

BDPH 85/2023

## COMPANY ANNOUNCEMENT

*The following is a company announcement issued by Best Deal Properties Holding P.L.C. (C 88974) (hereinafter the “**Company**”) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority (the “**Capital Markets Rules**”) and the rules issued by the Malta Stock Exchange regulating the Prospects MTF market (the “**Prospects Rules**”)*

### QUOTE

Best Deal Properties Holding P.L.C. (the “**Company**”) hereby announces that the Financial Analysis Summary dated 31 May 2023, prepared by MZ Investment Services Ltd, is attached herewith and is also available for viewing on the Company’s website, via the following link: <https://www.bestdealholdings.com/>.

### UNQUOTE

By order of the Board.



Dr Stephanie Manduca  
Company Secretary

31 May 2023

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# FINANCIAL ANALYSIS SUMMARY

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31 May 2023

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ISSUER

**BEST DEAL PROPERTIES HOLDING P.L.C.**

(C 88974)

*Prepared by:*



**MZ INVESTMENTS**



## MZ INVESTMENT SERVICES

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The Directors  
Best Deal Properties Holding p.l.c.  
63 J.L. Buildings, Office 5  
Luqa Road  
Paola, PLA 9045  
Malta

31 May 2023

Dear Board Members,

### **Financial Analysis Summary**

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 in the following pages and which is being forwarded to you together with this letter.

The purpose of this Analysis is that of summarising key financial data appertaining to Best Deal Properties Holding p.l.c. (the “**Issuer**”, “**Company**” or “**Group**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the most recent three financial years ending 31 December 2020, 31 December 2021, and 31 December 2022 has been extracted from the respective audited consolidated annual financial statements.
- (b) The projected consolidated financial data relating to the Issuer for the current financial year ending 31 December 2023 has been provided by the Company.
- (c) Our commentary on the financial performance, cash flows, and financial position of the Group is based on the explanations provided by the Company.
- (d) The ratios quoted in this Analysis have been computed by us applying the definitions set out in Part 4 – ‘Explanatory Definitions’ of this report.

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*MZ Investments Services Ltd is a private limited liability company licensed to conduct investment services business by the Malta Financial Services Authority (License No IS23936)  
Member of the Malta Stock Exchange. Enrolled Tied Insurance Intermediary under the Insurance Intermediaries Act, 2006 for MAPFRE MSV Life p.l.c.*

Registered Office: 61 St. Rita Street Rabat RBT 1523, Malta • Company Reg No: C23936 • VAT Reg No: MT 1529-8424



**MZ INVESTMENT SERVICES**

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- (e) Relevant financial data in respect of the companies included in Part 3 – ‘Comparative Analysis’ of this Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies, as well as other sources providing financial data.

This Analysis is meant to assist investors and potential investors in the Issuer’s securities by summarising the more important financial data of the Group. This Analysis does not contain all data that is relevant to investors or potential investors. This 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 will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, potential investors are encouraged to seek independent professional financial advice before investing in the Issuer’s securities.

Yours faithfully,

**Evan Mohnani**

Head Corporate Finance Services

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## PART 1 – INFORMATION ABOUT THE GROUP

### 1. HISTORY AND PRINCIPAL ACTIVITIES

Best Deal Properties Holding p.l.c. was established on 23 October 2018 and is the parent, holding, and finance company of a number of subsidiaries which are engaged in the construction, development, and sale of residential real estate. As such, the Issuer is economically dependent on the business prospects of its operating subsidiaries.

In December 2018, the Group raised €16 million through the issuance of 4.25% secured bonds 2024 (the “**2018 Bonds**” – guaranteed by Best Deal Developments Limited [the “**2018 Guarantor**”]) for the purpose of acquiring and developing three sites located in Żabbar, Mellieħa and Pembroke:

- (i) The **Żabbar Development** – the project involves the development of the site known as “Il-Wilga tal-Imniegel”, measuring approximately 4,149 sqm, and which is positioned on three roads in Triq Ta’ Lanza c/w New Street in Triq il-Kahwiela c/w Triq il-Kahwiela, Żabbar. The project comprises the construction of nine blocks consisting of 24 maisonettes, 81 apartments (spread on three floors), 22 penthouses, and 198 underlying garages. Four of the afore-mentioned nine blocks enjoy open country views from the front terraces as they face a green area.
- (ii) The **Mellieħa Development** – the project involves the development of the sites known as “Tal-Hawlija”, “Ta’ Masrija” and “Tas-Salib”, measuring approximately 1,249 sqm, located in Triq Ta’ Masrija and New Street off Triq il-Mithna L-Qadima, Mellieħa. The project comprises the construction of three blocks consisting of 3 maisonettes at ground floor level, 39 apartments spread over 5 floors, 7 penthouses, and 50 underlying garages spread on two levels. The residential component includes a mix of one to three bedroomed units whilst panoramic views are visible from the sixth and seventh floors.
- (iii) The **Pembroke I Development** – the project involved the development of a corner site with unobstructed sea and country views situated at 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, measuring approximately 380 sqm. The project comprised the construction of 2 maisonettes, 4 three-bedroomed apartments, 2 three-bedroomed duplex penthouses, and 6 underlying garages.

In 2019, the Group raised fresh equity from a new investor – C Developments Limited – which acquired 20% of the Company through an offer for subscription of 625,000 new ordinary shares of a nominal value of €0.10 each at the share issue price of €1.60 and in terms of a Company Admission Document dated 21 August 2019. The new ordinary shares, together with the 2,500,000 existing ordinary shares of the Company, were admitted to Prospects MTF on 22 August 2019. Moreover, C Developments Limited advanced to the Company an amount of €1.2 million to further support the Group with ongoing working capital requirements.

In Q4 2022, the Group raised €15 million through the issuance of 4.75% secured bonds 2025/27 (the “**2022 Bonds**” – guaranteed by Best Deal Estates Limited [the “**2022 Guarantor**”]) for the purpose of



acquiring and developing four parcels of land, measuring approximately 5,000 sqm, located in Siggiewi (the “**Siggiewi Development**”). This project involves the construction of 8 blocks consisting of 20 maisonettes, 60 apartments, 15 penthouses, 155 lock-up garages, and 2 stores.

Each project undertaken by the Group is promoted through the ‘Best Deal Properties’ brand which is operated by Best Deal Properties Limited – a company that is not part of the Group and which is equally owned by Christopher Attard and Erskine Vella.

