Financial Analysis Summary

26 September 2022

Issuer

SD Finance p.l.c.

Guarantor

SD Holdings Limited

MZ INVESTMENT SERVICES

MZ INVESTMENT SERVICES

The Directors
SD Finance p.l.c.
Seabank Hotel
Marfa Road, Ghadira
Mellieha MLH 9064
Malta

26 September 2022

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA 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 SD Finance p.l.c. (the "**Issuer**") and SD Holdings Limited (the "**Guarantor**" or "**db Group**"). The accounting period of each of the Issuer and Guarantor covers a 12-month period commencing on 1 April of each calendar year and ending on 31 March of the following calendar year.

The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data relating to the Issuer has been extracted from the audited financial statements of the Issuer for the three years ended 31 March 2020 to 31 March 2022.

(b) Historical financial data relating to the Guarantor has been extracted from the audited consolidated financial statements of the Guarantor for the three years ended 31 March 2020 to 31 March 2022.

(c) The forecast data for the year ending 31 March 2023 has been provided by management.

(d) Our commentary on the results of db Group and on its financial position is based on the explanations provided by management.

(e) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 5 of the Analysis.

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(f) Relevant financial data in respect of the companies included in Part 4 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of db 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 independent professional financial advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

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Rabat RBT 1523,
Malta
Tel: 2145 3739

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PART 1 – INFORMATION ABOUT THE DB GROUP

1. KEY ACTIVITIES OF THE ISSUER

SD Finance p.l.c. (the “**Issuer**” or “**Company**”) was incorporated in January 2017 as a public limited liability company under the Companies Act with an authorised and fully paid up issued share capital of €250,000. The principal activity of the Company is to carry on the business of a holding and finance company within db Group.

The Issuer is not engaged in any trading activities but is involved in raising debt and advancing same to members of db Group as and when the demands of this business or the demands of a particular project so require. Accordingly, the Issuer is economically dependent on the operations, performance and prospects of db Group.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising six directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Board of Directors

Silvio Debono	Chairman
Robert Debono	Director and Group Chief Executive Officer
Arthur Gauci	Non-Executive Director
Stephen Muscat	Independent Non-Executive Director
Vincent Micallef	Independent Non-Executive Director
Philip Micallef	Independent Non-Executive Director

3. KEY ACTIVITIES OF THE GUARANTOR

SD Holdings Limited (the “**Guarantor**” or “**db Group**” or “**Group**”) is the parent holding company of db Group and principally operates, through subsidiary companies, in hospitality, leisure and catering activities.

The Group also holds investments in associates which provide healthcare and catering services to hospitals and retirement homes; and catering services primarily to Air Malta and other airlines operating from Malta. Other associated investments operate in the hospitality and catering industries.

4. DIRECTORS OF THE GUARANTOR AND SENIOR MANAGEMENT

The Guarantor is managed by a Board comprising seven directors who are entrusted with its overall direction and management, including the establishment of strategies for future development. The Board members of the Guarantor as at the date of this report are included hereunder:

Board of Directors

Silvio Debono	Chairman
Robert Debono	Director and Group Chief Executive Officer
Arthur Gauci	Director
Alan Debono	Director
David Debono	Director
Victoria Debono	Director
Jesmond Vella	Director

In the execution of the strategic direction, investment and management oversight of the Group, the Board is assisted by the following members of senior management:

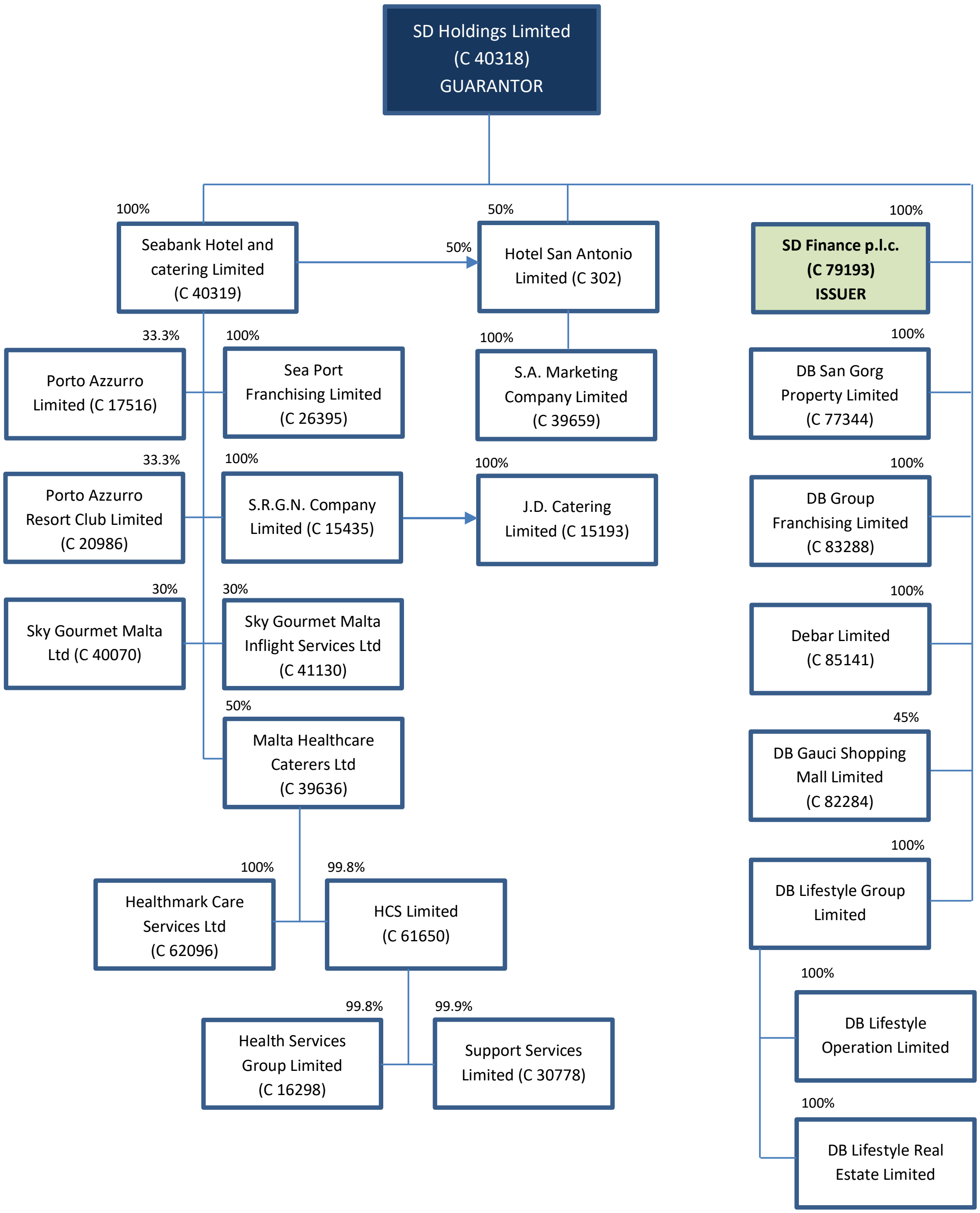
Senior Management of db Group

Silvio Debono	Executive Chairman
Robert Debono	Director and Group Chief Executive Officer
Victoria Debono	Director
David Debono	Director
Alan Debono	Director
Jesmond Vella	Head of Purchasing and Logistics
vacant position	General Manager of db Seabank Resort & Spa
Bradley Dingli	General Manager of db San Antonio Hotel & Spa
Jean Claude Fenech	Group Chief Financial Officer
Trevor Vella	Chief Financial Officer (Head Office)

The weekly average number of employees engaged by the Group during FY2022 amounted to 660 persons (FY2021: 647).

