

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by AX Investments p.l.c. (the “**Company**” or “**AX Investments**”) pursuant to the Capital Market Rules, as issued by the Malta Financial Services Authority:

Financial Analysis Summary of AX Investments p.l.c.
and of its Guarantor AX Group p.l.c.

The Board of Directors of the Company (the "Issuer") announces that the Financial Analysis Summary as at 28th April 2023, prepared by MZ Investment Services Limited, is being attached hereto and can also be viewed on the following online link to the Issuer’s web portal: <https://axinvestor-relations.mt/ax-investments/>



Dr. Ian Vella Galea
Company Secretary

28th April 2023

Company Announcement: AXI240

FINANCIAL ANALYSIS SUMMARY

28 APRIL 2023

Issuers

AX Group p.l.c.

(C 12271)

AX Investments p.l.c.

(C 27586)



MZ INVESTMENTS



The Directors
AX Group p.l.c.
AX Group, AX Business Centre
Triq id-Difiza Civili
Mosta MST 1741
Malta

28 April 2023

Dear Sirs,

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 on 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 AX Group p.l.c. (the “**Company**”, “**AX Group**”, or “**Group**”) and AX Investments p.l.c. (“**AX Investments**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data appertaining to AX Group and AX Investments for the most recent three financial years (ending 31 October 2020, 31 October 2021, and 31 October 2022) has been extracted from the respective audited consolidated annual financial statements.
- (b) The forecast data of AX Group and AX Investments for the current financial year ending 31 October 2023 has been provided by the Group.
- (c) Our commentary on the financial performance, cash flows, and financial position of AX Group and AX Investments is based on explanations provided by the Group.
- (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.



MZ INVESTMENTS

- (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 securities of AX Group and AX Investments 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 AX Group and AX Investments and therefore should not be interpreted as a recommendation to invest in any of these 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 professional advice before investing in these securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

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TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE GROUP.....	2
1. KEY ACTIVITIES	2
2. DIRECTORS AND EXECUTIVE MANAGEMENT	5
3. ORGANISATIONAL STRUCTURE	6
4. MAJOR PROPERTY ASSETS	7
5. SEGMENT INFORMATION	7
6. MAJOR COMMITTED PROJECTS	17
7. MARKET OVERVIEW	18
PART 2 – PERFORMANCE REVIEW	22
8. FINANCIAL INFORMATION RELATING TO AX GROUP	22
9. VARIANCE ANALYSIS	28
10. FINANCIAL INFORMATION RELATING TO AX INVESTMENTS.....	31
11. DEBT SECURITIES IN ISSUE	34
PART 3 – COMPARATIVE ANALYSIS.....	34
PART 4 – EXPLANATORY DEFINITIONS	36



PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

1.1 AX INVESTMENTS

The principal activity of AX Investments is to carry on the business of a finance and investment vehicle within AX Group. As a result, AX Investments is entirely dependent on AX Group as it does not itself carry on any trading activities apart from investing in other companies; acquiring, holding, and disposing of immovable or movable property; as well as raise capital on behalf of related companies within AX Group.

1.2 AX GROUP

AX Group is principally engaged in the provision of hospitality services, leisure, and entertainment (“**AX Hotels**”); retirement residences and elderly care (“**AX Care**”); property development (“**AX Development**”), construction and building materials (“**AX Construction**”); as well as ownership of real estate mainly through AX Real Estate p.l.c. (“**AX Real Estate**”).

The Group commenced its business in the 1970s, first as a property construction and development company before diversifying into the hotel industry in the 1980s through the launch of the Sunny Coast Resort & Spa and AX Odyce (formerly Seashells Resort at Suncrest), both located in Qawra.

Thereafter, AX Group continued to grow its hospitality division with the development of The Victoria Hotel and The Palace in 1996 and 2007 respectively, both located in Sliema. These were followed by the acquisition and restoration of two upmarket boutique properties located in Valletta – The Saint John (2015) and the Rosselli (2016).

Over the years, AX Construction and AX Development were entrusted with a number of major projects including the Valletta Cruise Port, the Group’s own hotels, the Verdala Mansions, Capua Hospital, is-Suq tal-Belt, the Hilltop Complex (which comprises the Hilltop Gardens Retirement Village and the Simblija Care Home), and the Parliament Building amongst others. Furthermore, AX Group gained specialisation in the restoration of various buildings which are also deemed to be among Malta’s most valuable from a cultural and historical perspective.

In FY2014 and FY2015, the Group developed the Hilltop Complex. These high-end properties offer independent living with access to a range of facilities and amenities as well as a 24-hour care and nursing home which provides intensive health support to dependent elderly residents.

In FY2016, AX Group increased its shareholding in Valletta Cruise Port p.l.c. to 36% from 24% for a total consideration of €3.9 million. The value of this investment, together with the Group’s shareholding interests in Imselliet Solar Limited (33%) and Hardrocks Estates Limited (50%) stood at €8.25 million as at 31 October 2022.



In November 2019, AX Group raised €25 million in unsecured bonds¹, the proceeds of which were mainly used for the acquisition of a site located in Marsa as well as the acquisition and development of Palazzo Lucia (formerly referred to as “41, Merchant Street”) which is located in Valletta. These acquisitions were completed in May 2020. Following extensive restoration and upgrading, Palazzo Lucia is expected to be inaugurated as a high-end office building leased to third parties in Q2 2023.

During FY2020, the Group was involved in the development of the Targa Gap Complex. The building houses the Group’s head office and also includes residential units, office space leased to third parties, as well as four levels of underground parking. All the 14 residential units that were placed on the market have been sold whilst the Group leases the remaining 7 units to third parties. Similarly, during FY2022, AX Group concluded the sale of the remaining units within Falcon House, Sliema, and leased the remaining office space to third parties. Falcon House is located adjacent to the Falcon House Complex and comprises two levels of office space, eight luxury apartments, and a penthouse.

In FY2021, the Group commenced civil works on the site previously occupied by the Grand Hotel Verdala. Following completion of all demolition works, the Group proceeded with the laying out of the foundations whilst construction works started in early 2022. It is expected that the new Verdala Hotel and adjoining 19 serviced apartments will be completed in shell form before the end of 2023 whilst the hotel will open for business in Q2 2024. The five-star Verdala Hotel will feature 42 luxury suites set up on a multi-level communal pyramidal atrium that will include all communal facilities and create a physical and visual corridor from Triq ir-Rghajja to the ridge views overlooking Malta.

As part of the Verdala Project, the Group is also developing the Verdala Terraces residential units which are earmarked for sale to third parties. The shell construction of the first block of apartments was finalised in September 2022 whilst civil works on the second residential block are at an advanced stage and are expected to be completed in May 2023. The show apartments will be ready in Q2 2023 accompanied by the launch on the market of a limited number of apartments. The overall cost of the Verdala project is estimated at €66 million.

In February 2022, AX Group listed AX Real Estate on the Malta Stock Exchange, with 25% of the company’s ordinary ‘A’ shares being taken up by the general public. Through this transaction, €13.6 million in new equity was raised. In conjunction with the share issue, AX Real Estate also issued €40 million unsecured bonds redeemable in 2032. The general public subscribed to €18.4 million of the bonds whilst the remaining €21.6 million was allocated to AX Group through the part conversion of an existing intra-group loan with AX Real Estate.

Also in 2022, AX Group acquired the La Ferla building which is situated in Tower Road c/w Tigné Street, Sliema, for a consideration of €2.3 million. The transaction was financed from accumulated reserves. Although the Group does not intend to redevelop this property imminently, it has started the process to obtain the necessary permits for the eventual redevelopment of the building.

¹ The €15 million 3.25% AX Group plc 2026 Series I and the €10 million 3.75% AX Group plc 2029 Series II.



After suspending its operations in Q4 2021, the extended and newly refurbished AX Odycy will reopen for business in May 2023 whilst the hotel's lido will be completed by the end of June 2023. The all-inclusive property will feature 599 guest rooms, 11 restaurants, extensive outdoor areas, as well as a roof bar and sky lounge. The overall cost of this project amounts to *circa* €72 million.

The Group's plans for its properties in Qawra envision two additional phases, one which will see the redevelopment of the Luzzu and Sunny Coast lido areas ("Qawra Project – Phase 2"), and a final phase which will focus on the demolition and rebuilding of the Sunny Coast Resort & Spa (Qawra Project – Phase 3). AX Group has the necessary planning permits for these projects, but related civil works will commence at a later stage.



2. DIRECTORS AND EXECUTIVE MANAGEMENT

2.1 BOARD OF DIRECTORS

The Board of Directors of AX Group consists of seven individuals who are entrusted with the overall direction, strategy, and management of the Group:

Angelo Xuereb	Chairman
Michael Warrington	Director and Chief Executive Officer
Denise Xuereb	Executive Director (Construction and Development)
Claire Zammit Xuereb	Executive Director (Hospitality and Care)
John Soler	Independent Non-Executive Director
Josef Formosa Gauci	Independent Non-Executive Director
Christopher Paris	Non-Executive Director

2.2 EXECUTIVE MANAGEMENT

The Executive Management team of AX Group is composed of the following individuals:

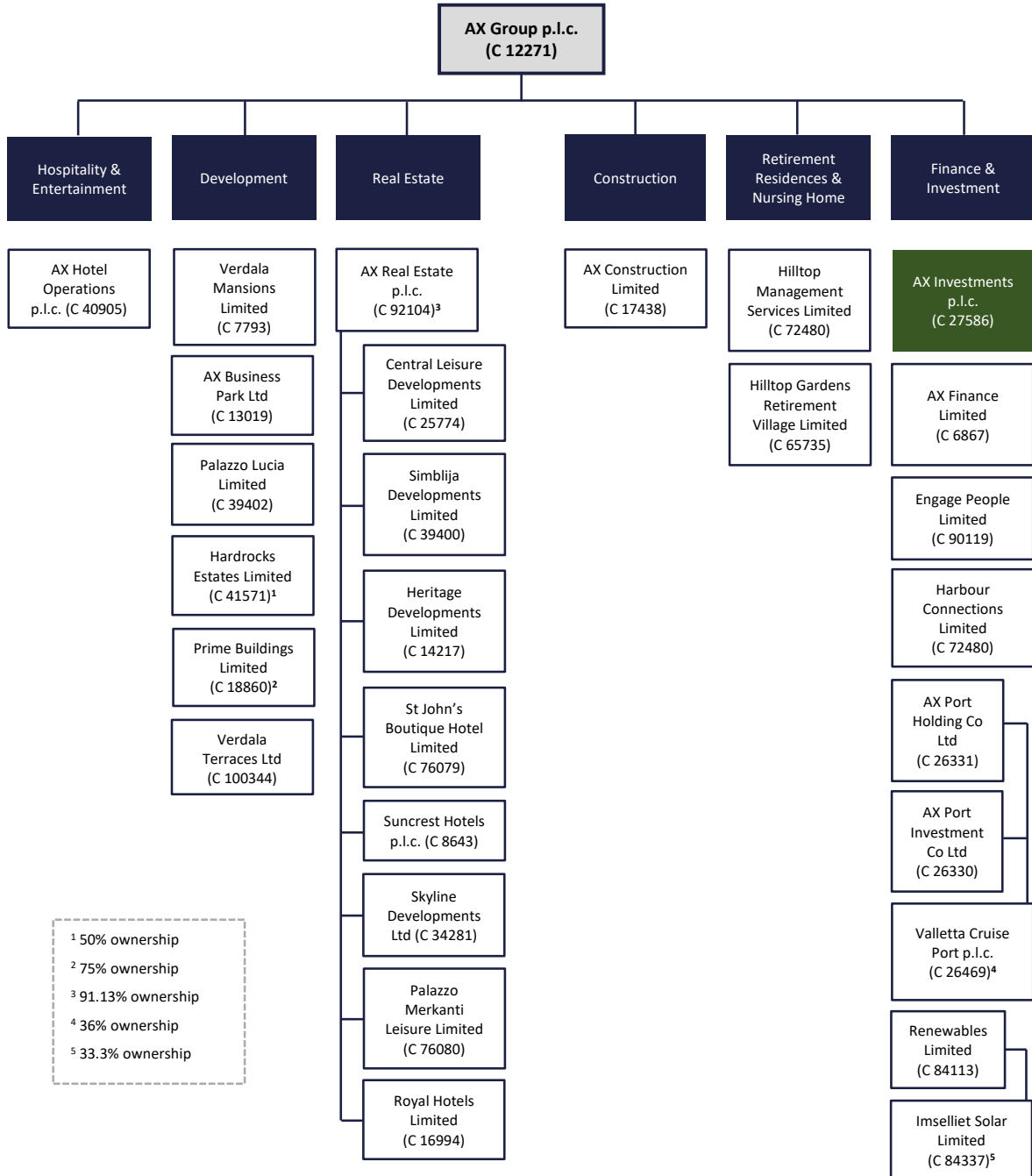
Michael Warrington	Director and Chief Executive Officer
Denise Xuereb	Executive Director (Construction and Development)
Claire Zammit Xuereb	Executive Director (Hospitality and Care)
Albert Bonello	Managing Director, Finance and Administration
David Wain	Chief Legal Officer
Caroline Schembri	Head of Administration
Josephine Grima	Head of Human Resources
Kevin Callus	General Manager, Sliema and Valletta hospitality properties
Joseph Vella	General Manager, Qawra hospitality properties
Jocelyn Cuomo	Head of Marketing and Public Relations
Lawrence Degabriele	Head of Information Technology