## 2. DIRECTORS AND MANAGEMENT STRUCTURE

### 2.1 DIRECTORS OF THE ISSUER

The Company’s governance lies with its Board of Directors which is responsible for the general management and strategy of the Company including the overall oversight of internal controls and financial performance. Moreover, the Board of Directors keeps constant monitoring of the Company’s business risks, thus ensuring that such risks are adequately identified, evaluated, managed, and minimised. The Board of Directors of the Issuer is composed of the following individuals:

James Bullock	Chairman & Non-Executive Director
Christopher Attard	Executive Director
Pierre Bartolo	Executive Director
David Basile	Executive Director
Robert Buttigieg	Executive Director
Erskine Vella	Executive Director
Mario P. Galea	Independent Non-Executive Director
Maria Carmela (k/a Marlene) Seychell	Independent Non-Executive Director

### 2.2 DIRECTORS OF THE 2018 GUARANTOR

The Board of Directors of Best Deal Developments Limited is entrusted with the day-to-day management as well as the execution of the 2018 Guarantor’s investments, the funding thereof, and the award of project contracts for the development of the 2018 Guarantor’s properties. The Board of Directors of the 2018 Guarantor is composed of the following individuals:

Christopher Attard	Director
Pierre Bartolo	Director
Robert Buttigieg	Director
Erskine Vella	Director



### 2.3 DIRECTORS OF THE 2022 GUARANTOR

The Board of Directors of Best Deal Estates Limited is entrusted with the day-to-day management as well as the execution of the 2022 Guarantor's investments, the funding thereof, and the award of project contracts for the development of the 2022 Guarantor's properties. The Board of Directors of the 2022 Guarantor is composed of the following individuals:

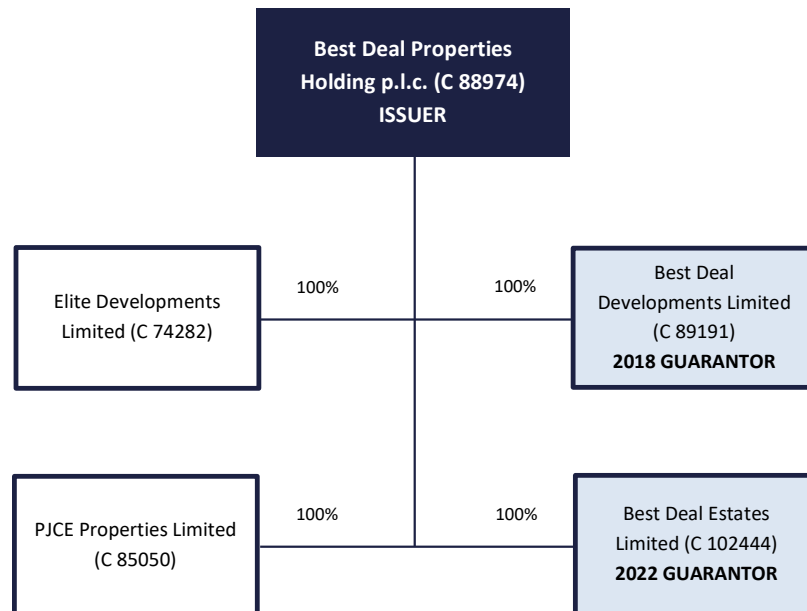
Christopher Attard	Director
Pierre Bartolo	Director
David Basile	Director
Robert Buttigieg	Director
Erskine Vella	Director

### 2.4 EMPLOYEES AND MANAGEMENT STRUCTURE

The Issuer, the 2018 Guarantor, and the 2022 Guarantor have no employees and are managed directly by their respective Board of Directors. In managing each project, the Directors of the 2018 Guarantor and the 2022 Guarantor are supported by a number of external consultants who are appointed as required.

### 3. ORGANISATIONAL STRUCTURE

The diagram below illustrates the organisational structure of the Group:





Elite Developments Limited has been involved in the construction and development of two residential projects – ‘Crystal Court’ and ‘Blue Moon Court’ – both of which are located in Marsascula. On the other hand, PJCE Properties Limited has been involved in the construction and development of ‘Garnet Court’ which is situated in Mqabba. Similarly, the 2018 Guarantor executed the Pembroke I Development.

While these four projects have been completed, the Issuer is currently finalising the Żabbar Development and the Mellieħa Development and is also in the initial stages of new developments taking place in Pembroke (namely Pembroke II), Siġġiewi, and Għadira.

## **4. PREVIOUS PROJECTS**

### **4.1 ‘CRYSTAL COURT’ – MARSASCALA**

Elite Developments Ltd embarked on developing ‘Crystal Court’ in June 2016 when it acquired the land situated at Triq Salvu Buhagiar c/w Triq il-Gemmugħa c/w Triq il-Qrempuc, Marsascula. The project included two blocks comprising 5 maisonettes at ground floor, 7 two-bedroomed apartments, 11 three-bedroomed apartments, 2 three-bedroomed penthouses, and 30 underlying garages. All units and garages were sold in FY2018 and FY2019, except for 1 garage which was sold in FY2020.

### **4.2 ‘BLUE MOON COURT’ – MARSASCALA**

In 2017, Elite Developments Limited acquired a second property situated in Triq il-Grigal c/w Triq is-Sajjieda, Marsascula. The development included two blocks consisting of 5 maisonettes at ground floor level, 15 three-bedroomed apartments, 3 penthouses, and 19 underlying garages. All units and garages were sold in FY2020, except for 1 residential unit and a garage which were sold in FY2021.

### **4.3 ‘GARNET COURT’ – MQABBA**

In 2018, PJCE Properties Limited acquired two parcels of land in Triq il-Familja Brancati, Mqabba. This project comprised 2 maisonettes at ground floor level, 23 three-bedroomed apartments, 3 penthouses, and 33 underlying garages. Virtually all units and garages were sold in FY2021, except for 1 residential unit and 1 garage which were sold in FY2022. Furthermore, a preliminary agreement for the sale of the last remaining apartment and garage is currently in place and the agreement is expected to be concluded in the coming months.

### **4.4 ‘JEWEL COURT’ – PEMBROKE I DEVELOPMENT**

The Group completed and finished this development in FY2022 which was mostly financed from the proceeds of the 2018 Bonds.

As at the end of 2022, all residential units and garages were either sold or subject to a promise of sale agreement (“POS agreement”).



## 5. CURRENT PROJECTS

### 5.1 ‘LOTUS COMPLEX’ – ŻABBAR DEVELOPMENT

As at 31 December 2022, construction of all blocks was 100% complete while finishing works were 95% complete. This project has been financed from the proceeds of the 2018 Bonds, cash flows from the sale of units generated from the initial phases of the project, as well as cash flows generated from the sale of units appertaining to other projects of the Group.

As at the end of 2022, 114 residential units (out of a total of 127) and 143 garages/car spaces (out of a total of 198) were either sold or subject to a POS agreement. As a result, 13 residential units and 55 garages/car spaces were available for sale as at the end of 2022.

### 5.2 ‘LAGUNA COURT’ – MELLIEHA DEVELOPMENT

As at 31 December 2022, construction of all blocks was 100% complete while finishing works were 60% complete. The project is expected to be completed in 2023 and is being financed from the proceeds of the 2018 Bonds, cash flows from the sale of the project’s units and garages, as well as own funds of the Group.

As at the end of 2022, 36 residential units (out of a total of 49) and 40 garages/car spaces (out of a total of 50) were either sold or subject to a POS agreement. As a result, 13 residential units and 10 garages/car spaces were available for sale as at the end of 2022.