5. DB GROUP ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the subsidiaries and associates within the organisational structure of db Group and the position within the said group of the Issuer and Guarantor. The Group's businesses are described in more detail in Part 2 below.



DB Lifestyle Group Limited was set up during FY2022 with its primary objective being that of offering hospitality and catering services within the United Kingdom.

There were no material changes to the above structure since the last published audited consolidated financial statements of the Guarantor.

6. MAJOR ASSETS OWNED BY DB GROUP

The Group's major assets are included in the consolidated statement of financial position under the headings: 'property, plant & equipment' and 'investment property'. The following is a list of major assets owned by db Group.

SD Holdings Limited **db Group Major Assets**	**FY2020**	**FY2021**	**FY2022**
	€'000	**€'000**	**€'000**
db Seabank Resort & Spa	98,088	95,053	93,699
db San Antonio Hotel & Spa	89,448	86,006	82,395
db City Centre	74,898	78,050	80,660
	262,434	**259,109**	**256,754**

Source: Consolidated audited financial statements of SD Holdings Limited

HOSPITALITY OPERATIONS

The Group's land and buildings were last revalued on 31 March 2019 by an independent professionally qualified valuer. On 31 March 2020, the Directors reassessed the valuation of db Group's principal operating properties, db Seabank Resort & Spa and db San Antonio Hotel & Spa, in view of the COVID-19 pandemic and resulting restrictions on the hospitality industry, as mandated by the Health Authorities, together with the closure of ports, which significantly impacted the Group's operations. The 2020 valuation reassessment was primarily based on revised projected income streams which took into consideration a lower business activity in the next few years, until reaching the 2019 level of business and assumed normality by 2024. These assumptions resulted in a revised revaluation surplus that was €11,000,000 lower than that recognised in 2019. This difference was accordingly adjusted and debited to the revaluation reserve, net of applicable deferred income taxes (net amount: €7,150,000).

As at 31 March 2021 and 31 March 2022, the Directors performed a similar assessment as described above taking into consideration how the COVID-19 pandemic developed and how this impacted the Group's business activities. As such, the 2022 valuation reassessment was based on updated projected income streams taking into consideration the experiences of 2020 and 2021, together with a gradual increase in the business activity in the next few years, until reaching a normalised level of business between 2023 and 2025.

The assumptions for the 2022 assessment did not result in any material impact on the Group's property fair value and the Directors are of the opinion that the relating carrying amount as at 31 March 2022 is not materially different from the respective fair value.

DB CITY CENTRE

On 1 February 2017, DB San Gorg Property Limited (a subsidiary company of the Guarantor) entered into a deed of temporary emphyteusis with the Commissioner of Land (on behalf of the Government of Malta) for a site having a total surface area of *circa* 24,000m^2 and located in St George's Bay, St Julians, Malta. The said property is earmarked for the development of the proposed db City Centre, described in further detail below.

The 99-year temporary emphyteutical concession is subject to a cash consideration of €15.0 million, payable over a period of seven years, whereby the first payment of €5.0 million was paid on signing of the said deed. The balance of €10.0 million is payable in seven equal annual instalments as from January 2018. Following Planning Authority approval, a further consideration shall be determined on the full extent of the developable area, which amount shall be due to Government or *vice-versa*, as the case may be, payable over a period of seven years in seven equal annual instalments and calculated in accordance with the terms of a schedule annexed to the Emphyteutical Deed. Stamp duty of *circa* €3.0 million was settled upon signing of deed. The payment of *circa* €8.0 million (comprising the said first payment and stamp duty) was financed primarily through a bank facility.

In terms of the deed, a total annual ground rent of €1,562,509 shall be payable to Government, of which a total of €1,169,579 is to be allocated for redemption purposes based on a net floor space area of 51,030m^2 (comprising residential, office space and garage space). The afore-mentioned annual ground rent shall be temporarily reduced to €1,000 per annum until the earlier of: (a) the issuance of a certificate of completion by an architect; or (b) the lapse of five years from date of deed.

Further to the submission to Planning Authority in FY2021 of downscaled development plans for the proposed db City Centre project, DB San Gorg Property Limited obtained approval from Planning Authority on 10 June 2021, which however is subject to an appeal process.

Subject to securing all necessary development permits, the property is earmarked as a mixed-use development encompassing a five-star hotel, residential tower, shopping mall, large underground car park and other amenities to complement the project.

PART 2 – OPERATIONAL DEVELOPMENT

The Group is principally involved in hotel management, operation of food & beverage outlets and other leisure activities, and related services. A divisional analysis of db Group's business is provided hereinafter.

SD Holdings Limited db Group Operational Analysis for the year ended 31 March	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000
Revenue	**56,133**	**59,324**	**17,251**	**40,360**	**61,979**
Hospitality and leisure	44,517	44,227	7,649	23,709	37,768
Food and beverage	11,603	15,079	8,241	14,098	21,509
Merchandise, retailing and other revenue	13	18	1,361	2,553	2,702
EBITDA	**24,844**	**25,654**	**3,441**	**19,961**	**24,472**
Hospitality and leisure	22,661	21,200	864	14,091	17,545
Food and beverage	2,302	2,972	2,340	4,683	6,037
Merchandise, retailing and other revenue	(119)	1,482	237	1,187	890
Operating profit margin (%)	**44%**	**43%**	**20%**	**49%**	**39%**
Hospitality and leisure	51%	48%	11%	59%	46%
Food and beverage	20%	20%	28%	33%	28%
Merchandise, retailing and other revenue	n/a	n/a	17%	46%	33%

Source: Audited consolidated financial statements of SD Holdings Limited, management information

7. HOSPITALITY AND LEISURE

The hospitality and leisure segment of the Group primarily comprises the operations of db Seabank Resort & Spa and db San Antonio Hotel & Spa.

db Seabank Resort & Spa is a 539-room four-star hotel which occupies a land area of over 23,000m^2 and is located in Mellieha Bay, Malta. The hotel is an all-inclusive resort with 7 themed restaurants, 4 bars, an external pool, a fitness centre and health spa. The property also includes an entertainment complex comprising 3 restaurants, a bowling alley, a sports bar and a children club. During the period of low demand, a complete rebranding of the former Tramun Taghna restaurant was carried out, converting it into a Salia branded Italian restaurant. In addition, the Group invested in a second restaurant named Levant, offering Middle Eastern cuisine.

db San Antonio Hotel & Spa is a 513-room 10-floor four-star hotel located in St Paul's Bay, Malta. The hotel is an all-inclusive hotel with 5 themed restaurants, indoor, outdoor and rooftop pools, a fitness centre, a Hammam spa and conference facilities. During the COVID-19 restrictions, the hotel launched a Salia branded restaurant. The Group continued to renovate the hotel and introduced an all-inclusive Latin American inspired restaurant, Saborosa Comida Latina.

In March 2022, db Group commenced operations of the 18-room Melior Boutique Hotel situated in Republic Street, Valletta. db Group made a significant investment of *circa* €2 million to renovate the building which was carefully designed to complement the existing architecture and embrace the original characteristics of the building.

