)	(1,012)
Net cash flows generated from / (used in) financing activities	119	(1,118)	(1,626)	1,183
Movement in cash and cash equivalents	(57)	(192)	(394)	233
Cash and cash equivalents at start of year	(85)	(142)	(334)	(728)
Cash and cash equivalents at end of year	(142)	(334)	(728)	(495)

Ratio Analysis	2021A	2022A	2023A	2024F
<i>Cash Flow</i>	€000s	€000s	€000s	€000s
Free Cash Flow to the firm (Net cash from operations + interest - Capex)	€650	€1,754	€2,475	€(333)

The Group reported a higher EBITDA of €2.6m (FY22: €1.0m) during the year, which ultimately resulted in a net cash flow generated from operating activities of €2.1m. This improvement in operating cash flows is also attributable to favourable movements in trade and other payables. In line with the lower EBITDA during FY24, the Group is projecting net cash flows generated from operating activities to amount to €1.9m. As in the case of the Guarantor, minimal investing activities were recorded during FY23. The €180k outflow was related to continued refurbishment of Pebbles Resort Hotel along with the €650k outflow due to the amount paid for the business combination.

Net cash flows used in investing activities are expected to amount to €2.8m during FY24. These mainly relate to capital expenditure in connection with the expansion project of Pebbles Boutique Aparthotel. The Group reported a net cash flow used in financing activities of €1.6m during FY23, reflecting a slight increase when compared with that reported in FY22. This outflow is due to increase repayments of bank loans and increased lease liability payments. Net cash flows from financing activities are expected to amount to €1.2m in FY24 mainly due to an inflow of cash from bank loans.

Part 3 Key Market and Competitor Data

3.1 General Market Conditions

The Issuer is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Issuer's planning during development, this shall have an adverse impact on the financial condition of the Issuer and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

3.2 Economic Update¹

The Bank's Business Conditions Index (BCI) indicates that in April 2024, annual growth in business activity declined marginally, and remained slightly below its historical average, estimated since January 2000. The European Commission confidence surveys show that sentiment in Malta decreased in April, and remained below its long-term average, estimated since November 2002. The latest deterioration was mostly driven by developments in industry, construction and among consumers.

Additional data show that in month-on-month terms, price expectations increased among consumers, and to a lesser extent in the retail and services sectors, but decreased significantly in the construction sector and, to a lesser extent in industry. In April, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased compared with March, indicating lower uncertainty. Uncertainty declined in all sectors except construction.

In March, both industrial production and retail trade contracted on a year-on-year basis. The unemployment rate remained unchanged at 3.2% in March but stood below that of 3.4% in March 2023. Commercial and residential building permits in March were lower than a month earlier. Commercial permits were also lower when compared with a year ago, but residential permits were higher. In April, the number of residential promise-of-sale agreements rose on a year earlier, as did the number of final deeds of sale. The annual inflation rate based on the Harmonised Index of

Consumer Prices (HICP) stood at 2.4% in April, down from 2.7% in the previous month.

Following this decline, HICP inflation in Malta was in line with the euro area average. HICP excluding energy and food in Malta, remained below the euro area average. Inflation based on the Retail Price Index (RPI) decreased to 1.6%, down from 1.9% in March. During the 12 months to March, Maltese residents' deposits increased, mostly due to higher balances belonging to households and non-financial corporations (NFCs). By contrast, deposits held by financial intermediaries decreased. The annual rate of change moderated compared to February. By contrast, growth in credit to Maltese residents increased at a slightly faster rate compared with a month ago. In March, the Consolidated Fund recorded a lower deficit compared to a year earlier. This reflects a decline in expenditure coupled with an increase in revenue.

3.3 Economic Predictions²

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) is expected to grow by 4.3% in 2024. Growth is then projected to ease to 3.5% in both 2025 and 2026. This implies a marginally downward revision in 2024 and 2025, when compared to the Bank's previous projections, while for 2026 the outlook is revised upwards. In 2023, growth was primarily driven by net exports, while domestic demand is envisaged to be the main driver of growth in 2024. Private consumption growth continues at a brisk pace, and private investment, is expected to gradually recover.

Net exports are also projected to contribute positively, driven mainly by services exports. Growth in 2025 and 2026 is expected to continue to be led by domestic demand. Employment growth is set to moderate, albeit from high rates, in the projection horizon, while the average wage is expected to grow at a faster rate in 2024, partly in response to the pronounced inflation in the recent past and a tight labour market. Annual inflation based on the Harmonised Index of Consumer Prices is projected to drop significantly, from 5.6% in 2023 to 2.4% in 2024, before reaching 1.9% by 2026. Compared to previous projections, inflation has been revised down by 0.5 percentage point in 2024, largely reflecting the unexpected rapid drop experienced in the initial months of the year.