The average number of employees (including the Directors) during the 2022 financial year amounted to 684 persons (FY2021: 577).



3. ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the organisational structure of the Group:



During FY2021, the Group went through a reorganisation exercise with the aim of consolidating its main property letting activities under one entity – i.e., AX Real Estate. **A description of the operational activities of AX Real Estate, together with an analysis of the company’s performance and forecasts, is included in the Financial Analysis Report which is available at: <https://axinvestor-relations.mt/ax-real-estate/>.**



4. MAJOR PROPERTY ASSETS

The following is a list of the major property assets of the Group:

AX Group p.l.c.				
Principal Property Assets	FY2020	FY2021	FY2022	Revaluation FY2020 - FY2022
	€'000	€'000	€'000	€'000
Qawra Hotels (<i>AX Odycy, Sunny Coast Resort & Spa, and Luzzu Complex</i>)	93,468	93,469	111,150	(11,374)
Sliema Hotels (<i>The Palace and The Victoria Hotel</i>)	72,029	79,870	75,864	(1,748)
Hilltop Complex, Naxxar	45,158	47,485	48,585	6,438
Hotel Verdala & Verdala Terraces, Rabat	28,877	27,985	44,728	(1,347)
Valletta Hotels (<i>The Saint John and Rosselli</i>)	19,294	22,698	20,849	4,536
Tad-Dwiemes, Marsa	18,756	18,758	19,000	242
Targa Gap Complex, Mosta	12,244	12,615	10,715	1,947
Palazzo Capua, Sliema	8,687	8,940	9,300	766
Hard Rocks Warehouses, Burmarrad	6,349	6,950	7,600	827
Palazzo Lucia, Valletta	5,705	5,828	6,507	-
Villa Vistana, Mosta	3,800	5,250	5,250	1,533
Falcon House Offices, Sliema	-	4,320	5,050	4,067
La Ferla Building, Sliema	-	-	2,417	-
Other	14,672	12,321	10,644	(1,173)
	329,039	346,489	377,659	4,714

5. SEGMENT INFORMATION

The following is an analysis of the historic and forecasted performance of the Group's businesses:

AX Group p.l.c.				
Divisional Analysis	FY2020	FY2021	FY2022	FY2023
	Actual	Actual	Actual	Forecast
Turnover (€'000)	28,716	35,418	38,270	54,379
<i>Hospitality & entertainment (€'000)</i>	<i>15,378</i>	<i>14,382</i>	<i>22,793</i>	<i>38,805</i>
<i>Construction, building materials & property management (€'000)</i>	<i>6,040</i>	<i>6,466</i>	<i>7,025</i>	<i>7,038</i>
<i>Retirement residences & nursing home (€'000)</i>	<i>5,877</i>	<i>5,676</i>	<i>6,143</i>	<i>6,794</i>
<i>Real estate & rental income (€'000)</i>	<i>1,421</i>	<i>8,894</i>	<i>2,309</i>	<i>1,742</i>
Gross operating profit (€'000)	5,787	11,525	10,556	15,420
<i>Hospitality & entertainment (€'000)</i>	<i>3,350</i>	<i>4,885</i>	<i>7,961</i>	<i>12,722</i>
<i>Construction, building materials & property management (€'000)</i>	<i>586</i>	<i>572</i>	<i>630</i>	<i>582</i>
<i>Retirement residences & nursing home (€'000)</i>	<i>881</i>	<i>1,494</i>	<i>1,471</i>	<i>1,687</i>
<i>Real estate & rental income (€'000)</i>	<i>971</i>	<i>4,574</i>	<i>494</i>	<i>429</i>
Gross operating profit margin (%)	20.15	32.54	27.58	28.36
<i>Hospitality & entertainment (%)</i>	<i>21.78</i>	<i>33.97</i>	<i>34.93</i>	<i>32.78</i>
<i>Construction, building materials & property management (%)</i>	<i>9.70</i>	<i>8.85</i>	<i>8.97</i>	<i>8.27</i>
<i>Retirement residences & nursing home (%)</i>	<i>14.99</i>	<i>26.32</i>	<i>23.95</i>	<i>24.83</i>
<i>Real estate & rental income (%)</i>	<i>68.29</i>	<i>51.43</i>	<i>21.39</i>	<i>24.63</i>

Source: Management information.



5.1 HOSPITALITY & ENTERTAINMENT

AX Group p.l.c. Hospitality & Entertainment	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Turnover (€'000)	15,378	14,382	22,793	38,805
<i>Qawra Hotels (€'000)</i>	7,488	5,786	5,319	18,656
<i>Sliema Hotels (€'000)</i>	6,536	7,093	14,242	16,175
<i>Valletta Hotels (€'000)</i>	1,355	1,503	3,232	3,974
Gross operating profit (€'000)	3,350	4,885	7,961	12,722
<i>Qawra Hotels (€'000)</i>	1,859	2,006	1,675	6,244
<i>Sliema Hotels (€'000)</i>	1,529	2,516	5,663	5,802
<i>Valletta Hotels (€'000)</i>	(38)	363	623	676
Gross operating profit margin (%)	21.78	33.97	34.93	32.78
<i>Qawra Hotels (%)</i>	24.83	34.67	31.49	33.47
<i>Sliema Hotels (%)</i>	23.39	35.47	39.76	35.87
<i>Valletta Hotels (%)</i>	(2.83)	24.15	19.28	17.01
Revenue per available room (RevPAR)				
<i>Qawra Hotels (€)</i>	38	40	157	129
<i>Sliema Hotels (€)</i>	63	68	136	155
<i>Valletta Hotels (€)</i>	84	94	201	247
Gross operating profit per available room (GOPAR)				
<i>Qawra Hotels (€)</i>	9	14	49	43
<i>Sliema Hotels (€)</i>	15	24	54	56
<i>Valletta Hotels (€)</i>	(2)	23	39	42

Source: Management information.

QAWRA HOTELS

AX Odycy is a four-star hotel located on the Qawra seafront designed in a contemporary style. The hotel suspended its operations in Q4 2021 for the purpose of pursuing a major investment comprising the addition of four floors to the existing property which will increase the total number of rooms by a further 147 rooms to 599 rooms, as well as redevelop, upgrade, and extend the hotel's public areas. AX Odycy will resume operations in May 2023 and will feature various food and beverage outlets, from exquisite dining and laid-back seaside restaurants to family-friendly options and a convenient grab-and-go concept. The hotel will also include a panoramic lido spanning the entire length of the property.

The **Sunny Coast Resort & Spa** is a 92-room four-star aparthotel situated in Qawra that offers serviced self-catering apartments with resort facilities. It occupies a gross floor area measuring approximately 6,000 sqm. The property has operated in the vacation ownership market since 1983 but ceased such



activity on expiration of the timeshare contracts in December 2021. The Sunny Coast Resort & Spa features a restaurant, indoor and outdoor pools, spa and leisure facilities, as well as a fitness centre. Furthermore, the adjacent lido includes a number of restaurants which are leased out to independent third parties, an indoor swimming pool, a spa, an outdoor pool, and other sports facilities which are also leased to third parties.

The **Luzzu Complex** occupies a gross floor area of *circa* 2,250 sqm and comprises a seaside restaurant known as the 'Luzzu Restaurant,' a beach club (namely the 'Luzzu Lido'), and a recently refurbished conference centre which accommodates up to 300 delegates in theatre style and 450 guests in receptions.

THE QAWRA PROJECT

The redevelopment of the Group's properties in Qawra is being phased over a number of years as further explained hereunder.

Phase 1

Suncrest Hotels p.l.c. ceased operations in Q4 2021 for the purpose of constructing four additional floors to the existing property, as well as create new pools, restaurants, bars, and other facilities at the hotel. The standard of the new hotel will be set at a high level in line with the objectives of the Group's master plan to develop its Qawra Hotels into a key tourist destination.

In addition to the extension and refurbishment of the hotel, the lido at AX Odycy will include an underground car park. Furthermore, the lido will have a large pool that will eventually form part of a series of laguna pools over the three lido areas, as well as restaurants and bars to be operated by the AX Hotels brand.

As a result of variances due to design and specification changes, as well as inflationary pressures, the full development and refurbishment cost of the Qawra Project – Phase 1 is expected to exceed the Group's initial budget of *circa* €52 million by €20 million (or +38.5%), with the total cost now expected to amount to approximately €72 million. Out of the said €72 million, an amount of €19.3 million is being funded by AX Hotel Operations p.l.c.

Apart from inflationary pressures, the overrun in capital expenditure relates mainly, but not limitedly, to the following factors:

- (i) Variations in contracts as a result of an increase or change in scope of works, including a change in the use of material originally agreed upon and re-plastering of the full façade of the hotel rather than merely the new floors.
- (ii) Unplanned costs that were identified following commencement of works, including the re-building of a number of balconies due to structural issues and higher professional fees.



- (iii) Other costs that were not considered in the initial budget including site enablement costs for the extension of the hotel, professional fees for the construction of the lido, and an additional contingency for the construction of the lido.

Phases 2 & 3

The Group has obtained an outline development permit for the Sunny Coast Lido and the Luzzu Complex (Qawra Project – Phase 2), as well as a full development permit for the Sunny Coast Resort & Spa (Qawra Project – Phase 3). The plans for the Sunny Coast Resort & Spa comprise the demolition of the existing building and the construction of a 200-unit aparthotel with food, beverage, and leisure facilities. Furthermore, the underground car park, the lidos at Sunny Coast and Luzzu Complex, as well as the adjacent commercial outlets will be linked to Phase 1 of the Qawra Project.