PERFORMANCE REVIEW – HOSPITALITY AND LEISURE

As can be observed from the above financial table, performance in FY2021 and FY2022 was significantly impacted by the COVID-19 pandemic. In FY2021, revenue from hospitality and leisure amounted to €7.6 million, equivalent to 17% of FY2020's reported revenue. The poor performance reflected the complete economic shutdown in the said financial year, the closure of the airport and eventual forced closure of the Group's hotels in March 2020.

Revenue in FY2022 more than tripled y-o-y to €23.7 million on account of the gradual re-opening of the economy following the quick rollout of the vaccine programme in Malta in Q1 2021. Despite the y-o-y improvement, it still represented 59% of revenue achieved in FY2020 as restrictive measures remained in place for the whole year.

The Group expects a significant improvement in FY2023, as health concerns and travel restrictions abate. The emergence of more COVID-19 variants will still hover around the travel industry, but hotel bookings are showing signs that vacation and corporate travel are making a steady return. Accordingly, revenue from hospitality in FY2023 is projected to increase by 59% or €14.1 million, from €23.7 million in FY2022 to €37.8 million, though still 15% below pre-pandemic level (FY2019).

In terms of profitability, the Group generated an EBITDA of €0.9 million in FY2021 in consequence of the pandemic compared to an EBITDA of €21.2 million in FY2020. In the last financial year (FY2022), the Group registered an EBITDA of €14.1 million and a profit margin of 59%.

The positive trends and momentum in the Group's hospitality and leisure segment are expected to continue during FY2023, as travel demand further improves over FY2022 with leisure bookings leading the way compared to group activity and corporate bookings. EBITDA in FY2023 is projected to amount to €17.5 million compared to €14.1 million in FY2022 (+25%), but operating profit margin is expected to decrease from 59% in FY2022 to 46% in FY2023.

8. FOOD AND BEVERAGE

The food & beverage segment of the Group mainly comprises the operations of Adeera Complex (Amami, Blu Beach and Westreme), Nine Lives Beach Club, AKI, Hard Rock Café Malta and Starbucks.

The Group holds the exclusive license to operate and develop the Starbucks brand in Malta and Gozo, and accordingly plans to open 18 Starbucks outlets over a 5-year period. In June 2021, db Group opened its fifth Starbucks outlet on the Sliema Strand and in December 2021, the Group opened its sixth outlet at the PAMA shopping centre in Mosta. Shortly after, a Starbucks Reserve Bar commenced operations in Valletta. In February 2022, another outlet was opened in Mellieha, marking the eighth Starbucks operation for the Group.

From March 2022 to date, three new outlets were rolled out – a Starbucks kiosk in Bugibba, an outlet at the University of Malta and at the Quad Business Centre.

Despite the restrictions and reduction in business activities during the COVID-19 pandemic outbreak, the Group opened three new restaurants in 2022.

Sonora bar and restaurant opened its doors in March 2022. It is located on the grounds of the Sirens Aquatic Club in St Paul's Bay and offers an enjoyable dining experience with an international touch.

In April 2022, the Group opened the LOA in St Paul's Bay, a South American restaurant and lounge bar, showcasing the best Nuevo Latino cuisine and fusing traditional Latin flavours with some of the latest global culinary trends.

In July 2022, db Group introduced the Amami Food Bar at the University of Malta Campus Hub.

PERFORMANCE REVIEW – FOOD AND BEVERAGE

Similar to the hospitality and leisure segment, the food and beverage segment of the Group was adversely impacted by the pandemic during the last two financial years.

Revenue generated by the food and beverage segment in the last financial year (FY2022) amounted to €14.1 million, an increase of €5.9 million (+71%) from FY2021, but 7% below FY2020 (€15.1 million). In terms of profitability, the segment registered an EBITDA of €4.7 million compared to €2.3 million in FY2021 and thus achieved an operating profit margin of 33% compared to 28% in the previous year. The said margin of 36% is also substantially higher compared to the operating profit margin of 20% reported by the Group in FY2020 (pre-COVID 19).

In view of the considerable expansion of this segment by the Group, the forecast revenue for FY2023 is expected to amount to €21.5 million, an increase of €7.4 million (+53%) from the prior year. In terms of profitability, the Group is projecting to generate an EBITDA of €6.0 million compared to €4.7 million in FY2022 (+29%).

9. ECONOMIC AND SECTOR ANALYSIS

9.1 ECONOMIC UPDATE

In 2021, the Maltese economy rebounded strongly by 10.4%, on account of improved business and consumer sentiment and growth in investment and services exports. In 2022, real GDP growth is forecast to reach 4.9%, which is higher than projected in spring (4.2%), given the expected stronger gains in the services sector, although tampered by the negative impacts of Russia's invasion of Ukraine. Growth in 2022 is expected to be driven by domestic consumption and net exports. Based on air passenger data projections by Eurocontrol[1], the export of tourism services is on course to a very rapid rebound in 2022 with full recovery expected by 2023, contributing to growth in both years. In 2023, real GDP is forecast to increase at a slower pace, but still by a robust 3.8%, affected by a general

[1] The European Organisation for the Safety of Air Navigation, commonly known as Eurocontrol, is an international organisation working to achieve safe and seamless air traffic management across Europe.

economic slowdown of its main trading partners, but partially compensated by continued growth of tourism and other services exports.

In June 2022, Malta was removed from the list of jurisdictions under increased monitoring by the Financial Action Task Force (the international standard setting body on anti-money laundering/countering the financing of terrorism). This positive outcome removed the related limited downside risks flagged in previous forecast rounds.

Inflation in 2021 increased only moderately by 0.7% as energy prices were kept unchanged by state interventions and hedging contracts for gas supply. While the authorities have committed to continue limiting energy price growth in 2022, the strong increase in inflation in the first two quarters of 2022 indicates that rising international energy and commodity prices are affecting Malta's prices indirectly. Inflation in 2022 is set to rise to 5.6%. The increases in food, transport and imported goods prices, and a continued recovery in the tourism and hospitality services are set to drive up price pressures also in 2023, with inflation remaining elevated at 3.3%.[2]

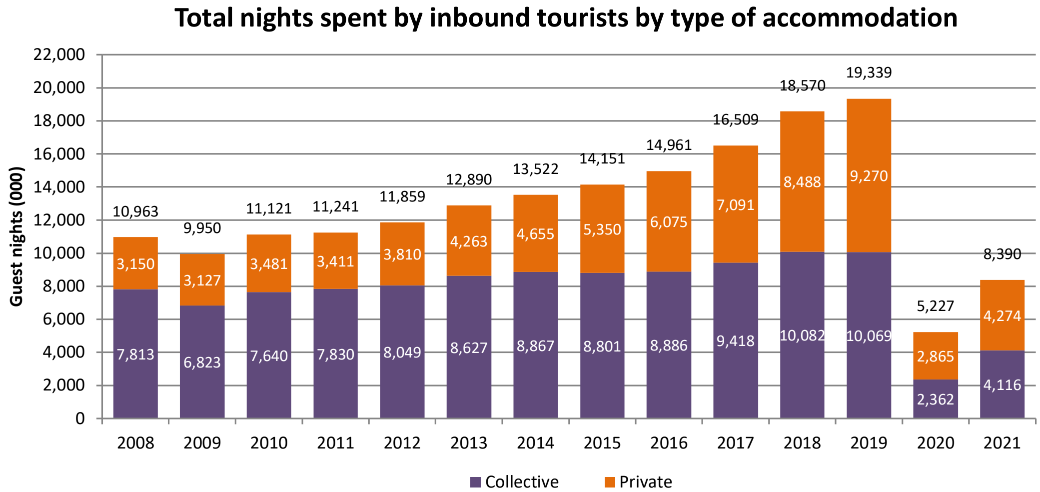
9.2 HOSPITALITY[3]

Although COVID-19 related travel restrictions remained in place, 2021 registered a marked improvement in the number of inbound tourists, nights stayed and tourist expenditure in Malta relative to those recorded in the corresponding period of 2020. Nonetheless, activity indicators for the sector generally remain well below 2019 levels.