## 6 NEW DEVELOPMENTS

### 6.1 SIGĠIEWI DEVELOPMENT

Development works started in Q1 2023 and the project is expected to be completed in shell form by the end of 2024 and finished by Q2 2026. The project is being financed from the proceeds of the 2022 Bonds as well as the cash flows generated from the sale of units appertaining to the project. Most of the sales (amounting to well over €40 million compared to the estimated cost of the project of around €27 million) are anticipated to be recognised in FY2025 and FY2026.

### 6.2 PEMBROKE II DEVELOPMENT

The Pembroke II Development is located in Triq Profs J. E. Debono, Pembroke, and comprises the construction of 2 maisonettes at ground floor level, 4 apartments at first and second floor levels, 2 duplex penthouses at the third and fourth floor levels, as well as 6 basement garages.

The project is expected to cost around €2 million to complete and generate over €3 million in net revenues. The development is being financed from the Group's own cash flows and will be completed in shell form in Q3 2023 and finished by Q3 2024.

### 6.3 GHADIRA DEVELOPMENT

On 3 October 2022, Best Deal Developments Limited entered into a POS agreement for the acquisition of a portion of land located in Mellieħa for a consideration €7.8 million. The site extends over and into one half of Triq it-Tunnara and Triq id-Denci, and slightly less than one half on Triq it-Tumbrell. It is free and unencumbered from the obligation of payment of or conditions related to ground rent and, or emphyteutical or other burdens, and it is also free from third party servitudes, with its airspace and subterranean levels and with guaranteed vacant possession (the “**Ghadira Target Property**”).

The final deed of purchase is conditional, *inter alia*, on the 2018 Guarantor managing to obtain, at its expense and by no later than 17 months from 3 October 2022, a fully executable development permit. The POS agreement is valid and effective up to 3 April 2024.

The development will comprise 72 apartments spanning over nine floors, one large penthouse referred to as ‘Sky Villa’, as well as 108 garages. The project is estimated to cost €21 million to pursue whilst net revenues are projected to be well above €30 million.

The 2018 Guarantor is vested with a right of substitution and, or assignment in favour of any third-party company/ies in which the ultimate beneficial owners of the 2018 Guarantor have a direct or indirect shareholding. In this respect, the Issuer understands that such right of assignment is due to be exercised with a view to the 2022 Guarantor appearing on the final deed of sale for the acquisition of the Ghadira Target Property. The acquisition of the site and development thereon is expected to be financed through borrowings and accumulated reserves of the Group.



## 7. SECURITY AND RESERVE ACCOUNT

### 7.1 SECURITY

The outstanding amount of the 4.25% secured bonds 2024 as at 15 May 2023 stood at €6,465,400. These bonds are guaranteed by the 2018 Guarantor and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2018 Bonds:

- (i) First ranking general hypothec for the full nominal value of the 2018 Bonds and interests thereon over all present and future property of the Company and the 2018 Guarantor.
- (ii) First ranking special hypothec for the full nominal value of the 2018 Bonds and interests thereon over the land on which each of the Pembroke Development, the Mellieħa Development and the Żabbar Development have been / are being developed, together with all and any constructions to be developed thereon.
- (iii) Pledge on insurance policy relating to the Pembroke Development, the Mellieħa Development, and the Żabbar Development.
- (iv) Joint and several guarantee, dated 3 December 2018 granted by the 2018 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2018 Bonds, subject to the terms and conditions contained in the security trust deed signed between the Issuer, the 2018 Guarantor, and the Security Trustee dated 3 December 2018.

In terms of the Prospectus dated 9 November 2022, the Issuer raised €15 million through the issuance the 2022 Bonds for the purpose of funding the Siġġiewi Development. The 2022 Bonds are guaranteed by the 2022 Guarantor and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2022 Bonds:

- (i) First ranking general hypothec for the full nominal value of the 2022 Bonds and interests thereon over all present and future property of the 2022 Guarantor.
- (ii) First ranking special hypothec for the full nominal value of the 2022 Bonds and interests thereon over the Siġġiewi Site together with all and any constructions to be developed thereon.
- (iii) Pledge on insurance policy relating to the Siġġiewi Site and development thereon.
- (iv) Joint and several guarantee granted by the 2022 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2022 Bonds, subject to the terms and conditions contained in the security trust deed signed between the Issuer, the 2022 Guarantor, and the Security Trustee dated 9 November 2022.



## 7.2 RELEASING SECURITY AND RESERVE ACCOUNT

All sale of residential units and garages/car spaces forming part of the hypothecated property (as described in Section 7.1 above) are made on condition that the units are released of all hypothecary rights and privileges encumbering the property being sold. For this purpose, the Security Trustee is empowered to release the hypothecated property from the security interest encumbering such property upon receipt by it from the Issuer or from a prospective purchaser of a fixed amount of the purchase price attributed to each hypothecated property.

All amounts received by the Security Trustee from the sales proceeds of the hypothecated property are credited to the Reserve Account and will be retained for the purpose of redeeming the 2018 Bonds and, or the 2022 Bonds (as the case may be) on maturity. In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors of the Issuer are of the view that the percentages available for cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the outstanding 2018 Bonds and the 2022 Bonds upon maturity.



## 8. ECONOMIC AND SECTOR ANALYSIS

### 8.1 ECONOMIC UPDATE<sup>1</sup>

The Maltese economy grew strongly by 6.9% in 2022, driven by domestic demand and export of services, benefiting from the further recovery in tourism. Growth is forecast to moderate to 3.9% in 2023, as high inflation affects household disposable incomes and consumption. GDP growth is then set to reach 4.1% in 2024, supported by continuing net migration flows. Sizeable government measures helped to keep energy prices unchanged in Malta. They are expected to remain in place also in 2023 and 2024. As a result, the general government deficit stood at 5.8% in 2022, among the highest in the EU. It is expected to gradually decrease in 2023 and 2024. In consequence of robust GDP growth, public debt is forecast to remain below 60% of GDP.

Supported by strong growth in private consumption and investment, real GDP growth reached 6.9% in 2022. Growth also benefited from the strong performance of the services sectors in general. Tourism in 2022 rebounded quickly and above earlier expectations, both in terms of total number of visitors and tourism expenditures. The growth impact of a marked jump in gross fixed capital formation, related to a large one-off equipment purchase operation, was compensated by a strong increase in imports, resulting in a negative contribution of net exports.

In 2023, real GDP is forecast to grow at a slower pace, by 3.9%, as high inflation limits private consumption and the positive impulse from tourism, following the post-pandemic re-opening, moderates. In 2024, real GDP growth is expected to pick up to 4.1%.

Malta maintains a high pace of employment growth. Employment increased by an impressive 6.0% in 2022. Demand for labour increased across various sectors of the economy, both public and private, and was especially strong in tourism and administrative services. The labour force is set to continue growing at a robust pace in 2023 and 2024 in line with population growth as the country continued to attract foreign workers. Labour and skills shortages are expected to remain the main limiting factors for the Maltese economy over the forecast horizon. Malta's unemployment rate fell to 2.9% in 2022 and is expected to remain around this level in 2023 and 2024.