There are presently no firm timelines for the commencement of the project's next phases, although it is envisaged that works will commence in the foreseeable future subject to the Group obtaining the necessary funding and having the required resources to commence works.

SLIEMA HOTELS

The Palace is a luxurious 144-room five-star city hotel located in a prime location in Sliema that has a strong appeal to business travellers owing to its extensive conference and events facilities. The hotel, which opened its doors for business in 2007, marked AX Group's first investment in the five-star hotel segment. The Palace offers a wide range of facilities to its guests, including five restaurants, an outdoor infinity pool on the rooftop terrace, a freshwater indoor pool, a steam and sauna room, as well as spa, health and fitness centre. The hotel has an underground car park common with The Victoria Hotel.

The Victoria Hotel is a 142-room Victorian-style hotel located in the heart of Sliema. The hotel, which is marketed as a classical five-star experience in a four-star accommodation, opened for business in 1997 and was last refurbished in 2018. The hotel features elegant rooms, outdoor and indoor pools, a steam and sauna room, spa facilities, a health and fitness centre, as well as multi-purpose conference halls. It also houses the Copperfields Restaurant and the Penny Black bar. The hotel has an underground car park accessible from the entrance to The Palace car park which can accommodate up to 108 cars.

The proximity between The Palace and The Victoria Hotel allows the two properties to centralise their management function and share many of the fixed cost elements to maximise efficiencies and returns.

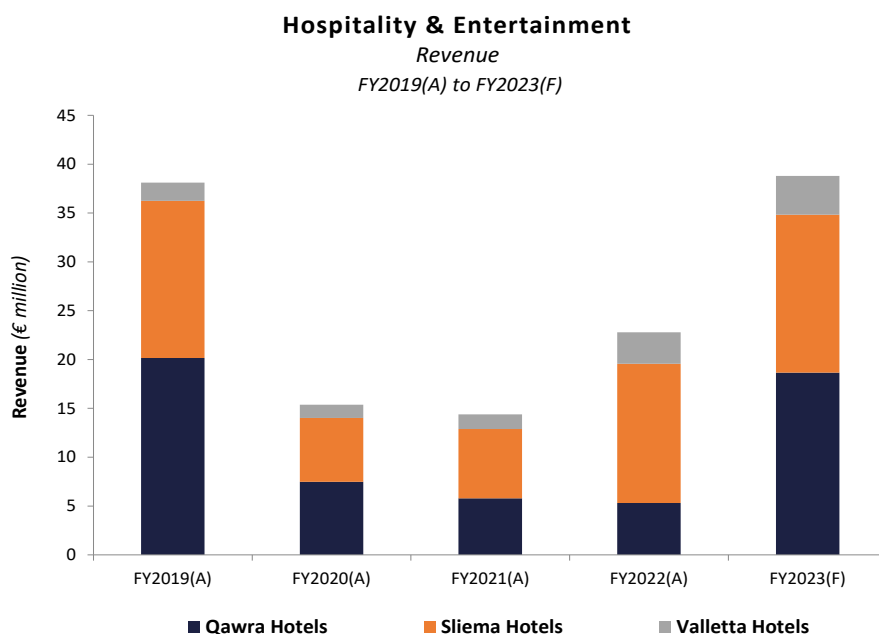
VALLETTA HOTELS

St. John's Boutique Hotel Limited is the owner of **The Saint John** – a 19-room boutique hotel located in Merchants Street, Valletta. Once a former merchant's residence and shop, The Saint John was refashioned into a modern hospitable setting while preserving the building's rich historical fabric. Each of the 19 rooms exude an urban industrial feel with exposed brick and natural materials, combining on-trend style with luxury and the latest in-room technology. The boutique hotel features two private



meeting rooms accommodating 16 in-theatre style or eight as a board room which are ideal for the frequent business traveller who needs to make use of desk space in an office-like setting during his stay. The Saint John is also home to two catering establishments, namely ‘Cheeky Monkey Gastropub’ and ‘Cheeky Monkey Creperie’.

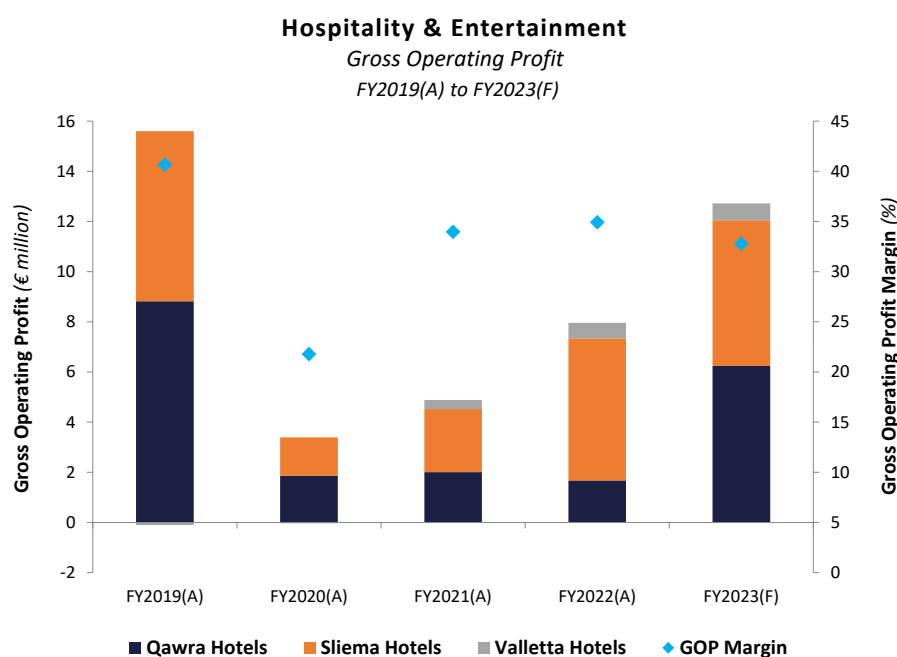
Palazzo Merkanti Leisure Limited holds the **Rosselli** under the title of temporary emphyteusis subject to an annual ground rent of just under €14,000. The 25-room five-star boutique hotel opened for business in May 2019 and is one of the most prestigious old palazzos in Valletta. The Rosselli is housed in a luxurious property displaying a fusion of traditional and contemporary design complemented by an advanced suite of technology services for guests. Apart from a three-level restaurant with varied cuisine genres – namely ‘Under Grain’, ‘Grain’, and ‘Over Grain’ which offer customers refined culinary experiences on each level with ‘Under Grain’ having been one of the first to have clinched a Michelin Star in Malta – the boutique hotel has a rooftop terrace and swimming pool. Additionally, hotel butler service is available at providing a tailor-made experience for guests staying at the Rosselli.



The performance of the Group’s hospitality and entertainment division was severely dented during the COVID-19 pandemic in FY2020 and FY2021. Revenue generated during this period stood at *circa* 40% of the income reported in FY2019, while gross operating profit (“GOP”) was lower by 78% and 68% in FY2020 and FY2021 respectively compared to FY2019.

The first signs of the recovery started to emerge in FY2022 as total turnover generated by the Group’s hotels rebounded by 58.5% to €22.8 million (FY2021: €14.4 million) despite the closure of AX Odyce in Q4 2021. Revenues generated by the hotels located in Sliema and Valletta doubled in FY2022 to €14.2 million (FY2021: €7.09 million) and €3.23 million (FY2021: €1.5 million) respectively reflecting sharp increases in RevPAR and GOPAR. In contrast, the income generated from the Qawra properties eased by 8.1% to €5.32 million compared to €5.79 million in FY2021, reflecting the temporary closure of AX Odyce.





The Group expects a significant improvement in performance in FY2023 as revenues are projected to surge by 70.2% to €38.8 million, notwithstanding the contribution of only six months from the newly extended and refurbished AX Odycy hotel. The sharpest uplift in income is expected to emanate from the Group's Qawra properties which, in aggregate, are anticipated to generate €18.7 million in revenues. Similarly, the Sliema and Valletta hotels are also expected to register double-digit growth in income to €16.2 million and €3.97 million respectively.

Overall, AX Group is anticipating a GOP of €12.7 million from its hospitality and entertainment division in FY2023 which, in turn, would translate into a GOP margin of 33%. Although the Valletta hotels are anticipated to have the highest RevPAR at €247 (Qawra: €146; Sliema: €155), in terms of GOPAR, the Sliema hotels (€56) are anticipated to surpass all other hotel properties (Qawra: €53; Valletta: €42).

5.2 CONSTRUCTION, BUILDING MATERIALS & PROPERTY MANAGEMENT

The activities related to construction, building materials, and property management have historically been the second largest business segment of the Group. These divisions also comprise civil engineering, turnkey assignments, project management, as well as the restoration of buildings. Any related party revenue is eliminated upon consolidation and, as such, is not included in the consolidated information provided in the financial statements.

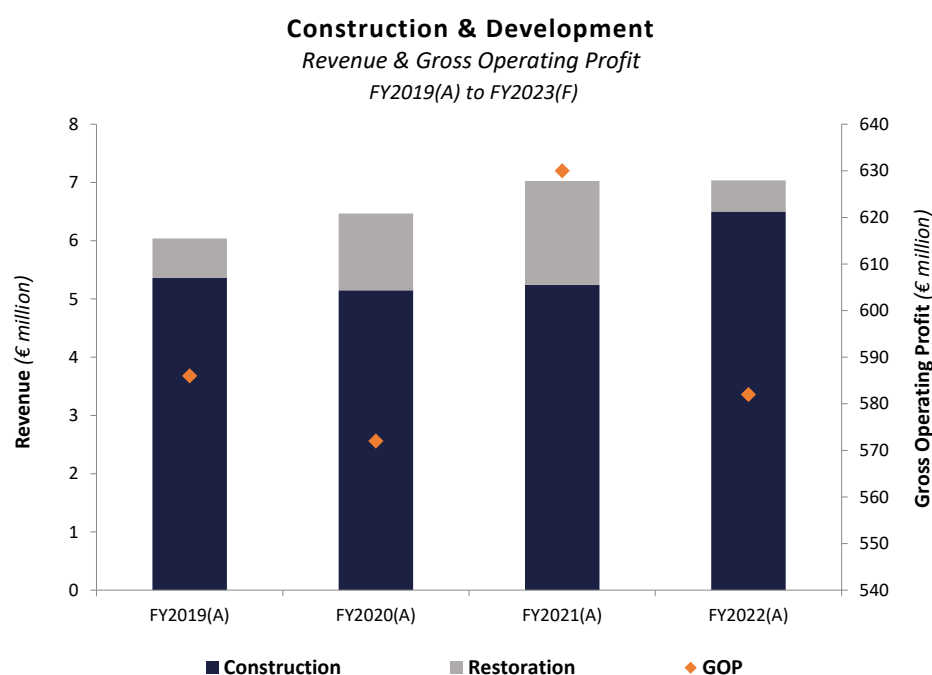
During the historical period under review, turnover increased each year reflecting the growth recorded by the restoration division. Whilst income from construction activity remained stable between FY2020 and FY2022, the contribution from the restoration division almost doubled to €1.32 million in FY2021 compared to €0.68 million in FY2020. Furthermore, the income generated by the restoration division increased by a further 35.4% to €1.78 million in FY2022.



Overall, AX Group generated a GOP of €0.63 million in FY2022 from its construction, building materials, and property management divisions (FY2021: €0.57 million) which in turn translated into a GOP margin of 9%.