In 2021, the number of inbound tourists increased by 47% over 2020, reaching 968,136 (2019: 2.8 million inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased.

Meanwhile, as shown in the chart hereunder, the total number of guest nights that tourists spent in Malta during 2021 increased to around 8.4 million, from 5.2 million a year earlier (+62%) (2019: 19.3 million guest nights). Guest nights at collective accommodation made up 51% of the aggregate (2020: 55%), while rented accommodation (other than collective accommodation) held a 49% share (2020: 45%).

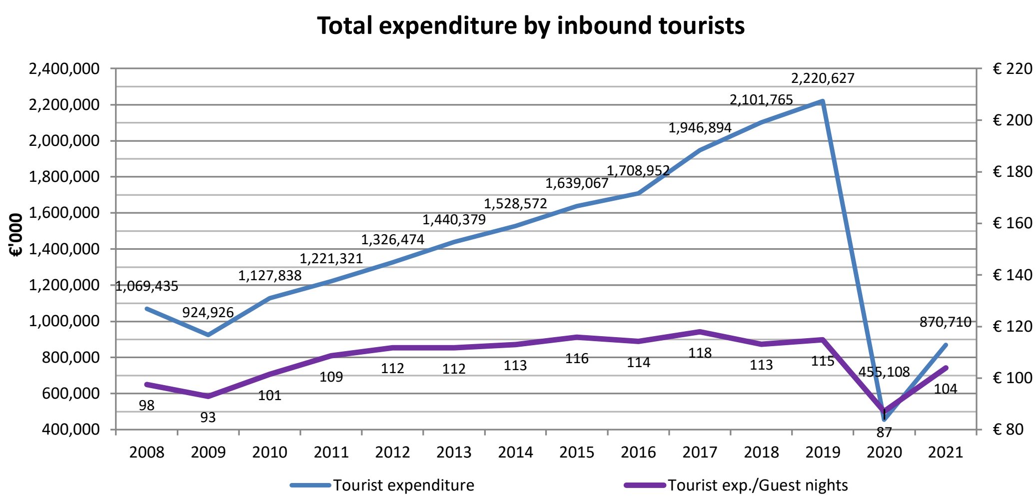
[2] Economic Forecast – Summer 2022 (European Commission Institutional Paper 183 July '22).
[3] National Statistics Office Malta – News Release 019/2022, 033/2022, 138/2022, 150/2022.



Source: National Statistics Office Malta

The total occupancy rate in collective accommodation establishments in 2021 increased to 33.1% from 25.4% in 2020 (2019: 65.7%). The 5-star category reported the largest increase – of 11.3 percentage points – followed by a rise of 8.8 percentage points in the 3-star category. Meanwhile, the smallest increase – of 1.2 percentage points – was recorded in the 2-star category.

Tourist expenditure in Malta almost doubled in 2021 to €870.7 million relative to the prior year (see chart below). The increase relative to 2020 was driven by higher other expenditure (being expenditure other than package and non-package expenditure) and non-package expenditure (comprising air/sea fares and accommodation), although spending on package holidays also increased significantly. Following this increase, tourist expenditure in Malta was 61% below its level two years earlier.



Source: National Statistics Office Malta

Expenditure per capita increased to €899 in 2021 from €691 in 2020, while average length of stay also increased from 7.9 nights in 2020 to 8.7 nights in 2021.

Inbound tourists during the first half of 2022 amounted to 895,096 (H1 2021: 139,687; H1 2019: 1,208,068), while the total nights spent reached almost 6.0 million nights (H1 2021: 1.6 million; H1 2019: 7.9 million).

The total occupancy rate in collective accommodation establishments in H1 2022 increased to 44.5% from 14.5% in H1 2021 (H1 2019: 61.0%).

Total tourist expenditure was estimated at €695.9 million for the six-month period ended 30 June 2022 (H1 2021: €120.6 million; H1 2019: €883.5 million). Total expenditure per capita stood at €777, decreasing from €862 in H1 2021 (H1 2019: €731).

10. PRINCIPAL INVESTMENTS IN ASSOCIATES

10.1 MALTA HEALTHCARE CATERERS LIMITED

Malta Healthcare Caterers Limited (the "**MHC Group**") is a joint venture between db Group and James Caterers Limited (C 30139) and is principally engaged in the provision of healthcare and catering services to hospitals and retirement homes, together with other related services, in Malta and Gozo.

In 2017, MHC Group was awarded a 15-year concession for the construction of four new blocks and operation of an additional 504 beds at St Vincent de Paul Residence. The project was substantially completed in July 2020 at an aggregate cost of *circa* €35 million. In addition, MHC Group is providing St Vincent de Paul Residence management services including nursing, caring, housekeeping and catering for the additional beds under a 15-year contract.

Furthermore, MHC Group completed in FY2020 a €4 million fully equipped kitchen on-site and is providing catering services to the existing 1,100 beds within the residence under a 10-year catering public private partnership agreement.

HEALTHCARE DIVISION

The healthcare division of MHC Group comprises the following subsidiary companies:

- Healthmark Care Services Ltd – the company is engaged in the provision of health and social care services and training to the general public, hospitals and elderly retirement and nursing homes;
- Health Services Group Limited – the company is engaged in the provision of nursing services;
- Support Services Limited – the company is engaged in the provision of nursing, medical and clinical services.

At present, the healthcare division has a staff complement of *circa* 3,143 employees (FY2020: 2,570 employees), including 281 professional nurses, 187 staff members providing domiciliary care for the elderly and over 2,675 trained care assistants. The key agreements include: (i) the provision of nursing and care services under the Active Ageing and Community Care Directorate; (ii) the provision of care worker services at Mater Dei Hospital and other entities within the Health Department; (iii) the provision of care worker services at St Vincent de Paul Residence and Homes for the Elderly Community Care; and (iv) the provision of home help services.

CATERING DIVISION

MHC Group initiated operations in contract catering in 2007, after being awarded the contract to supply meals to in-patients at Mater Dei Hospital, St Luke's Hospital and Sir Paul Boffa Hospital. In 2015, MHC Group ceased to supply meals to Sir Paul Boffa Hospital, but instead commenced servicing Sir Anthony Mamo Oncology Centre. This agreement shall expire on 16 November 2022.

MHC Group also provides catering and ancillary services to in-patients and staff of Gozo General Hospital (since 2013) and St Vincent de Paul Residence (since 2014). In aggregate, MHC Group serves in the region of 6,000 meals per day.