¹ Central Bank of Malta – Economic Update 5/2024

² Central Bank of Malta – Economic Projections 2024 – 2026

The general government deficit-to-GDP ratio is set to decline to 4.1% in 2024, and to narrow further over the rest of the forecast horizon, to stand at 3.1% by 2026. The general government debt-to-GDP ratio is set to increase throughout the forecast horizon, reaching 54.3% by 2026. When compared with the previous projection round, the projected deficit ratio is higher, while the debt ratio is broadly unchanged. Risks to activity are broadly balanced over the projection horizon. Downside risks largely emanate from possibly adverse trade effects related to ongoing geopolitical tensions. On the other hand, the labour market could exhibit even stronger dynamics than envisaged in this projection round, both in terms of employment and wages.

This could then result in stronger private consumption growth. Risks to inflation are balanced over the project horizon. Upside risks to inflation could stem from extreme weather events and effects of geopolitical developments. Other upside risks to headline inflation include the potential impact of measures to combat climate change. Furthermore, wage pressures could be stronger than envisaged in the baseline. On the downside, imported inflation could fall more rapidly than expected, while services inflation could normalise more quickly than envisaged in this projection round.

On the fiscal side, risks are tilted to the downside (deficit-increasing). These mainly reflect the likelihood of slippages in current expenditure, including higher-than-expected outlays on energy support measures if commodity prices are higher than envisaged. They also reflect the likelihood of additional increases in pensions and public sector wages in the outer years of the forecast horizon. Should these risks materialise, they are set to be partly offset by the likelihood of additional fiscal consolidation efforts to comply with the EU's fiscal rules.

3.4 Tourism

Comparison between the data of 2022 and 2023 provides valuable insights into the trajectory of the local tourism industry over the span of a single year, reflecting the pace and direction of recovery following the disruptions caused by the pandemic.

Inbound tourist arrivals experienced a notable surge from 2,287k in 2022 to 2,976k in 2023, marking an impressive increase of 30.1%. This significant uptick underscores the

industry's robust recovery momentum and highlights the successful implementation of strategic initiatives aimed at rejuvenating tourism demand and stimulating visitor traffic.

Correspondingly, the metric of tourist guest nights witnessed a substantial growth, escalating from 16,600k in 2022 to 20,424k in 2023, reflecting a noteworthy increase of 21.9%. This surge in guest nights not only indicates a resurgence in tourist engagement but also underscores the sustained interest and participation in the local tourism offerings, contributing to the overall vibrancy of the sector. However, amidst the recovery, there was a notable decline in the average length of stay, dropping from 7.3 days in 2022 to 6.8 days in 2023, representing a significant decrease of 6.8%. This decline may raise concerns regarding visitor engagement and expenditure patterns, necessitating a deeper examination into the underlying factors driving this trend and potential strategies to address it.

On the economic front, tourist expenditure exhibited a remarkable increase from €2,013m in 2022 to €2,671m in 2023, depicting a substantial surge of 32.7%. This surge in spending reflects the revitalization of tourism-related economic activities and underscores the sector's pivotal role in driving economic growth and employment.

Furthermore, the metric of tourist expenditure per capita demonstrated a modest increase, rising from €880 in 2022 to €898 in 2023, representing a marginal increment of 2.0%. While this increase reflects improved spending capacity and propensity among tourists, further analysis is required to discern the underlying factors influencing spending behaviour and patterns. The trends are also summarised in the following table, illustrating the number of tourist arrivals over the last four years:

Category ³	2020	2021	2022	2023	2022 vs. 2023
Inbound tourists*	659	968	2,287	2,976	30.1%
Tourist guest nights*	5,227	8,390	16,600	20,424	21.9%
Avg. length /stay	7.9	8.7	7.3	6.8	(6.8)%
Tourist expenditure**	455	871	2,013	2,671	32.7%
Tourist exp. per capita (€)	691	899	880	898	2.0%

*in thousands

**in € millions

⁴Inbound tourists for the first four months of 2024 amounted to 888,118, an increase of 25.1% over the same period in

³ National Statistics Office, Malta - Tourism

⁴ National Statistics Office, Malta NR 103/2024

2023. Total nights spent by inbound tourists went up by 12.7%, almost reaching 5.1 million nights.

Total tourist expenditure was estimated at €646.8m, 26.2% higher than that recorded for the same period in 2023. Total expenditure per capita increased to €728 from €722 for the same period in 2023.