AX Group p.l.c.				FY2023 Forecast €'000
Construction, Building Materials & Property Management	FY2020 Actual €'000	FY2021 Actual €'000	FY2022 Actual €'000	
Turnover	6,040	6,466	7,025	7,038
Construction	5,360	5,148	5,241	6,500
Restoration	680	1,318	1,784	538
Gross operating profit	586	572	630	582
Gross operating profit margin (%)	9.70	8.85	8.97	8.27

For FY2023, these divisions are expecting to generate aggregate revenues of €7.04 million which is broadly unchanged when compared to the prior year. Income from construction activity is anticipated to grow by 24% to €6.5 million (FY2022: €5.24 million) as the works in relation to the extension of the visitors' centre at the St John's Co-Cathedral in Valletta gather further momentum. On the other hand, income from restoration projects is expected to contract sharply to just €0.54 million reflecting the completion of the works at the Maritime Museum in Vittoriosa, as well as the Oratory of the Jesuits' Church in Valletta.



5.3 HILLTOP COMPLEX

The **Hilltop Gardens Retirement Village** is a retirement village comprising private residences in the form of one or two-bedroom self-catering apartments and penthouses which are finished to very high standards with landscaped gardens and complimentary facilities. The complex includes a spa, hair salon, swimming pool, restaurant, crafts centre, indoor and outdoor kids play areas, library, common room and hall, chapel, and underground parking. A reception desk and 24-hour security personnel complement the residences. Residents may also request certain services that are provided at a charge, including cleaning, repairs and maintenance of apartments, as well as preparation and delivery of meals. The setup of the residences allows residents to live independently within a secure community knowing that care is at hand should the need arise. The Hilltop Gardens Retirement Village welcomed its first residents in January 2016 and by August 2018, all 133 apartments in the village had been occupied on leases for definite periods ranging from one month to 50 years by individuals who at the time of taking up residence must be over 55 years of age.

Subject to obtaining the necessary development permits, it is the intention of the Group to construct 50 additional residential units across two additional floors intended for lease in line with the business model of the Hilltop Gardens Retirement Village. No specific date has been set for this project.

The **Simblija Care Home** is a 155-bed care home which provides nursing care to the more dependent elderly residents. It also operates the Revive Physiotherapy Centre which has its own fully equipped state-of-the-art hydrotherapy pool; dedicated services and amenities for short term respite care, convalescence, and post-operative recovery; as well as a specialised dementia ward offering support and assistive technology specifically selected and installed for residents with dementia.

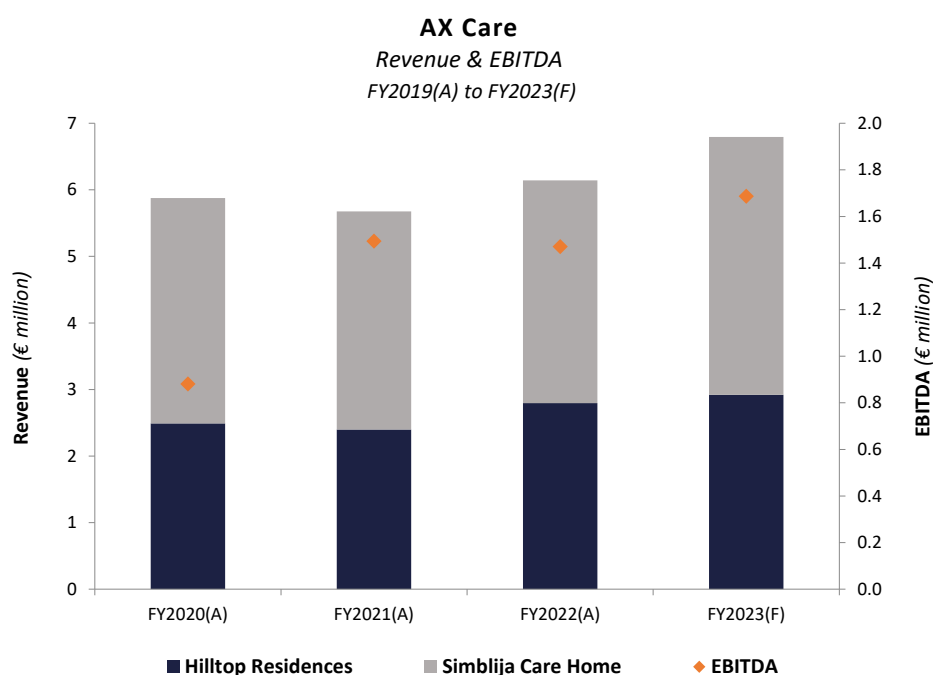
AX Group p.l.c. Hilltop Complex	FY2020 Actual €'000	FY2021 Actual €'000	FY2022 Actual €'000	FY2023 Forecast €'000
Residences & other income	2,492	2,400	2,796	2,919
Nursing home	3,385	3,276	3,347	3,875
Total Revenue	5,877	5,676	6,143	6,794
Direct costs	(3,119)	(2,765)	(3,414)	(3,889)
Other costs	(1,877)	(1,417)	(1,258)	(1,218)
EBITDA	881	1,494	1,471	1,687
EBITDA margin (%)	14.99	26.32	23.95	24.83

The independent units at Hilltop Gardens Retirement Village were virtually fully occupied throughout the period under review. Although income was stable in FY2020 and FY2021, it surged by 16.5% to just under €2.8 million in FY2022 compared to €2.4 million in FY2021. In FY2023, revenue is expected to grow by 4.4% to €2.92 million.



The operational performance of the Simblija Care Home in FY2020 and FY2021 was adversely impacted by the various restrictions and measures imposed by the health authorities to contain the spread of the COVID-19 pandemic. In addition, the nursing home experienced challenges in achieving budgeted occupancy levels.

Although the effects of the COVID-19 pandemic continued to be felt during FY2022, overall occupancy moved closer to pre-pandemic level. Indeed, revenues of the Care Home increased by 2.2% to €3.35 million (FY2021: €3.28 million) and it is expected that for the current financial year (FY2023), income should grow by 15.8% to €3.88 million.



Overall, total revenues generated by AX Care in FY2022 increased by 8.2% to €6.14 million compared to €5.68 million in the prior financial year. Notwithstanding, EBITDA contracted marginally to €1.47 million (FY2021: €1.49 million) as the Group experienced a marked increase in overheads primarily on account of the impact of high inflation on food costs as well as personnel costs. As a result, the EBITDA margin declined to 24% compared to 26.3% in FY2021.

For FY2023, AX Care is anticipating total revenues to grow by 10.6% to €6.79 million. Furthermore, on the back of improved operational efficiencies, EBITDA is expected to increase by 14.7% to €1.69 million thus resulting in a higher EBITDA margin of 24.8%.

5.4 REAL ESTATE & RENTAL INCOME

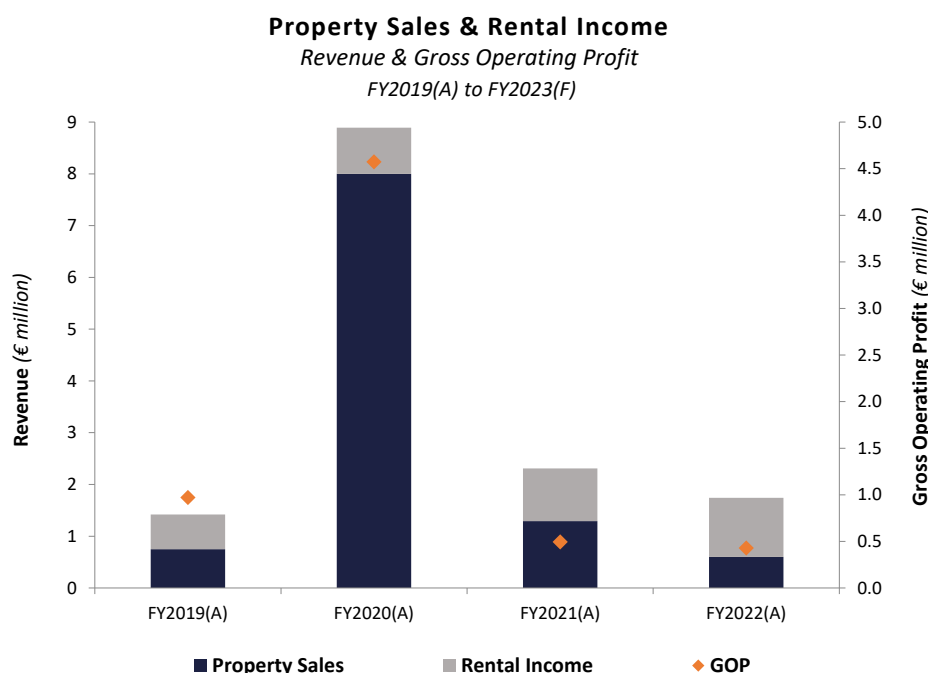
Between FY2020 and FY2022, AX Group completed the Targa Gap Complex and the Falcon House project, and either leased or sold all the residential units and commercial/office space that were placed on the market. As a result, income from the sale of property peaked at €8 million in FY2021 (FY2020: €0.75 million) before dropping to €1.29 million in the 2022 financial year. Furthermore, rental income



surged by 33.2% to €0.89 million in FY2021 (FY2020: €0.67 million) and increased by a further 13.8% to €1.02 million in FY2022.

AX Group p.l.c.				FY2023 Forecast €'000
Real Estate & Rental Income	FY2020 Actual €'000	FY2021 Actual €'000	FY2022 Actual €'000	
Turnover	1,421	8,894	2,309	1,742
Real estate	750	8,000	1,292	600
Rental income	671	894	1,017	1,142
Gross operating profit	971	4,574	494	429
Gross operating profit margin (%)	68.29	51.43	21.39	24.63

Overall, AX Group generated total revenues of €12.6 million from its real estate and rental activities between FY2020 and FY2022 which filtered into a GOP of €6.04 million.



For FY2023, AX Group is expecting to generate €1.74 million in income from its real estate and rental activities which would filter into a GOP of €0.43 million translating into a GOP margin of 24.6% (FY2022: 21.4%). The major contributor in terms of revenue is anticipated to be the Group's rental division as lease income is forecasted to increase by 12.3% to €1.14 million. The properties leased by the Group to third parties mainly comprise 9 warehouses in Burmarrad; residential units and commercial/office

space at Targe Gap Complex; the Imselliet quarry; food and beverage outlets adjacent to the Sunny Coast Resort & Spa; Villa Vistana; office space at Falcon House; and residential units at Tal-Virtu.

6. MAJOR COMMITTED PROJECTS

The following is a list of the Group’s major investments for the coming years:

Expected Year of Commencement and Completion	Development	Planning Process Status	Approximate Investment
2021 – 2024	<p>Verdala Site, Rabat</p> <p>The Group is currently redeveloping the site that was previously occupied by the Grand Hotel Verdala. The project comprises the construction and operation of the Verdala Hotel and adjacent serviced apartments, as well as the construction of the Verdala Terraces residential units which will be placed on the market for sale to third parties.</p>	Full development permit in hand.	€66 million
2025 – 2026	<p>Hilltop Gardens Retirement Village</p> <p>The Group plans on adding further units for lease or rental at the Hilltop Gardens Retirement Village.</p>	Permit application submitted but is pending approval.	€8 million
2028 – 2029	<p>Qawra Project – Phase 2 and 3</p> <p>The Group plans to demolish and rebuild the Sunny Coast Resort & Spa in Qawra.</p>	Outline development permit in hand. The Group has submitted the relevant application for a full development permit.	€70 million



7. MARKET OVERVIEW

7.1 ECONOMIC UPDATE

In 2022, real GDP growth reached 6.9%², which is higher than the 5.7% projected in autumn (*Reference: European Economic Forecast, November 2022, European Commission Institutional Paper 187, page 104*). The economy showed strong growth in both private and public consumption, which were partially offset by a decrease in gross fixed capital formation. In addition to strong performance by the services sectors in general, the export of tourism services in 2022 rebounded quickly, both in terms of total number of visitors and tourism expenditures, contributing to overall positive economic results.