PERFORMANCE REVIEW

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

Malta Healthcare Caterers Limited	**FY2020 15-mths Actual**	**FY2021 12-mths Actual**	**FY2022 12-mths Actual**	**FY2023 12-mths Forecast**
Turnover (€'000)	90,443	78,754	90,430	97,322
Catering services	10,258	9,322	8,498	5,784
St Vincent de Paul concession agreement	23,330	18,103	21,006	26,748
Healthcare services	56,855	51,329	60,926	64,790
Profit for the year (€'000)	3,516	4,595	8,727	8,982
Net profit margin (%)	4	6	10	9
db Group's share of profit at 50%	**1,758**	**2,298**	**4,364**	**4,491**

During FY2020, Malta Healthcare Caterers Limited changed its statutory reference date from 31 December to 31 March to align its financial reporting period to that of SD Holdings Limited.

The table above summarises the historical financial performance of MHC Group for the years ended 31 March 2020 to 31 March 2022. Revenue is FY2021 was lower compared to the prior year since FY2020 covered a 15-month period pursuant to a change in accounting period. In the subsequent year, the MHC Group reported an increase of 15% in revenue from €78.8 million in FY2021 to €90.4 million in FY2022. Due to an improvement of 4 percentage points in net profit margin, the MHC Group reported an increase in annual profit of 90% (+€4.1 million) to €8.7 million (FY2021: €4.6 million).

Revenue in FY2023 is projected to amount to €97.3 million compared to €90.4 million in the prior year (+8%). Such increase is expected to be derived from the St Vincent de Paul concession agreement and healthcare services, partly offset by a projected decline of €2.7 million (y-o-y) in income from catering services. Overall, the MHC Group is forecasting a marginal increase in net profit of €0.3 million to €9.0 million (FY2022: €8.7 million), reflective of a one percentage point decrease in net profit margin to 9%.

10.3 LONG-TERM CARE TREND ANALYSIS

Demand for long-term care in Malta is expected to progressively rise in the coming years as the population ages. The total population of Malta and Gozo at the end of 2020 was estimated at 516,100, an increase of 24% over a 10-year period[4]. The percentage of the Maltese population over 60 years of age stood at 25% (*circa* 129,000 persons) and is projected to increase further over the next 50 years.

Long-term care systems available to elderly persons comprise: (i) informal care through the support of own family; (ii) community care services aimed at enabling the elderly to continue living at home and/or in the community; (iii) long-term care services in state-run institutions; and (iii) long-term care services in facilities operated by the Church and the private sector.

As a result of the projected growth in elderly persons relative to the population, it is envisaged that the demand for care and support services provided to this category of the population will continue to gain importance and further develop in the foreseeable future.

PART 3 – PERFORMANCE REVIEW

11. FINANCIAL INFORMATION RELATING TO SD FINANCE PLC

The Issuer was registered and incorporated on 20 January 2017 as a special purpose vehicle to act as the financing arm of db Group. The financial information relating to the years ended 31 March 2020 to 31 March 2022 has been extracted from the audited financial statements of SD Finance p.l.c. The forecast financial information for the year ending 31 March 2023 has been provided by management.

The projected financial statements relate to events in the future and are based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

[4] National Statistics Office Malta – News Release 122/2021

SD Finance p.l.c. **Income Statement** **for the year ended 31 March**	**2020** **Actual** **€'000**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**	**2023** **Forecast** **€'000**
Finance income	3,001	3,006	3,015	3,060
Finance costs	(2,910)	(2,914)	(2,917)	(2,921)
Administrative expenses	(83)	(85)	(90)	(131)
Profit before tax	**8**	**7**	**8**	**8**
Taxation	(3)	(2)	(3)	(3)
Profit for the year	**5**	**5**	**5**	**5**

SD Finance p.l.c. **Balance Sheet** **as at 31 March**	**2020** **Actual** **€'000**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**	**2023** **Forecast** **€'000**
ASSETS				
Non-current				
Loans receivable from parent company & other related subsidiaries	62,233	62,233	64,333	64,333
	62,233	62,233	64,333	64,333
Current				
Trade and other receivables	2,803	2,820	93	91
Cash and cash equivalents	2,200	2,293	3,018	2,950
	5,003	5,113	3,111	3,041
Total assets	**67,236**	**67,346**	**67,444**	**67,374**
EQUITY				
Capital and reserves				
Called up share capital	250	250	250	250
Retained earnings	25	30	35	45
	275	**280**	**285**	**295**
LIABILITIES				
Non-current				
Bonds in issue	64,315	64,401	64,491	64,585
	64,315	64,401	64,491	64,585
Current				
Trade and other payables	2,646	2,665	2,668	2,494
	2,646	2,665	2,668	2,494
	66,961	**67,066**	**67,159**	**67,079**
Total equity and liabilities	**67,236**	**67,346**	**67,444**	**67,374**

SD Finance p.l.c. **Cash Flow Statement** **for the year ended 31 March**	**2020** **Actual** **€'000**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**	**2023** **Forecast** **€'000**
Net cash from operating activities	(2,511)	93	2,825	2,800
Net cash from investing activities	-	-	(2,100)	(2,868)
Net cash from financing activities	-	-	-	-
Net movement in cash and cash equivalents	**(2,511)**	**93**	**725**	**(68)**
Cash and cash equivalents at beginning of year	4,711	2,200	2,293	3,018
Cash and cash equivalents at end of year	**2,200**	**2,293**	**3,018**	**2,950**

The Issuer is a fully owned subsidiary of SD Holdings Limited, the parent company of db Group, and is principally engaged to act as a finance company. During FY2018, the Issuer on-lent the majority of net proceeds of the €65 million Bond Issue to db Group companies. As a result, finance income in the income statement principally represents interest receivable from loans advanced to Group companies and finance costs comprise interest payable to bondholders.

In FY2022, the Issuer generated finance income of €3.0 million and incurred finance costs of €2.9 million, both of which were unchanged from the prior year (FY2021). Profit after tax was also unchanged at €5,000 (FY2021: €5,000).

The Issuer's balance sheet is primarily made up of the bond issue amounting to €65 million (classified as non-current liabilities) and loans receivable from the Guarantor and Group subsidiaries (classified as non-current assets). During FY2022, an additional amount of €2.1 million was advanced to fellow subsidiaries. Furthermore, fellow subsidiaries settled an outstanding amount of €2.7 million which related to interest receivable due in FY2021 (accounted for as receivables in current assets).

No material movements in the income statement and, or balance sheet have been projected for FY2023.

12. FINANCIAL INFORMATION RELATING TO SD HOLDINGS LIMITED

The financial information provided hereunder is extracted from the audited consolidated financial statements of SD Holdings Limited for each of the years ended 31 March 2020 to 31 March 2022. The forecast financial information for the year ending 31 March 2023 has been provided by management.