Harmonised Index of Consumer Prices (HICP) inflation in 2022 reached 6.1%, even though the energy prices were fixed at 2020 levels by government intervention. The Maltese authorities further confirmed their commitment to limiting energy inflation in 2023 and 2024. Nonetheless, inflation in 2023 is expected to stay high at 5.4%, pushed by increasing prices for imported goods (especially food), tourism services and housing maintenance services. In 2024, inflation is projected to slow to 2.8% as price growth in Malta's main trade partners moderates.

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<sup>1</sup> Economic Forecast – Spring 2023 (European Commission Institutional Paper 200 May '23).



## 8.2 PROPERTY MARKET

The NSO's Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes, and terraced houses – continued to increase in annual terms, albeit at a slower pace. The annual rate of change stood at 5.9% in the fourth quarter of 2022, from 6.3% in the third quarter of 2022 (see chart below). House price inflation in Malta was higher when compared to the euro area, where prices increased at a rate of 3.0% quarter-on-quarter.

Residential property prices continue to be supported by numerous factors, including the Government schemes supporting demand for property, such as the first-time and second-time buyers' schemes, the purchase of properties located in Urban Conservation Areas (UCA), purchases of property in Gozo, as well as refund schemes for restoration expenses. The recovery of tourism and normalisation of migrant workers flows from pandemic lows may have also shored up demand for property and contributed to the recent increase in property prices.<sup>2</sup>



Source: Eurostat

In 2021, the number of final deeds of sale relating to residential property amounted to 14,368 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,161.9 million, an increase of 49% when compared to the prior year (2020: €2,126.6 million).

During 2022, 14,305 final deeds of sale were concluded, a decrease of 63 deeds from a year earlier (2021: 14,368 deeds). The value of the afore-mentioned deeds amounted to €3,248.8 million compared to €3,161.9 million in 2021 (+€86.9 million or +2.7%).<sup>3</sup>

<sup>2</sup> Central Bank of Malta Quarterly Review (2023 Vol. 56 No. 1; page 43).

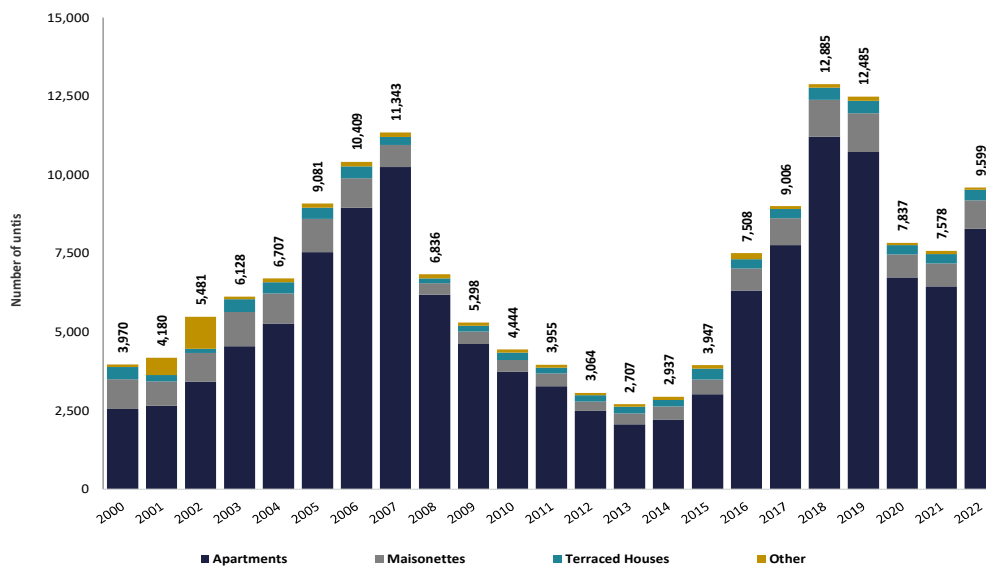
<sup>3</sup> National Statistics Office Malta – News Release 006/2023.



In the first quarter of 2023, 3,088 final deeds were registered, an annual decrease of 9.4%. The value of the deeds registered during this period went up by 3.2% over the same quarter of the previous year and amounted to €789.9 million.<sup>4</sup>

The number of residential building permits issued in 2022 amounted to 1,271 permits (2021: 1,633 permits) for the development of 9,599 residential units (2021: 7,578 residential units). As shown in the below chart, the number of units in 2022 (9,599) reflects a decrease of 26% from the all-time high of 12,885 units in 2018.<sup>5</sup> During the first quarter of 2023, 496 building permits for a total of 2,540 new dwellings were approved. When compared to the same quarter of the previous year, the number of building permits decreased by 18.6% while the number of approved new dwellings decreased by 20.7%.<sup>6</sup>

Development Permits for Dwellings (number of units)



Source: Central Bank of Malta

<sup>4</sup> National Statistics Office Malta – News Release 059/2023.

<sup>5</sup> <https://www.centralbankmalta.org/real-economy-indicators> (Development Permits for Dwellings, by Type).

<sup>6</sup> National Statistics Office Malta – News Release 084/2023.





## PART 2 – GROUP PERFORMANCE REVIEW

### 9. FINANCIAL HIGHLIGHTS

The following information is extracted from the audited consolidated annual financial statements of the Issuer for the financial years ending 31 December 2020, 31 December 2021, and 31 December 2022. The forecasted consolidated financial information for the current financial year ending 31 December 2023 has been provided by the Company.

**The forecasted financial information relates to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecasts and actual results may be material.**

Best Deal Properties Holding plc Consolidated Income Statement for the financial year 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000
Revenue	10,952	20,060	14,055	15,517
Cost of sales	(8,760)	(15,603)	(9,908)	(11,741)
Administrative expenses	(712)	(595)	(737)	(618)
<b>EBITDA</b>	<b>1,480</b>	<b>3,862</b>	<b>3,411</b>	<b>3,158</b>
Depreciation and amortisation	(67)	(67)	(72)	-
<b>Operating profit</b>	<b>1,413</b>	<b>3,795</b>	<b>3,338</b>	<b>3,158</b>
Finance income	4	30	20	-
Finance costs	(104)	(152)	(277)	(30)
<b>Profit before tax</b>	<b>1,313</b>	<b>3,673</b>	<b>3,081</b>	<b>3,128</b>
Taxation	(551)	(908)	(543)	(1,056)
<b>Profit for the year</b>	<b>762</b>	<b>2,765</b>	<b>2,538</b>	<b>2,072</b>



Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
EBITDA margin (%) <i>(EBITDA / revenue)</i>	13.51	19.25	24.27	20.35
Operating profit margin (%) <i>(Operating profit / revenue)</i>	12.90	18.92	23.75	20.35
Net profit margin (%) <i>(Profit after tax / revenue)</i>	6.96	13.78	18.06	13.35
Return on equity (%) <i>(Profit after tax / average equity)</i>	20.34	50.18	31.58	20.53
Return on assets (%) <i>(Profit after tax / average assets)</i>	2.78	10.63	8.60	6.00
Return on invested capital (%) <i>(EBITDA / average equity and net debt)</i>	6.09	18.50	15.29	13.09
Interest cover (times) <i>(EBITDA / net finance costs)</i>	14.80	31.66	13.29	105.27

### Income Statement

In **FY2020**, the Group generated revenues of just under €11 million largely from the sale of property at ‘Blue Moon Court’ (€6.8 million) and the Žabbar Development (€4.0 million). EBITDA amounted to €1.48 million which translated into an EBITDA margin of 13.51%. Overall, the Group reported a net profit of €0.76 million, thereby registering a net profit margin of 6.96%.