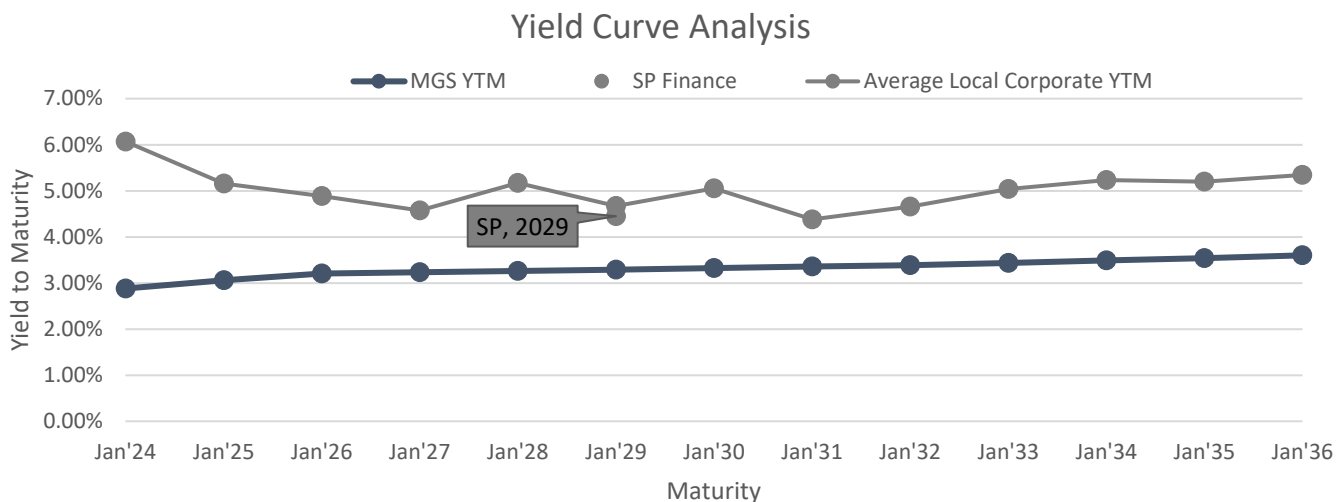
The number of tourists visiting Gozo and Comino, including both same-day and overnight visitors, totaled 431,367, or 48.6% of total tourists.

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

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
3.75% Mercury Projects Finance plc Secured € 2027	11,500	4.92%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4% Eden Finance plc Unsecured € 2027	40,000	4.38%	5.7x	223.3	136.7	38.8%	27.1%	4.3x	0.2x	2.8%	8.4%	36.6%
4.15% Phoenicia Finance Company plc Unsecured € 2023-2028	5,711	4.14%	2.6x	128.1	47.0	63.3%	59.0%	11.9x	0.3x	0.7%	1.6%	29.9%
4% SP Finance plc Secured € 2029	12,000	4.45%	2.2x	43.3	17.9	58.6%	51.2%	9.3x	0.5x	-0.7%	-1.3%	0.0%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.25%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.65%	0.4x	45.6	11.1	75.6%	69.8%	56.6x	2.3x	-11.0%	-19.6%	20.9%
3.65% Mizzi Organisation Finance plc Unsecured € 2028-2031	45,000	4.21%	1.8x	312.4	87.8	71.9%	58.4%	14.9x	0.8x	-1.9%	-1.1%	30.5%
3.65% IHI plc Unsecured € 2031	80,000	4.78%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
3.5% AX Real Estate plc Unsecured € 2032	40,000	4.68%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
4.65% Smartcare Finance plc Secured € 2032	7,500	4.65%	0.4x	45.6	11.1	75.6%	69.8%	56.6x	2.3x	-11.0%	-19.6%	20.9%
5% Von der Heyden Group Finance plc Unsecured € 2032	35,000	5.00%	1.2x	155.9	32.7	79.0%	76.3%	22.9x	0.5x	-8.2%	-18.0%	9.6%
4.3% Mercury Project Finance plc Secured € 2032	50,000	4.30%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
Average*		4.64%										

Last price as at 06/06/2024

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



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 plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of comparable

issuers having a maturity between 3-8 years respectively (Peers YTM).

As at 6 June 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 3-8 years was 133 basis points. The 4% SP Finance plc 2029 is currently trading at a YTM of 4.45%, meaning a spread of 116 basis points over the equivalent MGS. This means that this bond is trading at a discount of 18 basis points in comparison to the market.

Part 4 Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.

Financial Strength Ratios

Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions

Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
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Calamatta Cuschieri

Calamatta Cuschieri Investment Services Limited

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