In 2023, real GDP is forecast to grow at a slower pace, by 3.1%, following a wider economic slowdown in Malta's main trading partners. In 2024, real GDP growth is expected to reach 3.7%, supported by net exports and growth in domestic demand. The strong impulse to growth from the recovery in tourism is however set to moderate in 2024, as tourist flows approach pre-pandemic levels.

Harmonised Index of Consumer Prices (HICP) inflation in 2022 reached 6.1%, despite energy prices being kept at 2020 level by government intervention. The Maltese authorities announced that they will continue limiting energy inflation in 2023 and 2024. Nonetheless, inflation in 2023 is set to remain elevated at 4.3%, due to continuing pressures in food, transport, and imported goods prices. In 2024, inflation is expected to subside to 2.4% as imported price pressures are also set to moderate.³

7.2 HOSPITALITY⁴

In 2022, the number of inbound tourists increased considerably over 2021, reaching 2,286,597 (2021: 968,136 visitors) but still remained 17% below 2019 pre-pandemic level (2019: 2,753,239 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 other visitors also increased.

The total number of guest nights that tourists spent in Malta during 2022 increased to around 16.6 million from 8.4 million a year earlier (+98%), but 14% less than the level recorded in 2019 (19.3 million guest nights). Guest nights at collective accommodation made up 52% of the aggregate (2021: 49%), while rented accommodation (other than collective accommodation) held a 48% share (2021: 51%).

The total occupancy rate in collective accommodation establishments during 2022 rose to 53.3%, from 33.2% a year earlier. However, it remained below that recorded in 2019, when it had reached 65.7%. All categories reported increases in their occupancy rates over 2021, with the 2-star category registering the largest increase – of 24.3 percentage points. This was followed by a rise of 23.0 percentage points in the 4-star category. Meanwhile, the smallest increase – of 13.6 percentage points – was registered in the 'other' collective accommodation category. Occupancy rates remained below

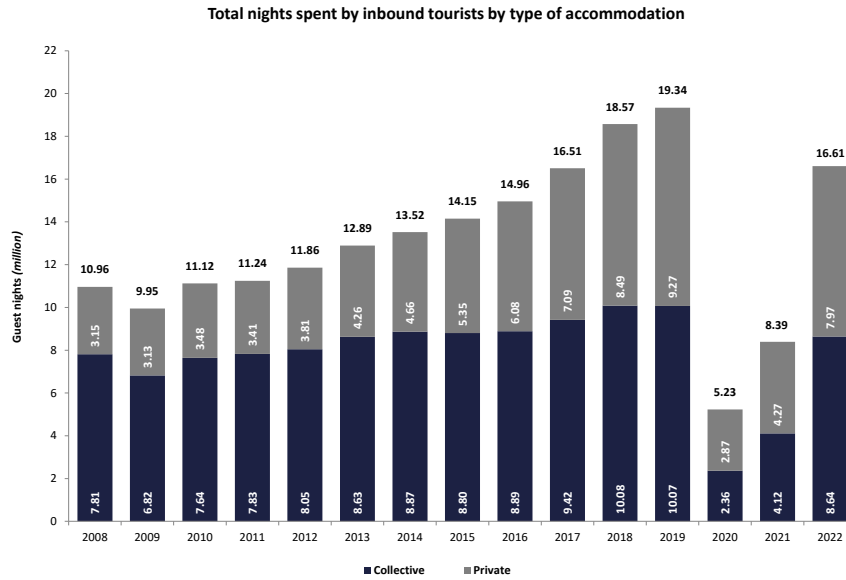
² National Statistics Office Malta – News Release 036/2023.

³ European Economic Forecast – Winter 2023 (*European Commission Institutional Paper 194 Feb 2023*).

⁴ National Statistics Office Malta – News Release 019/2022 and 033/2022

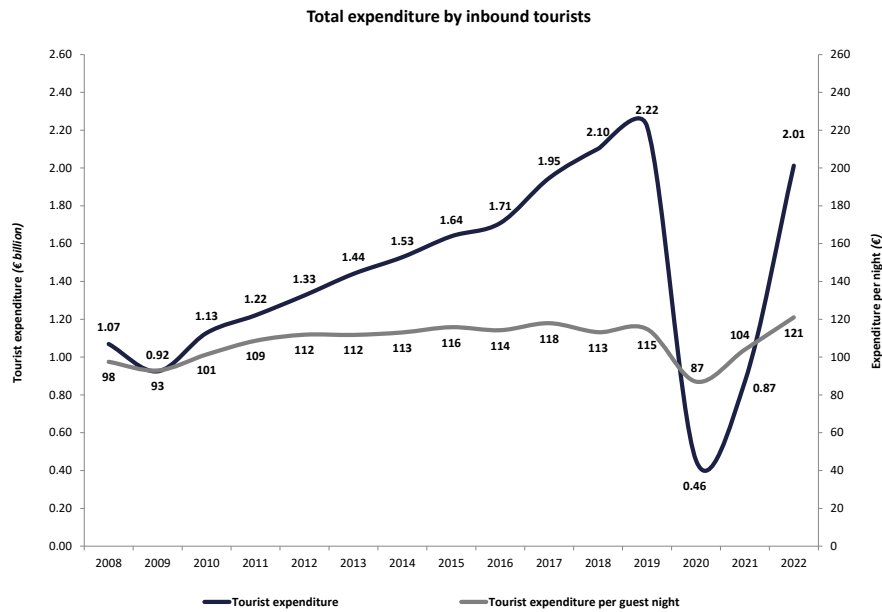


those prevailing before the pandemic, with the most significant gap recorded among 5-star hotels, while in 2-star establishments the rate has almost converged to that prevailing then.⁵



Source: National Statistics Office Malta

Tourist expenditure in Malta more than doubled in 2022 to €2,012.5 million compared to the prior year (2021: €870.7 million). Total spending was just 9% below the level registered in the corresponding period of 2019. Expenditure per capita decreased by 2% from €899 in 2021 to €880 in 2022 (2019: €807), while average length of stay also decreased from 8.7 nights in 2021 to 7.3 nights in 2022 (2019: 7.0 nights).



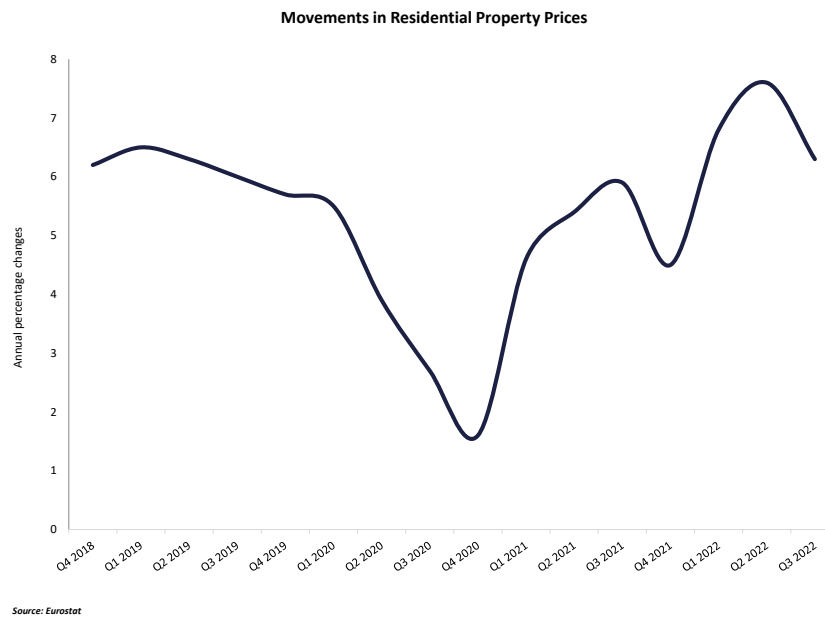
Source: National Statistics Office Malta

⁵ National Statistics Office Malta – News Release 040/2023.



7.3 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 6.3% in the third quarter of 2022, from 7.6% in the second quarter of 2022 (see chart below). House price inflation in Malta remained below that in the euro area, where prices increased at an annual rate of 6.9%.



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.⁶

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 €3,155.3 million, an increase of 48% 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%).⁷

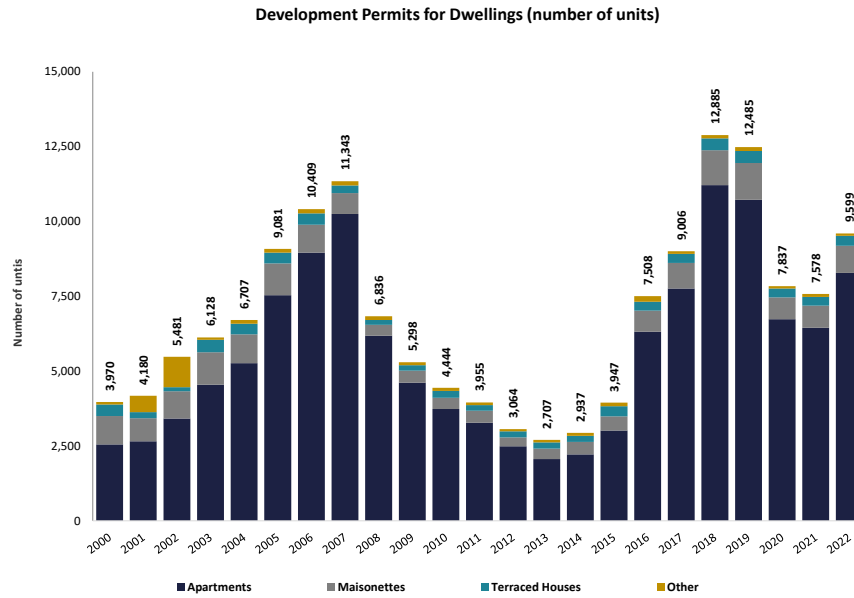
The number of residential building permits issued in 2022 amounted to 1,271 permits (2021: 1,633 permits) for the development of 9,599 residential units (2021: 7,578 residential units). As shown in the

⁶ Central Bank of Malta Quarterly Review (2023 Vol. 56 No. 1; page 43).

⁷ National Statistics Office Malta – News Release 006/2023.



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 2018.⁸



7.4 LONG-TERM CARE

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 period⁹. 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.

⁸ <https://www.centralbankmalta.org/real-economy-indicators> (*Development Permits for Dwellings, by Type*).

⁹ National Statistics Office Malta – News Release 122/2021



PART 2 – PERFORMANCE REVIEW

8. FINANCIAL INFORMATION RELATING TO AX GROUP

The following financial information is extracted from the audited consolidated annual financial statements of AX Group for the financial years ended 31 October 2020, 31 October 2021, and 31 October 2022.

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

Moreover, the estimates for the projected financial year assume that the carrying values of hotel and investment properties will not be revalued upwards or impaired, and therefore no adjustment has been made as to possible uplifts or impairments in value of assets which can materially affect the consolidated income statement and the balance sheet values.