In **FY2021**, the Group generated revenues of €20.1 million of which approximately 57% was derived from the sale of property forming part of the Žabbar Development, whilst *circa* 34% emanated from the ‘Garnet Court’ project. EBITDA for the year amounted to €3.86 million, representing an increase of €2.38 million from the prior year, whilst the net profit stood at €2.77 million.

The EBITDA margin improved to 19.25% in FY2021 while the net profit margin increased to 13.78%. The higher level of profits also translated into a superior return on equity of 50.18% (FY2020: 20.34%) and a return on assets of 10.63% (FY2020: 2.78%).

In **FY2022**, revenues amounted to €14.1 million reflecting the income derived from five development projects – namely those located in Marsascala, Mellieħa, Mqabba, Pembroke, and Žabbar. Despite the drop in revenue when compared to the 2021 financial year, which also resulted in a contraction in EBITDA and net profit to €3.41 million and €2.54 million respectively, the EBITDA margin improved to 24.27% whilst the net profit margin exceeded the 18% level. In contrast, the return on equity and on assets dropped to 31.58% and 8.6% respectively. Likewise, the return on invested capital eased to 15.29% compared to 18.5% in FY2021.



For **FY2023**, the Group is anticipating a similar performance to FY2022 with revenues now expecting to amount to €15.5 million compared to the previous estimate of €13.8 million at the time of the issuance of the 2022 Bonds. Revenues reflect the income to be generated from the sale of property forming part of the Żabbar, Mellieħa, and Pembroke I projects. On the other hand, revenues from the Pembroke II and Siggiewi developments are expected to be accounted for as from FY2024.

EBITDA for FY2023 is estimated at €3.16 million which is slightly higher than the previously projected figure of €3.09 million. In contrast, the Group is anticipating a slightly lower net profit of €2.07 million compared to the previous estimate of €2.12 million, reflecting a higher tax charge for the year. This level of net profit would translate into a return on equity of 20.53% and a return on assets of 6%.

Best Deal Properties Holding plc Condensed Consolidated Cash Flow Statement for the financial year 31 December				2023
	2020	2021	2022	Forecast
	Actual	Actual	Actual	€'000
	€'000	€'000	€'000	€'000
Net cash from / (used in) operating activities	2,178	7,134	(3,902)	4,287
Net cash from / (used in) investing activities	(875)	(2,490)	(1,680)	618
Net cash from / (used in) financing activities	(1,650)	(4,835)	6,589	(302)
<b>Net movement in cash and cash equivalents</b>	<b>(347)</b>	<b>(191)</b>	<b>1,008</b>	<b>4,603</b>
Cash and cash equivalents at beginning of year	785	438	247	1,255
<b>Cash and cash equivalents at end of year</b>	<b>438</b>	<b>247</b>	<b>1,255</b>	<b>5,858</b>

### Cash Flow Statement

In **FY2020**, net movement in cash and cash equivalents amounted to an adverse balance of €0.35 million. Cash generated from operating activities amounted to €2.18 million, of which €1.3 million related to working capital movements. Net cash outflows from investing activities represented transfers to the sinking fund reserve. Net cash used in financing activities amounted to €1.65 million and mainly related to net repayments of bank borrowings.

In **FY2021**, net movement in cash and cash equivalents amounted to an adverse balance of €0.19 million. Net cash from operating activities amounted to €7.13 million, mainly on account of a positive movement in working capital (+€4.2 million). Net cash used in investing activities stood at €2.49 million and represented amounts paid into the sinking fund reserve (FY2020: €0.88 million). During the year, the Issuer transferred a further €1.8 million to the security trustee (in aggregate, €4.3 million) for the purpose of repurchasing bonds from the capital market and which are accounted for as financing activities.

Net cash outflow from financing activities amounted to €4.84 million. Cash used mainly comprised the repurchase of €1.8 million of bonds outstanding and net repayment of other borrowings.



In **FY2022**, net movement in cash and cash equivalents amounted to a positive balance of €1 million. Net cash outflows from operating activities amounted to €3.9 million, mainly impacted by the €6.76 million increase in inventories. Net cash used in investing activities stood at €1.68 million and largely represented amounts paid into the sinking fund reserve. This amounted to €5.04 million as at the end of 2022, of which €0.37 million were held in relation to the 2018 Bonds whilst the remaining €4.67 million were held in relation to the 2022 Bonds.

Net cash flows from financing activities amounted to €6.59 million and represented proceeds from the 2022 Bonds (€14.7 million), dividend and interest payments (€0.53 million), as well as repayment of borrowings (€7.54 million). Overall, the Group ended the 2022 financial year with a cash balance of €1.26 million.

For **FY2023**, the Issuer is expecting a net positive cash movement of €4.6 million compared to the previous estimate of €12.4 million. Coupled with the much lower cash balance of €1.26 million at the start of the year compared to the previous estimate of €9.11 million, the Group is forecasting to end the 2023 financial year with cash and cash equivalents of €5.86 million compared to the previous projection of €21.5 million. In this respect, the major variance between the two projections is related to the delay in the initiation of the Ghadira Development as the project is now expected to start in 2024.

### ***Statement of Financial Position***

The Group's statement of financial position as at 31 December **2021** comprised total assets of €24.6 million (31 December 2020: €27.5 million), primarily made up of inventory (being property development work-in-progress) and cash balances (including sinking fund reserve).

Total equity increased by €2.77 million to €6.89 million (31 December 2020: €4.13 million) on account of the net profit registered during the year. Aggregate liabilities amounted to €17.7 million, a decrease of €5.66 million compared to €23.3 million as at the end of FY2020. During the year, secured bonds and short-term borrowings were reduced by €4.64 million to just under €14 million. Other liabilities include deposits received on POS agreements amounting to €0.8 million (FY2020: €1.6 million).

The net gearing ratio decreased from 81.72% as at 31 December 2020 to 62.61% as at the end of 2021, whilst the net debt-to-EBITDA multiple stood at 2.99 times in FY2021 compared to 12.47 times in the prior year. The current ratio as at 31 December 2021 stood at 6.63 times in view of the long term repayment period of most of the Group's funding facilities.

During **FY2022**, total assets increased by 40.4% to €34.5 million principally reflecting the growth in inventories to €26.4 million compared to €19.6 million as at 31 December 2021. Similarly, total liabilities rose by 43.2% to €25.3 million as the Group increased its total borrowings by 47.4% to €22.3 million (31 December 2021: €15.2 million) including the issuance of the 2022 Bonds in Q4 2022. Nonetheless, the Issuer's net gearing ratio increased marginally to 63.61% mainly on account of the strengthening of the Company's equity base to €9.18 million. On the other hand, the net debt-to-



EBITDA multiple and the current ratio increased to 4.71 times and 9.79 times respectively, reflecting the improved profitability and liquidity position of the Group.