The projected financial statements relate to events in the future and are based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

SD Holdings Limited Consolidated Income Statement for the year ended 31 March	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000
Revenue	59,324	17,251	40,360	61,979
Net operating costs	(33,670)	(13,810)	(20,399)	(37,508)
EBITDA	**25,654**	**3,441**	**19,961**	**24,471**
Depreciation & amortisation	(9,204)	(8,840)	(9,000)	(10,530)
Operating profit (loss)	**16,450**	**(5,399)**	**10,961**	**13,941**
Net finance costs	(3,742)	(3,914)	(4,341)	(4,596)
Share of results of associates	1,911	2,188	4,468	4,491
Profit (loss) before tax	**14,619**	**(7,125)**	**11,088**	**13,836**
Taxation	(2,439)	5,017	(524)	(1,450)
Profit (loss) for the year	**12,180**	**(2,108)**	**10,564**	**12,386**
Other comprehensive income				
Fair value movements on land & buildings, net of tax	(7,150)	-	-	-
Other movements	-	126	154	-
Total comprehensive income (expense), net of tax	**5,030**	**(1,982)**	**10,718**	**12,386**

Key Accounting Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Operating profit margin *(EBITDA/revenue)*	43%	20%	49%	39%
Interest cover (times) *(EBITDA/net finance cost)*	6.86	0.88	4.60	5.32
Net profit margin *(Profit after tax/revenue)*	21%	-12%	26%	20%
Earnings per share (€) *(Profit after tax/number of shares)*	3.05	-0.53	2.64	3.10
Return on equity *(Profit after tax/shareholders' equity)*	9%	-2%	7%	8%
Return on capital employed *(EBITDA/total assets less current liabilities)*	9%	1%	6%	7%
Return on assets *(Profit after tax/total assets)*	4%	-1%	3%	3%

Source: MZ Investment Services Ltd

In **FY2020**, revenue increased by 6% from €56.1 million in FY2019 to €59.3 million principally on account of higher revenue generated at Adeera Complex & Nine Lives and first-year's income derived from Starbucks. EBITDA increased by €0.8 million from the prior year to €25.7 million pursuant to the growth in revenue as to €0.3 million and the remaining €0.5 million resulted from a favourably impact on the adoption of IFRS 16 'leases'. Results from the hospitality sector was broadly stable compared to FY2019, and thus considered positive in view of the adverse effect of the COVID-19 pandemic during the course of the last month of reporting and the one-off bad debt write off following the bankruptcy of Thomas Cook in the UK, which together impacted the overall results by *circa* €1.3 million in EBITDA.

Notwithstanding the increase in EBITDA, the Group reported a decline in profit before tax of €1.5 million or -9% to €14.6 million (FY2019: €16.1 million) mainly due to an increase of €2.6 million in depreciation & amortisation and net finance costs. An amount of €0.7 million of aforesaid increase was brought about following the adoption of the requirements of IFRS 16. Share of results of associates increased in FY2020 by €0.3 million to €1.9 million.

After reversing €7.15 million of revaluation surplus on land and buildings (net of deferred tax), the Group reported total comprehensive income of €5.0 million.

Revenue in **FY2021** decreased substantially by €42.0 million (y-o-y) to €17.3 million on account of the complete shutdown of the Group's operations in March 2020 and the significant curtailment of operations following the gradual re-opening in June 2020, which lower level of business activities continued for the remainder of the financial year. As a result, EBITDA was adversely impacted by €22.2 million (€3.4 million compared to €25.7 million in FY2020).

Below EBITDA, the Group reported no material changes to depreciation & amortisation (€8.8 million compared to €9.2 million in FY2020), net finance costs (€3.9 million compared to €3.7 million in FY2020) and share of associates' results (€2.2 million compared to €1.9 million in FY2020).

After accounting for a tax credit of €5.0 million, the loss for the year amounted to €2.1 million (FY2020: profit of €12.2 million).

Due to the significant reduction in business activities during FY2021, the operating profit margin decreased from 43% in FY2020 to 20%, and interest cover was at 0.88 times compared to 6.86 times in FY2020.

Revenue in **FY2022** increased substantially from the prior year to €40.4 million (FY2021: €17.3 million), primarily on account of a gradual recovery in hospitality and a positive performance from the operations of Adeera Complex, Nine Lives Beach Club and AKI. The Group opened additional Starbucks outlets bringing the total in operation to 7 outlets. A further two restaurants (Sonora and Loa in St Paul's Bay) commenced operations in the last quarter of the financial year. Compared to FY2019 (pre-COVID), income from hospitality & leisure and food & beverage revenue was lower by 41% and 14% respectively.

EBITDA increased considerably from €3.4 million in FY2021 to €20.0 million in FY2022, and operating profit margin recovered to 49% in FY2022 from 20% in the previous year. Albeit, the FY2022 figure includes a one-off refund relating to insurance business interruption amounting to €3.1 million. Interest cover improved substantially from 0.88 times in FY2021 to 4.60 times in the latest financial year.

Depreciation & amortisation and net finance costs increased by 2% and 11% respectively from a year earlier.

As for share of results of associates, the Group registered a significant increase of 104% y-o-y to €4.5 million (FY2021: €2.2 million) primarily on account of higher earnings generated by the MHC Group. The health care sector of the Group continued to perform well and improved further following the opening in 2020 of the 504-bed new wing at St Vincent de Paul Residence.

Overall, the Group reported a net profit for FY2022 of €10.6 million compared to a net loss in FY2021 of €2.1 million. Accordingly, net profit margin recovered from -12% to 26% respectively.

The estimates for the forward year as presented in this document assume that the carrying values of hotel properties will remain constant in FY2023, and therefore no adjustment has been made as to possible impairment or uplift of assets that may be booked and which may materially affect the consolidated income statement and balance sheet values.

In **FY2023**, db Group's revenue is projected to increase by €21.6 million (+54%) from €40.4 million in FY2022 to €62.0 million. Db Group expects to register an increase in revenue across all its business activities – hospitality & leisure is projected to increase y-o-y by 46% or €11.9 million to €37.8 million while food & beverage is expected to increase y-o-y by 65% or €8.5 million to €21.5 million. The Group's hospitality & leisure segment should continue to improve, both in terms of occupancy and room rate, and thereby achieve 85% of pre-COVID 19 results (FY2020). As to the food & beverage segment, the y-o-y growth is expected to be generated from the ongoing positive performance of existing outlets as well as recently opened eateries and Starbucks outlets.

This positive outlook is expected to generate an EBITDA of €24.5 million, an increase of €4.5 million (+23%) from the prior year. In consequence, the Group's interest cover is projected to improve from 4.60 times in FY2022 to 5.32 times.

Depreciation & amortisation is expected to increase from €9.0 million to €10.5 million mainly on account of an increase in restaurants and outlets, which properties are leased from third parties. Net finance costs are projected to remain relatively stable at €4.6 million.

Share of results of associates is forecasted to amount to €4.5 million, in line with results achieved in the prior year, primarily on account of anticipated positive performance by Malta Healthcare Caterers Limited.

In FY2023, the Group is forecasting total comprehensive income to amount to €12.4 million, an increase of €1.7 million (+16%) when compared to FY2022.