AX Group p.l.c. Statement of Total Comprehensive Income for the financial year 31 October	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000
Revenue	29,056	35,806	38,443	54,997
Net operating expenses	(26,436)	(29,026)	(31,223)	(43,444)
EBITDA	2,620	6,779	7,220	11,553
Depreciation	(7,087)	(6,815)	(6,916)	(8,497)
Adjusted operating profit / (loss)	(4,467)	(35)	304	3,056
Investment property revaluation	-	4,965	1,669	-
Operating profit / (loss)	(4,467)	4,929	1,974	3,056
Share of results of associated undertakings	(321)	541	849	646
Finance income	-	28	83	115
Finance costs	(3,442)	(4,044)	(4,209)	(5,746)
Profit / (loss) before tax	(8,230)	1,455	(1,303)	(1,929)
Taxation	340	473	1,054	(769)
Profit / (loss) after tax	(7,890)	1,928	(249)	(2,698)
Other comprehensive income				
Gain / (loss) on property revaluation	(14,922)	16,589	(3,587)	-
Taxation	1,532	1,581	2,055	-
	(13,390)	18,170	(1,532)	-
Total comprehensive income / (expense)	(21,280)	20,098	(1,781)	(2,698)



Key Financial Ratios	FY2020	FY2021	FY2022	FY2023
	Actual	Actual	Actual	Forecast
EBITDA margin (%) <i>(EBITDA / revenue)</i>	9.02	18.93	18.78	21.01
Adjusted operating profit margin (%) <i>(Adjusted operating profit / revenue)</i>	(15.37)	(0.10)	0.79	5.56
Net profit margin (%) <i>(Profit after tax / revenue)</i>	(27.15)	5.38	(0.65)	(4.91)
Return on equity (%) <i>(Profit after tax / average equity)</i>	(3.46)	0.85	(0.10)	(1.10)
Return on assets (%) <i>(Profit after tax / average assets)</i>	(2.25)	0.53	(0.06)	(0.59)
Return on invested capital (%) <i>(Adjusted operating profit / average equity and net debt)</i>	(1.53)	(0.01)	0.09	0.78
Interest cover (<i>times</i>) <i>(EBITDA / net finance costs)</i>	0.76	1.69	1.75	2.05

In **FY2020**, total revenues decreased by €23.1 million to €29.1 million (FY2019: €52.2 million) reflecting the adverse impact of the COVID-19 pandemic on the Group's hospitality and leisure operations. In contrast, revenue generated from construction increased by €1.2 million to €6.0 million whilst the Group also generated €0.75 million from the sale of property (FY2019: nil). Income from the healthcare division was broadly unchanged at €5.9 million when compared to the prior financial year.

As a result of the sharp contraction in tourism and leisure activity, EBITDA decreased by €14.0 million to €2.62 million (FY2019: €16.6 million). After accounting for depreciation of €7.09 million (FY2019: €6.6 million), net finance costs of €3.44 million (FY2019: €3.0 million) and the share of loss of €0.32 million of associate undertakings, the Group registered a loss before tax of €8.23 million compared to a profit of €6.4 million in FY2019.

The loss after tax amounted to €7.89 million compared to a profit of €4.6 million in FY2019. During FY2020, the Group reversed €14.9 million of revaluation surplus on land and buildings (net of deferred tax amounted to €13.4 million). Total comprehensive expense in FY2020 amounted to €21.3 million compared to a total comprehensive income of €21.8 million in FY2019.

In FY2020, the EBITDA margin declined to 9.02% (FY2019: 32%) whilst the interest cover stood at 0.76 times compared to 5.55 times in FY2019.

In **FY2021**, total revenues rebounded by 23.2% (or +€6.75 million) to €35.8 million primarily on the back of the income generated from the sale of residential units at Targa Gap Complex and Falcon House.

Malta's rapid vaccination programme launched in May 2021 led to the gradual easing of a number of restrictions which benefitted the operations of the Group's hospitality division. As a result, AX Hotels



experienced a steady improvement in operational performance particularly during the summer months. Nonetheless, revenue generated from hospitality for the full year decreased by €1.0 million to €14.4 million compared to €15.4 million in the 2020 financial year.

EBITDA improved considerably in FY2021 and amounted to €6.78 million and translated into an EBITDA margin of 18.9%. Furthermore, although net finance costs increased by 16.7% to €4.02 million, in view of the upsurge in EBITDA, the interest cover improved to 1.69 times. Meanwhile, as AX Group recorded an uplift of €4.97 million in the fair value of its investment property, coupled with the contribution of €0.54 million from associated undertaking, the Company reported a pre-tax profit of €1.46 million and a net profit €1.93 million. The total comprehensive income for the year amounted to €20.1 million and was boosted by the gains of €16.6 million on property revaluations.

In **FY2022**, total revenues increased by 7.36% to €38.4 million largely reflecting the encouraging rebound in tourism throughout the year despite the sharp rise in the number of cases related to the Omicron variant which peaked in late 2021 and early 2022. Furthermore, the Group recorded higher revenues from the Hilltop Complex and from its activities in the construction, building materials and property management segment. In contrast, the real estate and rental income division recorded a drop in revenues in view of the material one-time property sales accounted for in the 2021 financial year.

The EBITDA of €7.22 million generated in FY2022 translated into a margin of 18.8% whilst the interest cover improved to 1.75 times. Nonetheless, the Group still recorded a pre-tax loss of €1.3 million as the increase in EBITDA and the higher contribution from associate undertakings were dented by the marginal increase in depreciation charges and the lower amount of fair value gains when compared to the prior year. Overall, AX Group posted a net loss of €0.25 million and a total comprehensive expense of €1.78 million.

For **FY2023**, the Company is anticipating total revenues to surge by 43.1% to €55.0 million reflecting the further recovery in tourism as well as the six-month contribution from AX Odycy which will reopen for business in May 2023. Moreover, despite the adverse impact of high inflation on costs and operating efficiencies, AX Group is expecting EBITDA to grow by 60.0% to €11.6 million, thus leading to an improved EBITDA margin of 21.01%. Likewise, the Group is forecasting a material increase in adjusted operating profit to €3.01 million compared to just €0.3 million in FY2022, which in turn would translate into an adjusted operating profit margin of 5.56% (FY2022: 0.79%).

Despite the strong rebound in business activity, the Company is forecasting a loss before tax of €1.9 million. The improvement in operational performance is expected to be undermined by the higher level of depreciation charges (+22.9% to €8.5 million) reflecting the significant capital expenditure on AX Odycy, as well as the 36.5% increase in net finance costs to €5.63 million. However, in view of the stronger increase in EBITDA, the interest cover is anticipated to increase to 2.05 times. Overall, AX Group is projecting a net loss for the year of €2.70 million.



AX Group p.l.c.				
Statement of Cash Flows				
for the financial year 31 October				
	2020	2021	2022	
	Actual	Actual	Actual	
	€'000	€'000	€'000	
			2023	
			Forecast	
			€'000	
Net cash from / (used in) operating activities	(588)	2,959	(4,489)	(25,357)
Net cash used in investing activities	(20,653)	(6,725)	(32,363)	(50,276)
Net cash from financing activities	19,500	7,644	42,719	74,234
Net movement in cash and cash equivalents	(1,741)	3,878	5,867	(1,399)
Cash and cash equivalents at beginning of year	1,575	(166)	3,712	9,579
Cash and cash equivalents at end of year	(166)	3,712	9,579	8,180

In **FY2021**, net cash from operating activities amounted to €2.96 million compared to a negative €0.59 million in the prior year, on account of an increase in operational activities particularly from the real estate division. Furthermore, the Company's cash flows during the year benefitted from a lower cash flows used in investing activities (€6.73 million compared to €20.7 million in FY2020) albeit AX Group only raised €7.64 million in cash flows from financing activities compared to €19.5 million in the prior year. Overall, the Group's cash position improved from negative €0.17 million as at the end of FY2020 to a positive balance of €3.71 million as at 31 October 2021.

In **FY2022**, the Group used €4.49 million in cash flows for its operating activities largely reflecting the material negative movement in inventories which offset the favourable movement in trade and other payables. However, as the Company raised €42.7 million from its financing activities which outweighed the cash outflows of €32.4 million in investing activities, AX Group ended the 2022 financial year with a higher cash balance of €9.58 million compared to €3.71 million as at 31 October 2021.

For **FY2023**, AX Group is forecasting a net cash outflow of €25.4 million in its operating activities largely reflecting material negative movements in working capital and inventories. Furthermore, the Company is expecting to use €50.3 million in its investing activities amid the completion of the Qawra Project – Phase 1 as well as the continuation of the redevelopment of the Verdala hotel. Nonetheless, as AX Group is forecasting a cash inflow of €74.2 million from its financing activities, the Company is estimating to end the 2023 financial year with a cash balance of €8.18 million which would be 14.6% lower than the balance of €9.58 million as at 31 October 2022.



AX Group p.l.c.				
Statement of Financial Position				
as at 31 October				
	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Property, plant & equipment	250,055	268,546	281,437	322,822
Investment property	75,646	48,446	57,887	60,386
Inventories	-	23,195	37,023	69,376
Investments in associates	6,512	7,402	8,251	8,897
Deferred tax asset & other non-current assets	-	1,730	1,763	2,247
	332,213	349,319	386,361	463,728
Current assets				
Inventories	4,968	3,510	3,506	4,101
Trade & other receivables	8,248	10,228	17,981	17,166
Current tax asset	1,041	844	1,030	25
Investment property held for sale	-	4,286	-	-
Cash at bank and in hand	2,187	5,912	13,881	10,181
	16,444	24,780	36,398	31,473
Total assets	348,657	374,099	422,759	495,201
EQUITY				
Share capital	1,165	1,165	1,165	1,165
Reserves	186,507	210,041	209,429	209,429
Retained earnings	28,765	25,224	24,317	20,089
Non-controlling interest	1,012	713	13,312	13,127
	217,449	237,143	248,223	243,810
LIABILITIES				
Non-current liabilities				
Borrowings & debt securities	71,049	78,895	109,550	142,172
Trade & other payables	13,903	13,300	13,039	12,685
Deferred tax liabilities	24,695	22,286	19,745	19,749
	109,647	114,481	142,334	174,606
Current liabilities				
Borrowings & debt securities	5,830	8,791	10,774	49,143
Trade & other payables	15,731	13,685	21,428	27,642
	21,561	22,476	32,202	76,785
Total liabilities	131,208	136,957	174,537	251,391
Total equity and liabilities	348,657	374,099	422,759	495,201
<i>Total debt</i>	<i>76,879</i>	<i>87,686</i>	<i>120,324</i>	<i>191,315</i>
<i>Net debt</i>	<i>74,692</i>	<i>81,774</i>	<i>106,443</i>	<i>181,134</i>
<i>Invested capital (total equity plus net debt)</i>	<i>292,141</i>	<i>318,917</i>	<i>354,666</i>	<i>424,944</i>

Key Financial Ratios	FY2020	FY2021	FY2022	FY2023
	Actual	Actual	Actual	Forecast
Net debt-to-EBITDA (<i>times</i>) (<i>Net debt / EBITDA</i>)	28.51	12.06	14.74	15.68
Net debt-to-equity (<i>times</i>) (<i>Net debt / total equity</i>)	0.34	0.34	0.43	0.74
Net gearing (%) (<i>Net debt / net debt and total equity</i>)	25.57	25.64	30.01	42.63
Debt-to-asset (<i>times</i>) (<i>Total debt / total assets</i>)	0.22	0.23	0.28	0.39
Leverage (<i>times</i>) (<i>Total assets / total equity</i>)	1.60	1.58	1.70	2.03
Current ratio (<i>times</i>) (<i>Current assets / current liabilities</i>)	0.76	1.10	1.13	0.41

Total assets stood at €374.1 million as at 31 October 2021, of which €346.5 million comprised property assets as described in ‘Section 4 – Major Property Assets’ of this Analysis. During the year, the net carrying value of properties was increased by €21.6 million compared to the impairment charge of €14.9 million that was accounted for in FY2020. The portion of the Verdala site that is currently being redeveloped into apartments for residential purposes was reclassified from investment property to non-current inventories.