<b>Best Deal Properties Holding plc</b>				
<b>Condensed Consolidated Statement of Financial Position</b>				
<b>as at 31 December</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1	1	1	5
Intangible assets	43	43	47	42
Deferred tax asset	111	108	226	226
Sinking fund reserve - 2018 bonds	875	3,365	369	4,423
Sinking fund reserve - 2022 bonds	-	-	4,671	-
	<u>1,030</u>	<u>3,517</u>	<u>5,314</u>	<u>4,696</u>
<b>Current assets</b>				
Inventories	25,682	19,626	26,389	23,624
Trade and other receivables	279	1,148	1,523	465
Income tax assets	-	23	1	-
Cash and cash equivalents	462	247	1,254	5,857
	<u>26,423</u>	<u>21,044</u>	<u>29,168</u>	<u>29,946</u>
<b>Total assets</b>	<b><u>27,453</u></b>	<b><u>24,561</u></b>	<b><u>34,482</u></b>	<b><u>34,642</u></b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Called up share capital	313	313	313	313
Share premium	938	938	938	938
Shareholders' loans	2,324	2,324	2,325	2,325
Retained earnings	553	3,318	5,606	7,425
	<u>4,128</u>	<u>6,893</u>	<u>9,181</u>	<u>11,000</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Secured bonds	15,022	13,296	21,122	21,100
Borrowings	1,200	1,200	1,200	1,200
	<u>16,222</u>	<u>14,496</u>	<u>22,322</u>	<u>22,300</u>
<b>Current liabilities</b>				
Borrowings	3,574	660	21	-
Trade and other payables	3,509	2,512	2,958	1,342
Current income tax liabilities	20	-	-	-
	<u>7,103</u>	<u>3,172</u>	<u>2,979</u>	<u>1,342</u>
	<u>23,325</u>	<u>17,668</u>	<u>25,301</u>	<u>23,642</u>
<b>Total equity and liabilities</b>	<b><u>27,453</u></b>	<b><u>24,561</u></b>	<b><u>34,482</u></b>	<b><u>34,642</u></b>
<i>Total debt</i>	<i>19,796</i>	<i>15,156</i>	<i>22,343</i>	<i>22,300</i>
<i>Net debt</i>	<i>18,459</i>	<i>11,544</i>	<i>16,048</i>	<i>12,020</i>
<i>Invested capital (total equity plus net debt)</i>	<i>22,587</i>	<i>18,437</i>	<i>25,229</i>	<i>23,020</i>



The Issuer is not expecting any material changes to the size of its balance sheet in **FY2023** as total assets are anticipated to increase by 0.5% to €34.6 million which, however, is much lower than the previous estimate of €52.4 million. In this respect, the major variance between the two projections is related to the delay in the initiation of the Ghadira Development as the project is now expected to start in 2024. In fact, whilst total debt is estimated to remain virtually unchanged at €22.3 million, net debt is forecasted to drop by 25.1% to just over €12 million. In view of this, the net gearing and the net debt-to-equity ratios are anticipated to decline to 52.22% and 1.09 times respectively. Similarly, the net debt-to-EBITDA multiple and the leverage ratio are expected to trend lower whilst the current ratio is forecasted to increase sharply.

Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Net debt-to-EBITDA ( <i>times</i> ) ( <i>Net debt / EBITDA</i> )	12.47	2.99	4.71	3.81
Net debt-to-equity ( <i>times</i> ) ( <i>Net debt / total equity</i> )	4.47	1.67	1.75	1.09
Net gearing (%) ( <i>Net debt / net debt and total equity</i> )	81.72	62.61	63.61	52.22
Debt-to-asset ( <i>times</i> ) ( <i>Total debt / total assets</i> )	0.72	0.62	0.65	0.64
Leverage ( <i>times</i> ) ( <i>Total assets / total equity</i> )	6.65	3.56	3.76	3.15
Current ratio ( <i>times</i> ) ( <i>Current assets / current liabilities</i> )	3.72	6.63	9.79	22.31

## 10. VARIANCE ANALYSIS

The following information relates to the variance analysis between the forecasts for the financial year ended 31 December 2022 included in the Analysis dated 9 November 2022, and the audited consolidated annual financial statements for the financial year ended 31 December 2022.

<b>Best Deal Properties Holding plc</b>			
<b>Consolidated Income Statement</b>			
<b>for the financial year 31 December 2022</b>			
	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Revenue	14,055	18,750	(4,695)
Cost of sales	(9,908)	(13,704)	3,796
Administrative expenses	(737)	(405)	(332)
<b>EBITDA</b>	<b>3,411</b>	<b>4,641</b>	<b>(1,230)</b>
Depreciation and amortisation	(72)	-	(72)
<b>Operating profit</b>	<b>3,338</b>	<b>4,641</b>	<b>(1,303)</b>
Finance income	20	-	20
Finance costs	(277)	(130)	(147)
<b>Profit before tax</b>	<b>3,081</b>	<b>4,511</b>	<b>(1,430)</b>
Taxation	(543)	(1,112)	569
<b>Profit for the year</b>	<b>2,538</b>	<b>3,399</b>	<b>(861)</b>

The performance achieved by the Group in FY2022 was lower than expected as the Company recorded lower amounts of revenue and EBITDA in view of project development delays which also impacted the timing of property sales. As a result, the Issuer also recorded a net profit of €2.54 million compared to the forecasted figure of €3.4 million.

<b>Best Deal Properties Holding plc</b>			
<b>Condensed Consolidated Cash Flow Statement</b>			
<b>for the financial year 31 December 2022</b>			
	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Net cash from / (used in) operating activities	(3,902)	466	(4,368)
Net cash from / (used in) investing activities	(1,680)	(879)	(801)
Net cash from / (used in) financing activities	6,589	9,277	(2,688)
<b>Net movement in cash and cash equivalents</b>	<b>1,008</b>	<b>8,864</b>	<b>(7,856)</b>
Cash and cash equivalents at beginning of year	247	247	-
<b>Cash and cash equivalents at end of year</b>	<b>1,255</b>	<b>9,111</b>	<b>(7,856)</b>

The lower level of profitability also had an adverse impact on the Group's cash flows. Indeed, the Issuer recorded a net movement in cash and cash equivalents of only €1 million compared to the estimated figure of €8.86 million, largely emanating from the negative variance of €4.37 million in net cash used in operating activities as well as the negative variance of €2.69 million in net cash from financing activities.