SD Holdings Limited				
Consolidated Balance Sheet				
as at 31 March	**2020**	**2021**	**2022**	**2023**
	Actual	**Actual**	**Actual**	**Forecast**
	€'000	**€'000**	**€'000**	**€'000**
ASSETS				
Non-current assets				
Property, plant and equipment	193,548	187,210	183,853	180,519
Investment property	74,898	78,050	80,660	80,660
Intangible assets	909	890	908	890
Investments in associates	9,368	11,556	15,890	20,381
Right-of-use assets	6,151	6,208	9,901	14,144
Deferred tax assets	1,392	3,986	4,581	4,581
Trade and other receivables	101	210	333	333
	286,367	288,110	296,126	301,508
Current assets				
Inventories	1,764	1,335	1,472	1,672
Trade and other receivables	10,804	7,199	12,169	22,014
Cash and cash equivalents	25,771	31,820	40,188	52,461
	38,339	40,354	53,829	76,147
Total assets	**324,706**	**328,464**	**349,955**	**377,655**
EQUITY				
Capital and reserves				
Share capital	4,000	4,000	4,000	4,000
Reserves	87,285	87,159	87,005	87,005
Retained earnings	46,327	40,345	51,063	63,449
	137,612	**131,504**	**142,068**	**154,454**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	71,616	79,903	78,121	87,462
Lease liabilities	5,751	5,927	9,750	13,437
Other non-current liabilities	81,538	77,603	78,088	76,857
	158,905	163,433	165,959	177,756
Current liabilities				
Bank overdrafts	1,410	238	722	200
Borrowings	782	2,403	4,047	4,659
Lease liabilities	541	581	675	1,126
Other current liabilities	25,456	30,305	36,484	39,460
	28,189	33,527	41,928	45,445
	187,094	**196,960**	**207,887**	**223,201**
Total equity and liabilities	**324,706**	**328,464**	**349,955**	**377,655**

Key Accounting Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Gearing ratio *(Net debt/Net debt and shareholders' equity)*	28%	30%	27%	26%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	0.39	0.44	0.37	0.35
Net debt to EBITDA (years) *(Net debt/EBITDA)*	2.12	16.63	2.66	2.22
Net assets per share (€) *(Net asset value/number of shares)*	34.40	32.88	35.52	38.61
Liquidity ratio (times) *(Current assets/current liabilities)*	1.36	1.20	1.28	1.68

Source: MZ Investment Services Ltd

Total assets as at 31 March 2022 amounted to €350.0 million (FY2021: €328.5 million) and principally comprise major assets listed in section 6 above amounting to €256.5 million, investments in associates of €15.9 million and cash balances of €40.2 million.

Right-of-use assets have increased from €6.2 million in FY2021 to €9.9 million on account of additional properties leased by the Group and operated as food & beverage outlets. Trade and other receivables were higher on a y-o-y basis by 69% and reflect the increase in business operations from the prior year.

Total liabilities in FY2022 amounted to €207.9 million (FY2021: €197.0 million) and primarily included debt securities, borrowings and lease liabilities amounting to €93.3 million in aggregate (€89.1 million). The y-o-y increase of €4.2 million is on account of an increase in lease obligations. Other liabilities mainly comprise trade and other payables of €95.5 million (2021: €89.9 million), of which, €52.8 million (2021: €52.4 million) represents amounts due to Government in relation to purchase of land.

The gearing ratio of the Group decreased in FY2022 by 3 percentage points to 27%. The liquidity ratio of the Group improved from 1.20 times in FY2021 to 1.28 times in FY2022.

Total assets in FY2023 are projected to amount to €377.7 million, an increase of €27.7 million from a year earlier. The y-o-y movements mainly emanate from an increase of €12.3 million in cash balances and an increase in right-of-use assets and investments in associates of €4.2 million and €4.5 million respectively. Moreover, trade and other receivables are expected to increase by €9.8 million, mainly on account of advance payments to contractors involved in the db City Centre project.

Total liabilities in FY2023 are projected to increase by €15.3 million primarily in consequence of an increase in lease liabilities and borrowings of €4.1 million and €9.4 million respectively.

SD Holdings Limited Consolidated Cash Flow Statement for the year ended 31 March	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000
Net cash from operating activities	24,661	(5,190)	10,761	18,162
Net cash from investing activities	(9,519)	(3,147)	(4,993)	(18,000)
Net cash from financing activities	(1,190)	15,558	2,116	12,833
Net movement in cash and cash equivalents	**13,952**	**7,221**	**7,884**	**12,995**
Cash and cash equivalents at beginning of year	10,409	24,361	31,582	39,466
Cash and cash equivalents at end of year	**24,361**	**31,582**	**39,466**	**52,461**

Net cash generated from operating activities in FY2022 amounted to €10.8 million compared to net cash outflows of €5.2 million in FY2021. The positive variance of €16.0 million was principally due to the significant recovery in operational activities registered in FY2022. In consequence of the anticipated improvement in operational activities during FY2023, the Group is projecting net cash from operating activities in FY2023 to amount to €18.2 million. Despite the afore-mentioned incremental growth, the forecasted net cash inflows from operations is 26% below FY2020 results.

Net cash used in investing activities amounted to €5.0 million (FY2021: €3.1 million), mainly attributable to payments to acquire property, plant & equipment and capital expenditure in relation to investment property. In view of the Group's development plans in relation to new restaurant, Starbucks openings and hotel-related projects, capital expenditure in FY2023 is expected to amount to €6.0 million. Furthermore, the Group is allocating €12.0 million for emphyteutical concession payments connected to the db City Centre project and advance payments to contractors involved in the said project.

In FY2022, net cash from financing activities amounted to €2.1 million compared to €15.6 million in FY2021 and mainly comprised advances from associates of €3.0 million less lease obligations amounting to €0.7 million. During FY2021, the Group obtained a loan of €10 million through the Malta Development Bank COVID-19 Guarantee Scheme and a further €6.5 million was advanced by associates. Net cash inflows from financing activities in FY2023 is expected to amount to €12.8 million, principally on account of net proceeds from bank borrowings of €9.3 million and an advancement from associates of €4.5 million. On the other hand, lease payments during the projected year are expected to amount to €1.0 million (FY2022: €0.7 million).

VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecast financial information for the year ended 31 March 2022 included in the prior year's Financial Analysis Summary dated 22 September 2021 and the audited consolidated financial statements for the year ended 31 March 2022.

SD Holdings Limited **Consolidated Income Statement** **for the year ended 31 March 2022**	**Actual** **€'000**	**Forecast** **€'000**	**Variance** **€'000**
Revenue	40,360	35,996	4,364
Net operating costs	(20,399)	(24,263)	3,864
EBITDA	**19,961**	**11,733**	**8,228**
Depreciation & amortisation	(9,000)	(9,415)	415
Operating profit	**10,961**	**2,318**	**8,643**
Net finance costs	(4,341)	(4,012)	(329)
Share of results of associates	4,468	4,163	305
Profit before tax	**11,088**	**2,469**	**8,619**
Taxation	(524)	(667)	143
Profit for the year	**10,564**	**1,802**	**8,762**
Other comprehensive income			
Other movements	154	-	154
Total comprehensive income, net of tax	**10,718**	**1,802**	**8,916**

As presented in the above table, the Group's actual revenue and EBITDA for FY2022 were higher than projected by €4.4 million and €8.2 million respectively, mainly on account of better than expected performance results. The Group further benefited from €3.1 million of insurance business interruption refunds which amount was not anticipated when the forecast results were prepared.

Overall, the Group's total comprehensive income was higher than projected by €8.9 million and amounted to €10.7 million.