Elsewhere, trade and other receivables increased from €8.2 million in FY2020 to €10.2 million due to an increase in operating activities within the hospitality division as well as an increase in accrued income emanating from the construction division. Investment property held for sale amounted to €4.3 million and refers to the previous head office of the Group situated in Lija (AX House).

Total liabilities increased by €5.7 million in FY2021 compared to the prior year to €137.0 million. During the year, borrowings increased by €8.5 million, while deferred tax liabilities decreased by €2.4 million due to an increase in deferred tax assets on unutilised capital allowances and tax losses which were partly offset by an increase in deferred tax liabilities on revaluation of properties.

The net gearing ratio of AX Group remained virtually unchanged at 25.6% whilst the current ratio improved from 0.76 times in FY2020 to 1.1 times in FY2021 on account of an increase in trade receivables and cash balances.

In **FY2022**, total assets increased by 13% to €422.8 million largely reflecting higher levels of property, plant, and equipment (+4.8% to €281.4 million); investment property (+19.5% to €57.9 million); inventories (+59.6% to €37 million); and trade and other receivables (+75.8% to €18 million). During the year, the Group continued to execute two mayor investments to its property portfolio – i.e., Phase 1 of the Qawra Project and the Verdala Project – and also pursued the renovation of Palazzo Lucia and concluded the acquisition of the La Ferla building in Sliema.



Total liabilities also increased markedly during the year to €174.5 million (31 October 2021: €137 million) mainly on the back of the higher levels of borrowings which grew by 37.2% (or +€32.6 million) to €120.3 million. As a result of this, the Group's net gearing climbed to 30% whilst the net debt-to-equity ratio increased to 0.43 times from 0.34 times as at the end of FY2021.

For **FY2023**, the Group is expecting its balance sheet to expand by a further 17.1% to €495.2 million on account of the considerable investments made on the Qawra Project – Phase 1 as well as the continuation of the works in relation to the Verdala Project. For this reason, total borrowings are expected to rise by nearly 60% (or +€71 million) to €191.3 million which will also drive total liabilities to increase by 44.0% (or +€77 million) to €251.4 million. Accordingly, and in view of the expected marginal contraction in the equity base of the Company, the net gearing ratio is anticipated to climb to 42.6% whilst the net debt-to-equity ratio is forecasted to exceed the 0.7 times level. The Group's net debt-to-EBITDA multiple is estimated to increase to 15.68 times compared to 14.74 times in FY2022.

9. VARIANCE ANALYSIS

The following information relates to the variance analysis between the forecasts for the financial year ended 31 October 2022 included in the Analysis dated 14 April 2022, and the audited consolidated annual financial statements for the financial year ended 31 October 2022.

AX Group p.l.c.			
Statement of Total Comprehensive Income			
for the financial year 31 October 2022	Actual	Forecast	Variance
	€'000	€'000	€'000
Revenue	38,443	37,916	527
Net operating expenses	(31,223)	(31,570)	347
EBITDA	7,220	6,346	874
Depreciation	(6,916)	(6,588)	(328)
Adjusted operating profit / (loss)	304	(242)	546
Investment property revaluation	1,669	-	1,669
Operating profit / (loss)	1,974	(242)	2,216
Share of results of associated undertaking	849	484	365
Finance income	83	68	15
Finance costs	(4,209)	(3,926)	(283)
Profit / (loss) before tax	(1,303)	(3,616)	2,313
Taxation	1,054	(99)	1,153
Profit / (loss) after tax	(249)	(3,715)	3,466

The performance achieved by AX Group in FY2022 was better than expected as the Company exceeded its revenue and EBITDA targets by 1.4% and 13.8% respectively. Furthermore, AX Group reported an adjusted operating profit of €0.3 million compared to the forecasted adjusted operating loss of €0.24



million, whilst the adjusted pre-tax loss of €2.97 million when excluding the impact of the investment property revaluation was also better than the estimated loss of €3.62 million.

AX Group p.l.c.			
Statement of Cash Flows			
for the financial year 31 October 2022			
	Actual	Forecast	Variance
	€'000	€'000	€'000
Net cash from / (used in) operating activities	(4,489)	(6,198)	1,709
Net cash used in investing activities	(32,363)	(36,169)	3,806
Net cash from financing activities	42,719	52,110	(9,391)
Net movement in cash and cash equivalents	5,867	9,743	(3,876)
Cash and cash equivalents at beginning of year	3,712	3,712	-
Cash and cash equivalents at end of year	9,579	13,455	(3,876)

The net positive movement in cash and cash equivalents during FY2022 stood at €5.87 million compared to the forecasted figure of €9.74 million. The variance arose due to the lower amount of cash flows from financing activities which, during FY2022, amounted to €42.7 million compared to the estimated figure of €52.1 million. This was partly mitigated by the lower amount of cash outflows in operating and investing activities as, in aggregate, these amounted to €36.9 million compared to the forecasted cash outflow of €42.4 million.

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

- (1) The negative variance of €13.7 million in property, plant and equipment is mainly related to lower-than-expected capital expenditure incurred on the Qawra – Phase 1 and Verdala projects, as well as a negative movement in the valuation of the assets.
- (2) The higher value of inventories is due to the inclusion of the La Ferla building which was previously classified as an 'Investment property' in the forecast of last year.
- (3) The higher level of 'Trade and other receivables' is related to deposits paid to capital suppliers in relation to the Qawra – Phase 1 and Verdala projects.
- (4) The higher level of 'Retained earnings' is principally due to the superior financial performance achieved by the Company.
- (5) The lower amount of 'Deferred tax liabilities' is the result of the movement in the valuation of the Company's principal assets.



AX Group p.l.c.			
Statement of Financial Position			
At 31 October 2022			
	Actual	Forecast	Variance
	€'000	€'000	€'000
ASSETS			
Non-current assets			
Property, plant & equipment	281,437	295,133	(13,696) (1)
Investment property	57,887	51,980	5,907
Inventories	37,023	33,270	3,753 (2)
Investments in associates	8,251	7,886	365
Deferred tax asset & other non-current assets	1,763	1,730	33
	386,361	389,999	(3,638)
Current assets			
Inventories	3,506	3,313	193 (2)
Trade & other receivables	17,981	12,892	5,089 (3)
Current tax asset	1,030	200	830
Cash at bank and in hand	13,881	13,455	426
	36,398	29,860	6,538
Investment property held for sale	-	4,286	(4,286)
Total assets	422,759	424,145	(1,386)
EQUITY			
Share capital	1,165	1,165	(0)
Reserves	209,429	210,041	(612)
Retained earnings	24,317	21,904	2,413 (4)
Non-controlling interest	13,312	13,008	304
	248,223	246,118	2,105
LIABILITIES			
Non-current liabilities			
Borrowings & debt securities	109,550	118,999	(9,449)
Trade & other payables	13,039	13,103	(64)
Deferred tax liabilities	19,745	22,324	(2,579) (5)
	142,334	154,426	(12,092)
Current liabilities			
Borrowings	10,774	3,721	7,053
Trade & other payables	21,428	19,880	1,548
	32,202	23,601	8,601
Total liabilities	174,537	178,027	(3,490)
Total equity and liabilities	422,759	424,145	(1,386)
<i>Total debt</i>	<i>120,324</i>	<i>122,720</i>	<i>(2,396)</i>
<i>Net debt</i>	<i>106,443</i>	<i>109,265</i>	<i>(2,822)</i>
<i>Invested capital (total equity plus net debt)</i>	<i>354,666</i>	<i>355,383</i>	<i>(717)</i>

10. FINANCIAL INFORMATION RELATING TO AX INVESTMENTS

The following information is extracted from the audited annual financial statements of AX Investments for the three financial years ended 31 October 2020, 31 October 2021, and October 2022. The financial information for the current year ending 31 October 2023 has been provided by the Group.

AX Investments p.l.c.				
Income Statement				
for the financial year 31 October	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Rental income	238	238	238	238
Administrative expenses	(160)	(110)	(114)	(112)
Gain on revaluation of investment property	-	-	275	-
Operating profit	78	128	399	126
Share of profit of associated undertaking	(1,580)	(92)	-	-
Net interest income	360	315	509	476
Profit / (loss) before tax	(1,142)	351	908	602
Taxation	411	3,444	(236)	(200)
Profit / (loss) for the year	(731)	3,795	672	402

Rental income has been constant for the last three years at €0.24 million, primarily deriving from the lease of Palazzo Capua to a related party.

Net interest income reflects the net difference between interest receivable from advances to Group companies and interest payable on the 6% unsecured bonds in issue and which mature in March 2024. In FY2021, net interest income amounted to €0.32 million compared to €0.36 million in the prior year, whilst in FY2022 this advanced to €0.51 million.

Share of results of associated undertaking relates to the holding of 19.91% in Suncrest Hotels p.l.c. which is the owner of AX Odycy. During FY2021, this investment was sold to AX Real Estate and thus accumulated deferred tax liabilities amounting to €3.6 million were reversed.

For FY2023, AX Investments is projecting a net profit of €0.4 million compared to €0.67 million in the 2022 financial year. Although rental income is estimated to remain unchanged at €0.24 million, AX Investments is anticipating a 6.5% drop in net interest income to €0.48 million which would be partly offset by a lower tax charge of €0.2 million compared to €0.24 million in FY2022.

Cash Flow Statement

Net cash flows from operating activities mainly comprise rental income, administrative expenses, movements in trade and other receivables and payables, interest paid and received, and taxation paid. On a net basis, these amounted to a negative €0.03 million in FY2021 compared to an inflow of €0.33 million in FY2020. Similarly, AX Investments recorded a net cash outflow from operating activities of



€0.09 million in FY2022. In contrast, AX Investments is anticipating a positive cash flow from operating activities of €0.44 million in FY2023.

AX Investments p.l.c.				
Cash Flow Statement				
for the year ended 31 October	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Net cash from / (used in) operating activities	327	(29)	(89)	439
Net cash from / (used in) investing activities	(324)	22	96	(135)
Net movement in cash and cash equivalents	3	(7)	7	304
Cash and cash equivalents at beginning of year	4	7	-	7
Cash and cash equivalents at end of year	7	-	7	310

Cash flows in relation to investing activities primarily comprise movements in amounts due/from related parties. In FY2022, the net cash inflow amounted to €0.1 million compared to €0.02 million in the prior year. On the other hand, for FY2023 AX Investments is estimating an outflow of €0.14 million in support of its investing activities.

Statement of Financial Position

The assets of AX Investments principally comprise Palazzo Capua valued at €9.3 million as at the end of FY2022 (31 October 2021: €9.03 million) and the on-lending of bond proceeds and cash balances to related parties which amounted to €44.9 million as at 31 October 2022. During FY2021, AX Investments transferred its 19.91% shareholding in Suncrest Hotels p.l.c. to AX Real Estate for the consideration of €12.7 million.