<b>Best Deal Properties Holding plc</b>			
<b>Consolidated Statement of Financial Position</b>			
<b>as at 31 December 2022</b>			
	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	1	(0)
Intangible assets	47	43	4
Deferred tax asset	226	30	196
Sinking fund reserve - 2018 bonds	369		
Sinking fund reserve - 2022 bonds	4,671	4,244	427
	<u>5,314</u>	<u>4,318</u>	<u>996</u>
<b>Current assets</b>			
Inventories	26,389	21,682	4,707 (1)
Trade and other receivables	1,523	-	1,523 (2)
Income tax assets	1	-	1
Cash and cash equivalents	1,254	9,111	(7,857) (1)
	<u>29,168</u>	<u>30,793</u>	<u>(1,625)</u>
<b>Total assets</b>	<b><u>34,482</u></b>	<b><u>35,111</u></b>	<b><u>(629)</u></b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital	313	313	-
Share premium	938	938	(0)
Shareholders' loans	2,325	2,325	(0)
Retained earnings	5,606	6,455	(849) (3)
	<u>9,181</u>	<u>10,030</u>	<u>(850)</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Secured bonds	21,122	23,513	(2,391) (4)
Borrowings	1,200	1,200	-
	<u>22,322</u>	<u>24,713</u>	<u>(2,391)</u>
<b>Current liabilities</b>			
Borrowings	21	-	21
Trade and other payables	2,958	368	2,590 (5)
Current income tax liabilities	-	-	-
	<u>2,979</u>	<u>368</u>	<u>2,611</u>
	<u>25,301</u>	<u>25,081</u>	<u>220</u>
<b>Total equity and liabilities</b>	<b><u>34,482</u></b>	<b><u>35,111</u></b>	<b><u>(630)</u></b>
<i>Total debt</i>	<i>22,343</i>	<i>24,713</i>	<i>(2,370)</i>
<i>Net debt</i>	<i>16,048</i>	<i>11,358</i>	<i>4,690</i>
<i>Invested capital (total equity plus net debt)</i>	<i>25,229</i>	<i>21,388</i>	<i>3,840</i>





Meanwhile, the material variances between the actual and forecast Statement of Financial Position are as follows:

- (1) The Group ended the 2022 financial year with a higher level of inventories and lower cash balances reflecting the lower level of property sales due to some project development delays.
- (2) The positive variance of €1.52 million in trade and other receivables is largely related to amounts due from clients for finishing works which were not paid by the end of the year, advance payments to contractors, as well as the deposit and initial costs in relation to the acquisition of the Ghadira Target Property.
- (3) The negative variance of €0.85 million in retained earnings is related to the lower level of net profit recorded by the Company when compared to forecasts.
- (4) The Group ended the 2022 financial year with a lower amount of secured bonds as it repurchased a higher amount of 2018 Bonds from the secondary market than anticipated.
- (5) The positive variance of €2.59 million in trade and other payables mostly reflects accrued development costs.

## 11. INFORMATION RELATING TO THE ISSUER'S EQUITY

The 3,125,000 ordinary shares of the Issuer, having a nominal value of €0.10 per share, are listed on Prospects MTF pursuant to a Company Admission Document dated 21 August 2019. The key market data relating to these ordinary shares is provided hereunder:

Best Deal Properties Holding p.l.c. Key Market Data for the financial year 31 December		2022 Actual	2023 Forecast
Total number of shares in issue ('000)	[A]	3,125	3,125
Share price (€)	[B]	1.600	1.600
Market capitalisation (€'000)	[A multiplied by B]	5,000	5,000
Total equity (€'000)	[C]	9,181	11,000
Net debt (€'000)	[D]	16,048	12,020
Enterprise value (€'000)	[A multiplied by B] + [D]	21,048	17,020
EBITDA (€'000)	[E]	3,411	3,158
Net profit (€'000)	[F]	2,538	2,072
Earnings per share (€)	[F divided by A]	0.8123	0.6630
Net asset value per share (€)	[C divided by A]	2.9378	3.5200
Price-to-earnings ratio (times)	[A multiplied by B] divided by [F]	1.97	2.41
Enterprise value-to-EBITDA (times)	([A multiplied by B] + [D]) divided by [E]	6.17	5.39
Price-to-net asset value (times)	[A multiplied by B] divided by [C]	0.54	0.45
Dividend (€'000)	[G]	250	250
Net dividend per share (€)	[G] divided by [A]	0.0800	0.0800
Dividend payout ratio (%)	[G] divided by [F]	9.85	12.07
Net dividend yield (%)	[G] divided by [A multiplied by B]	5.00	5.00



## PART 3 – COMPARATIVE ANALYSIS

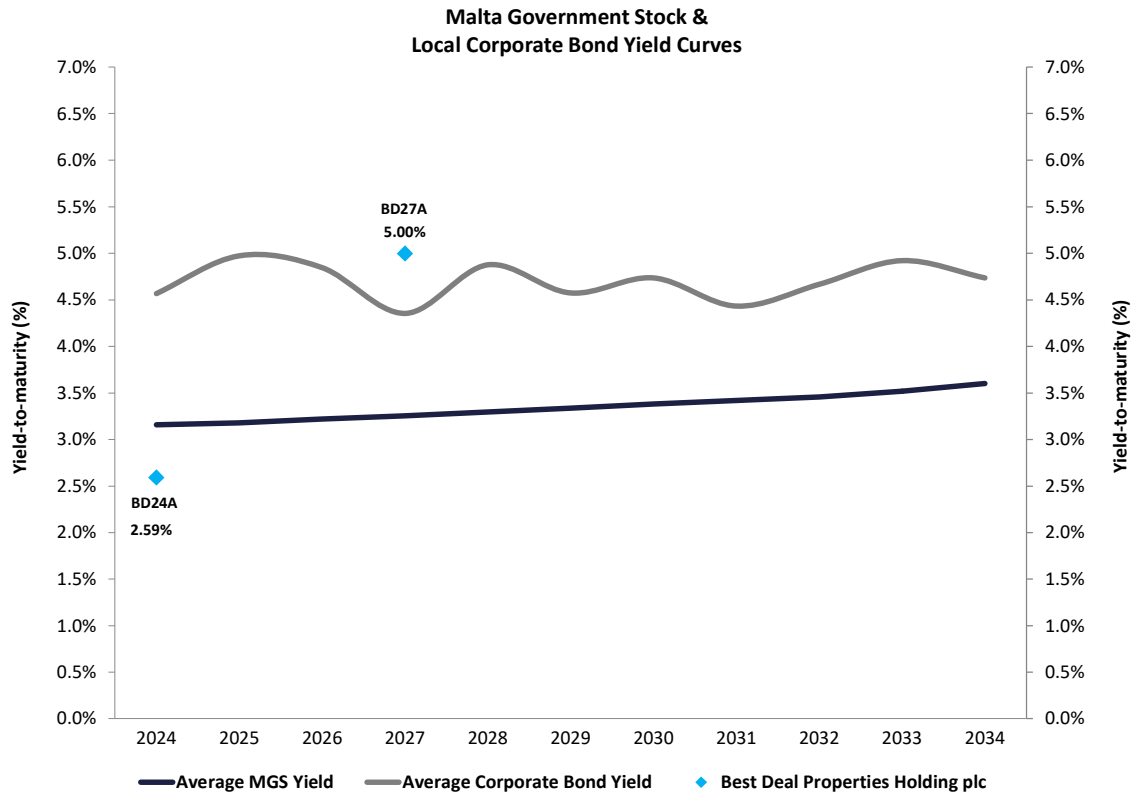
The table below provides a comparison between the Company and its bonds with other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis serves as an indication of the financial performance and strength of the Group.