SD Holdings Limited Consolidated Balance Sheet as at 31 March 2022	Actual €'000	Forecast €'000	Variance €'000
ASSETS			
Non-current assets			
Property, plant and equipment	183,853	183,674	179
Investment property	80,660	80,050	610
Intangible assets	908	890	18
Investments in associates	15,890	11,556	4,334
Right-of-use assets	9,901	12,508	(2,607)
Deferred tax assets	4,581	3,286	1,295
Trade and other receivables	333	150	183
	296,126	292,114	4,012
Current assets			
Inventories	1,472	1,400	72
Trade and other receivables	12,169	9,250	2,919
Cash and cash equivalents	40,188	34,782	5,406
	53,829	45,432	8,397
Total assets	**349,955**	**337,546**	**12,409**
EQUITY			
Capital and reserves			
Share capital	4,000	4,000	-
Reserves	87,005	87,159	(154)
Retained earnings	51,063	42,148	8,915
	142,068	**133,307**	**8,761**
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	78,121	81,703	(3,582)
Lease liabilities	9,750	11,677	(1,927)
Other non-current liabilities	78,088	76,703	1,385
	165,959	170,083	(4,124)
Current liabilities			
Bank overdrafts	722	-	722
Borrowings	4,047	2,500	1,547
Lease liabilities	675	1,156	(481)
Other current liabilities	36,484	30,500	5,984
	41,928	34,156	7,772
	207,887	**204,239**	**3,648**
Total equity and liabilities	**349,955**	**337,546**	**12,409**

Total assets as at 31 March 2022 amounted to €350.0 million, being €12.4 million higher than projected, which mainly resulted from higher than expected cash balances of €5.4 million. The remaining balance of €7.0 million primarily emanated from a higher than projected value of investments in associates (+€4.3 million), and a positive variance in deferred tax assets and trade & other receivables of €4.2 million. On the other hand, right-of-use assets were lower than expected by €2.6 million.

Total liabilities were higher than expected by €3.6 million, primarily on account of higher than expected other liabilities (primarily trade & other payables) amounting to €7.4 million, while borrowings and lease liabilities were lower than projected by €1.3 million and €2.4 million respectively.

SD Holdings Limited Consolidated Cash Flow Statement for the year ended 31 March 2022	**Actual €'000**	**Forecast €'000**	**Variance €'000**
Net cash from operating activities	10,761	9,412	1,349
Net cash from investing activities	(4,993)	(4,609)	(384)
Net cash from financing activities	2,116	(1,603)	3,719
Net movement in cash and cash equivalents	**7,884**	**3,200**	**4,684**
Cash and cash equivalents at beginning of year	31,582	31,582	-
Cash and cash equivalents at end of year	**39,466**	**34,782**	**4,684**

Net movement in cash and cash equivalents amounted to €7.9 million compared to a projected balance of €3.2 million. For comparability purposes, certain reclassifications have been affected in the forecast results without altering the projected net movement in cash and cash equivalents. The positive difference of €4.7 million principally results from better than expected cash inflows generated from operating activities amounting to €1.3 million and advances from associates of €3.0 million (in financing activities) which were not anticipated at the forecast stage.

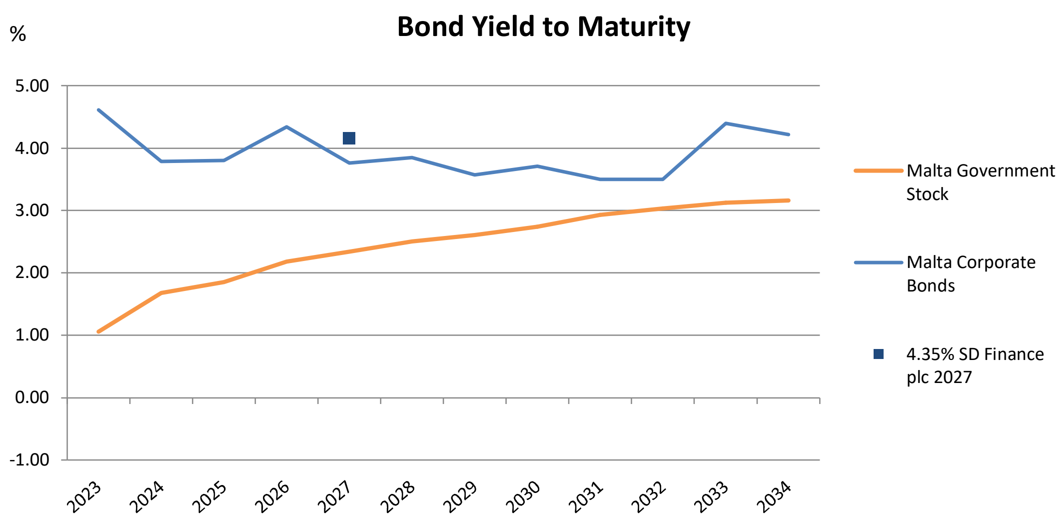
PART 4 - COMPARABLES

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

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
4.25% GAP Group plc Secured € 2023	8,349,900	5.28	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.61	1.68	37,992	9,916	65.59
5.80% International Hotel Investments plc 2023	10,000,000	4.46	1.06	1,695,229	838,216	40.59
6.00% AX Investments Plc € 2024	40,000,000	2.53	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	4.87	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	3.79	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.65	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	3.90	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	9,137,200	3.08	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.60	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.53	1.06	1,695,229	838,216	40.59
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.72	52.47	155,313	70,709	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	3.80	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.34	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.24	0.83	1,863,456	899,566	40.81
4.00% International Hotel Investments plc Secured € 2026	55,000,000	4.00	1.06	1,695,229	838,216	40.59
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.75	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.00	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.25	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	3.90	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	**65,000,000**	**4.16**	**4.60**	**349,955**	**142,068**	**27.22**
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.76	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.35	3.25	362,955	235,392	26.66
4.00% Hili Finance Company plc Unsecured € 2027	50,000,000	3.75	4.48	727,669	154,632	71.84
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.85	4.48	727,669	154,632	71.84
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.57	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.83	4.48	727,669	154,632	71.84
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.75	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	3.98	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.50	-	238,228	78,698	63.41
4.50% The Ona plc € 2028 - 2034	16,000,000	4.22	44.94	29,758	8,719	51.62

05-Sep-22

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



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd 5 September 2022

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

The 2027 bonds are presently trading at a yield of 4.16%, which is *circa* 40 basis points higher than other corporate bonds maturing in the same year. The premium over FY2027 Malta Government Stock is 182 basis points.

PART 5 - EXPLANATORY DEFINITIONS AND REFERENCES

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including room reservations, food & beverage and other revenue streams.
Cost of sales	Direct costs include cost of food, beverages, consumables, labour expenses and all other direct expenses.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation & amortisation, finance costs, impairment provisions, share of results from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs and include general & administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of associates	The Guarantor owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the db Group, but the Guarantor's share of profit is shown in the profit and loss account under the heading 'share of results of associates'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Gross profit margin	Gross profit margin is the difference between revenue and direct costs expressed as a percentage of total revenue.
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities (room revenue, food & beverage, hotel services, etc) of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group 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. Such assets include intangible assets (including goodwill on acquisition), investments in associates (Malta Healthcare Caterers Ltd, Porto Azzurro Ltd, Sky Gourmet Ltd and Sky Gourmet Malta Inflight Services Ltd), property, plant & equipment (hotel properties), and deferred tax assets.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.

Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
Net assets per share	Is calculated by dividing the total net asset value of the company by the number of shares outstanding. Net asset value or book value represents a company's assets minus its liabilities and may be referred to as shareholders' funds or equity. The net asset value is the amount of money that shareholders would theoretically receive if a company liquidates all its assets after paying off all its liabilities (the company's net worth).
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.