The liabilities of AX Investments mainly comprise debt securities listed on the Official List of the Malta Stock Exchange of €40 million and deferred taxation which amounted to €0.9 million as at the end of FY2022. The decrease in deferred tax liabilities in FY2021 refers to the reversal of dues following the disposal of the shareholding in Suncrest Hotels p.l.c.

An interim dividend of €10 million was declared during FY2021. Total equity decreased by €6.2 million from €18.5 million in FY2020 to €12.3 million in FY2021, reflecting the deduction of the dividend of €10 million and the profit for the year of €3.8 million. In FY2022, the equity base of AX Investments strengthened to €13 million.

For FY2023, AX Investments is not forecasting any material movements in its financial position.



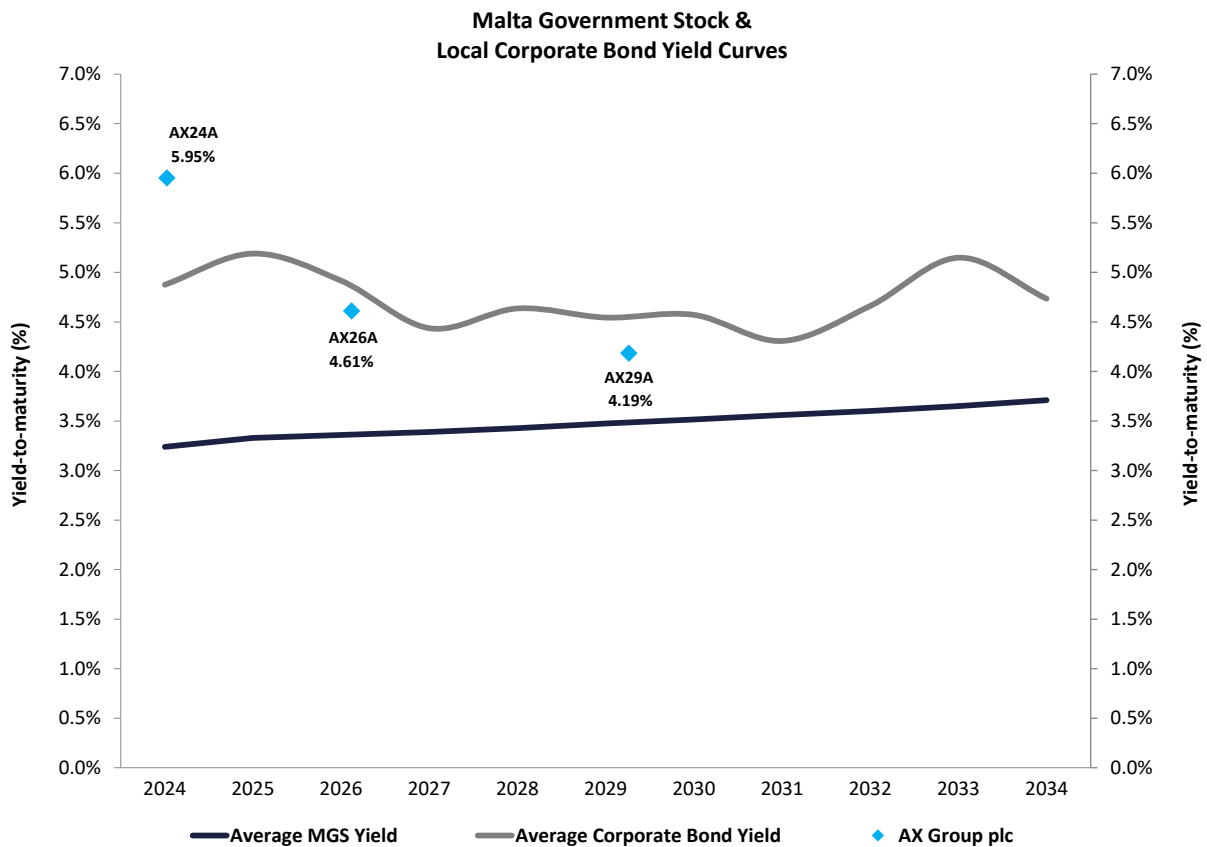
AX Investments p.l.c.				
Statement of Financial Position				
as at 31 October				
	2020	2021	2022	
	Actual	Actual	Actual	
	€'000	€'000	€'000	
			2023	
			Forecast	
			€'000	
ASSETS				
Non-current assets				
Property, plant & equipment	4	3	2	1
Investment property	9,025	9,025	9,300	9,435
Investments in associates	12,793	-	-	-
Loans & receivables	42,328	45,002	44,906	44,904
	64,150	54,030	54,208	54,340
Current assets				
Trade and other receivables	486	1,099	1,786	1,789
Cash at bank and in hand	7	-	7	311
	493	1,099	1,793	2,100
Total assets	64,643	55,129	56,001	56,440
EQUITY				
Share capital	5,000	5,000	5,000	5,000
Reserves	848	848	1,095	1,095
Retained earnings	12,684	6,480	6,904	7,307
	18,532	12,328	13,000	13,402
LIABILITIES				
Non-current liabilities				
Debt securities	39,789	39,852	39,914	-
Deferred tax liabilities	4,468	877	904	904
	44,257	40,729	40,818	904
Current liabilities				
Debt securities	1,570	1,570	1,570	39,976
Trade & other payables	284	502	612	2,158
	1,854	2,072	2,183	42,134
Total liabilities	46,111	42,801	43,001	43,038
Total equity and liabilities	64,643	55,129	56,001	56,440

11. DEBT SECURITIES IN ISSUE

Security ISIN	Amount Listed	Security Name
MT0000081233	€ 40,000,000	6.00% AX Investments plc Unsecured Bonds 2024
MT0002361203	€ 15,000,000	3.25% AX Group plc Unsecured Bonds 2026 Series I
MT0002361211	€ 10,000,000	3.75% AX Group plc Unsecured Bonds 2029 Series II
MT0002571215	€ 40,000,000	3.50% AX Real Estate plc Unsecured Bonds 2032
€ 105,000,000		

PART 3 – COMPARATIVE ANALYSIS

The table overleaf provides a comparison between the Group 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 AX 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 serves as an indication of the financial performance and strength of the Group.



The **6.00% AX Investments plc unsecured and guaranteed bonds 2024** are trading at a yield-to-maturity (“YTM”) of 5.95% which is 108 basis points higher than the average YTM of 4.87% of other local, non-BRRD, corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity is 271 basis points.

The **3.25% AX Group plc unsecured bonds 2026 Series I** are trading at a YTM of 4.61% which is 30 basis points lower than the average YTM of 4.91% of other local, non-BRRD, corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity is 125 basis points.

The **3.75% AX Group plc unsecured bonds 2029 Series II** are trading at a YTM of 4.19% which is 35 basis points lower than the average YTM of 4.54% of other local, non-BRRD, corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity is 71 basis points.

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	5.95	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2024	35,000	5.69	1.87	11.42	41.92	0.40
5.30% Mariner Finance plc Unsecured 2024	17,684	5.29	3.84	6.38	46.61	0.46
5.00% Hal Mann Vella Group plc Secured 2024	30,000	4.60	2.60	8.97	53.05	0.46
5.10% 1923 Investments plc Unsecured 2024	36,000	4.10	4.81	2.94	47.79	0.40
4.25% Best Deal Properties Holding plc Secured & Guaranteed 2024	6,501	2.66	13.29	4.71	63.61	0.65
5.75% International Hotel Investments plc Unsecured 2025	45,000	5.74	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	4.92	1.52	10.87	32.47	0.43
3.70% GAP Group plc Secured & Guaranteed 2023/2025	17,451	5.35	7.78	2.68	60.31	0.70
4.35% Hudson Malta plc Unsecured & Guaranteed 2026	12,000	4.35	6.24	4.20	68.49	0.59
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	4.43	0.83	25.97	40.81	0.41
4.00% International Hotel Investments plc Secured 2026	55,000	3.99	1.87	11.42	41.92	0.40
5.00% Dizz Finance plc Unsecured & Guaranteed 2026	8,000	5.15	0.45	46.81	91.27	0.69
3.75% Premier Capital plc Unsecured 2026	65,000	4.20	11.25	2.09	61.67	0.56
4.00% International Hotel Investments plc Unsecured 2026	60,000	4.24	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	4.61	1.75	14.74	30.01	0.28
3.90% GAP Group plc Secured & Guaranteed 2024/2026	21,000	4.80	7.78	2.68	60.31	0.70
4.00% Hili Finance Company plc Unsecured & Guaranteed 2027	50,000	4.43	4.53	4.61	71.75	0.65
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	5.18	4.60	2.66	27.22	0.27
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	4.39	3.63	5.94	28.55	0.28
5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed 2027	30,000	5.24	2.01	4.15	27.06	0.26
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	4.12	3.25	8.19	26.66	0.24
4.75% Best Deal Properties Holding Plc Secured & Guaranteed 2025/2027	15,000	4.50	13.29	4.71	63.61	0.65
4.75% Gap Group plc Secured & Guaranteed 2025/2027	23,000	4.48	7.78	2.68	60.31	0.70
3.85% Hili Finance Company plc Unsecured & Guaranteed 2028	40,000	4.61	4.53	4.61	71.75	0.65
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	4.59	3.25	8.19	26.66	0.24
3.80% Hili Finance Company plc Unsecured & Guaranteed 2029	80,000	4.35	4.53	4.61	71.75	0.65
3.75% AX Group plc Unsecured 2029	10,000	4.19	1.75	14.74	30.01	0.28
6.25% GPH Malta Finance plc Unsecured & Guaranteed 2030	18,144	5.53	1.56	11.27	94.67	0.83
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.00	1.87	11.42	41.92	0.40
3.50% AX Real Estate plc Unsecured 2032	40,000	4.23	2.31	13.83	42.36	0.41
5.00% Mariner Finance plc Unsecured 2032	36,930	4.86	3.84	6.38	46.61	0.46
4.50% The Ona plc Secured & Guaranteed 2028/2034	16,000	4.73	44.94	4.31	51.62	0.60

*As at 20 April 2023

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent full-year audited annual financial statements except for GPH Malta Finance plc (FY2022/23 - forecast) and The Ona plc (FY2022 - forecast)



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>Adjusted operating profit</i>	Profit from core operations excluding movements in the fair value of investment property, share of results of associated undertakings, net finance costs, and taxation.
<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>Share of results of associated undertakings</i>	Share of profit from companies in which the Issuer has a minority shareholding interest (i.e. less than 50% plus one).
<i>Profit after tax</i>	Net profit generated from all business activities.
Hotel Industry Key Performance Indicators	
<i>Occupancy level</i>	The level of occupancy of all available rooms over a period of time. It is calculated by dividing the number of rooms sold by the total number of available rooms.
<i>Average room rate</i>	Measures the average price at which each hotel room is sold per night. It is calculated by dividing hotel room revenue by the number of rooms sold.
<i>Revenue per available room (RevPAR)</i>	Calculated by dividing a hotel's total revenue by the total number of available rooms, and usually serves as a measure for comparing a hotel's performance with other properties within the same category or market.
<i>Gross operating profit per available room (GOPAR)</i>	Calculated by dividing a hotel's gross operating profit by the total number of available rooms, and usually serves as a measure for comparing a hotel's performance with other properties within the same category or market.
<i>Revenue generating index</i>	Measures a hotel's market share compared to its peer/competitive set based on the amount of revenue generated per available room. A reading of 1 indicates that a hotel's performance is in line with the market. On the other hand, a reading of above 1 shows a superior performance compared to competition, whilst a reading below 1 reflects underperformance.



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.