Comparative Analysis*	Amount Issued (€'000)	Yield-to-Maturity (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
6.00% AX Investments plc Unsecured & Guaranteed 2024	40,000	5.92	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2024	35,000	4.94	1.87	11.42	41.92	0.40
5.30% Mariner Finance plc Unsecured 2024	17,684	5.02	4.68	5.94	49.88	0.49
5.00% Hal Mann Vella Group plc Secured 2024	30,000	4.98	2.42	9.45	51.80	0.44
5.10% 1923 Investments plc Unsecured 2024	36,000	4.40	4.81	2.94	47.79	0.40
<b>4.25% Best Deal Properties Holding plc Secured &amp; Guaranteed 2024</b>	<b>6,465</b>	<b>2.59</b>	<b>13.29</b>	<b>4.71</b>	<b>63.61</b>	<b>0.65</b>
5.75% International Hotel Investments plc Unsecured 2025	45,000	5.26	1.87	11.42	41.92	0.40
5.10% 6PM Holdings plc Unsecured 2025	13,000	5.09	10.95	0.38	11.16	0.17
4.50% Hili Properties plc Unsecured & Guaranteed 2025	37,000	5.37	1.80	12.53	45.87	0.46
3.70% GAP Group plc Secured & Guaranteed 2023/2025	16,618	3.90	33.21	4.85	56.20	0.69
4.35% Hudson Malta plc Unsecured & Guaranteed 2026	12,000	4.35	6.11	4.89	71.67	0.57
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	4.62	1.66	12.42	42.46	0.40
4.00% International Hotel Investments plc Secured 2026	55,000	3.74	1.87	11.42	41.92	0.40
5.00% Dizz Finance plc Unsecured & Guaranteed 2026	8,000	4.99	0.56	36.59	79.93	0.59
3.75% Premier Capital plc Unsecured 2026	65,000	4.37	11.25	2.09	61.67	0.56
4.00% International Hotel Investments plc Unsecured 2026	60,000	4.45	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	3.55	1.75	14.74	30.01	0.28
3.90% GAP Group plc Secured & Guaranteed 2024/2026	21,000	4.74	33.21	4.85	56.20	0.69
4.00% Hili Finance Company plc Unsecured & Guaranteed 2027	50,000	4.21	4.53	4.61	71.75	0.65
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	4.35	4.60	2.66	27.22	0.27
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	4.28	4.24	5.37	25.33	0.23
5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed 2027	30,000	4.97	3.79	3.30	22.75	0.21
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	4.00	4.84	5.58	28.97	0.26
<b>4.75% Best Deal Properties Holding Plc Secured &amp; Guaranteed 2025/2027</b>	<b>15,000</b>	<b>5.00</b>	<b>13.29</b>	<b>4.71</b>	<b>63.61</b>	<b>0.65</b>
4.75% Gap Group plc Secured & Guaranteed 2025/2027	23,000	4.62	33.21	4.85	56.20	0.69
3.85% Hili Finance Company plc Unsecured & Guaranteed 2028	40,000	5.31	4.53	4.61	71.75	0.65
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	4.50	4.84	5.58	28.97	0.26
3.80% Hili Finance Company plc Unsecured & Guaranteed 2029	80,000	4.93	4.53	4.61	71.75	0.65
3.75% AX Group plc Unsecured 2029	10,000	4.11	1.75	14.74	30.01	0.28
6.25% GPH Malta Finance plc Unsecured & Guaranteed 2030	18,144	5.79	1.56	11.27	94.67	0.83
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.66	1.87	11.42	41.92	0.40
3.50% AX Real Estate plc Unsecured 2032	40,000	4.56	2.31	13.83	42.36	0.41
5.00% Mariner Finance plc Unsecured 2032	36,930	5.00	4.68	5.94	49.88	0.49
4.50% The Ona plc Secured & Guaranteed 2028/2034	16,000	4.73	32.26	9.77	64.11	0.59

\*As at 16 May 2023

Sources: Malta Stock Exchange  
M.Z. Investment Services Limited





To date, there are no corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has been included as it is widely considered as the benchmark ‘risk-free’ rate for Malta.

The 4.25% secured bonds 2024 are currently trading at a yield-to-maturity (“YTM”) of 2.59% which is 198 basis points lower than the average YTM of other local corporate bonds maturing in the same year. The spread over the corresponding Malta Government Stock yield of equivalent maturity is negative 57 basis points.

The 4.75% secured bonds 2025/27 are currently trading at a YTM of 5.00% which is 65 basis points above the average YTM of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity is 175 basis points.



## PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
<i>Revenue</i>	Total income generated from business activities.
<i>EBITDA</i>	Earnings before interest, taxes, depreciation, and amortisation. It is a metric used for gauging a company's operating performance, excluding the impact of its capital structure, and is usually interpreted as a loose proxy for operating cash flow generation.
<i>Operating profit</i>	Profit from operating activities including movements in the fair value of investment property but excluding the share of results of associated undertakings, net finance costs, and taxation.
<i>Profit after tax</i>	Net profit generated from all business activities.

Profitability Ratios	
<i>EBITDA margin</i>	EBITDA as a percentage of revenue.
<i>Operating profit margin</i>	Adjusted operating profit as a percentage of total revenue.
<i>Net profit margin</i>	Profit after tax as a percentage of total revenue.
<i>Return on equity</i>	Measures the rate of return on the company's net assets and is computed by dividing the net profit by average equity.
<i>Return on assets</i>	Measures the rate of return on the company's assets and is computed by dividing the net profit by average assets.
<i>Return on invested capital</i>	Measures the rate of return from core operations and is computed by dividing operating profit by the average amount of equity and net debt.

Cash Flow Statement	
<i>Net cash flow from / (used in) operating activities</i>	The amount of cash generated (or consumed) from the normal conduct of business.
<i>Cash flow from / (used in) investing activities</i>	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
<i>Cash flow from / (used in) financing activities</i>	The amount of cash generated (or consumed) that have an impact on the company's capital structure and thus result in changes to share capital and borrowings.



### Statement of Financial Position

<i>Non-current assets</i>	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company amortises the cost of the asset over the number of years for which the asset will be in use instead of allocating the entire cost to the accounting year in which the asset was acquired.
<i>Current assets</i>	All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances.
<i>Non-current liabilities</i>	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
<i>Current liabilities</i>	Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt.
<i>Total equity</i>	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

### Financial Strength/Credit Ratios

<i>Interest cover</i>	Measures the extent of how many times a company can pay its net finance costs from EBITDA.
<i>Net debt-to-EBITDA</i>	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant.
<i>Net debt-to-equity</i>	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
<i>Net gearing</i>	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity.
<i>Debt-to-asset</i>	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets.
<i>Leverage</i>	Shows how much equity a company is using to finance its assets.
<i>Current ratio</i>	Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets.

