Financial Analysis Summary

14 April 2022

Issuer

AX Group p.l.c.

AX Investments p.l.c.

MZ INVESTMENT SERVICES

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

14 April 2022

Dear Sirs

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority 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 AX Group p.l.c. (the "**Company**" or "**AX Group**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 October 2019 to 31 October 2021 has been extracted from audited consolidated financial statements of the Company for the three years in question.

(b) Historical financial data for the three years ended 31 October 2019 to 31 October 2021 has been extracted from audited financial statements of AX Investments p.l.c. for the three years in question.

(c) The projected data for the year ending 31 October 2022 has been provided by management.

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

(e) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(f) Relevant financial data in respect of such companies included in Part 3 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 Company's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

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Rabat RBT 1523,
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PART 1 – INFORMATION ABOUT THE COMPANY

1. COMPANY'S KEY ACTIVITIES

The principal activity of the Company is to carry on the business of a finance and investment company within the AX Group.

The Company does not itself carry on any trading activities apart from investing in other companies; acquiring, holding and disposing of immovable or movable property; and the raising of capital and the advancing thereof to members of the AX Group as and when the demands of their business or the demands of a particular project so require. Accordingly, the Company is economically dependent on the AX Group.

2. GROUP'S KEY ACTIVITIES

The AX Group is principally engaged in the provision of hospitality services, operates a care home & retirement village and is also involved in construction, property development and estate management. The Group operates exclusively in and from Malta. It commenced operations in the 1970s and in the earlier period, construction was the primary activity of the Group. During the 1980s, the AX Group diversified its activities into hotel operations and developed two hotels, the Sunny Coast Resort & Spa and the Seashells Resort at Suncrest, both located in Qawra, Malta.

The Group continued to grow this segment through the development of The Victoria Hotel and The Palace Hotel in 1996 and 2007 respectively, both of which are situated in Sliema, Malta. In 2015 and 2016, the Group acquired 2 properties in Valletta, Malta, which were developed into The Saint John Boutique Hotel and the Rosselli Hotel.

Over the years, the AX Group was involved in a number of property related projects, including the construction of the Valletta Cruise Port, the above-mentioned 6 hotels owned by the Group, Verdala Mansions, Capua Hospital and the Parliament Building in Valletta, amongst others. Furthermore, the AX Group has specialised in restoration works and has to date completed various restoration projects on a number of buildings in Malta.

The AX Group also developed, in FY2014 and FY2015, the Simblija Care Home & Hilltop Gardens Retirement Village, a high-end retirement property, offering independent living with access to a range of facilities and amenities, and 24-hour care when required. The Simblija Care Home & Hilltop Gardens Retirement Village also includes a nursing home which provides intensive nursing care to dependent elderly residents.

In FY2016, the Group increased its shareholding in Valletta Cruise Port p.l.c. from 24% to 36% for a total consideration of €3.9 million. The aggregate value of the said investment as at 31 October 2021 amounts to €7.4 million (FY2020: €6.5 million).

During November 2019 (FY2020), the Group issued €25 million of unsecured bonds, part of which was utilised for the purpose of financing the acquisition of land situated in Marsa and to acquire and develop “41, Merchant Street” situated in Merchant Street, Valletta. The said acquisitions were completed in May 2020 and are described in further detail in section 9 of this report.

During FY2020, the Group was involved in the development of offices and residential units at Tal-Qares, Mosta (Targa Gap Complex). The property comprises the Group’s new head office, residential units held for sale or lease to third parties, a showroom and four levels of underground parking. As at the date of this report, 14 out of 21 residential units have been sold, while the remaining 7 units were retained for rental purposes.

Furthermore, the Group completed the construction of a property at the Falcon House site in Sliema (adjacent to the existing Falcon House Complex) which includes two levels of office space, eight luxury apartments and a penthouse. All apartments were sold during the year except for one unit which was sold in FY2022.

In FY2021, the Group commenced works on the Verdala project that on completion will comprise the 25-room five-star all-suite Grand Hotel Verdala with 19 serviced apartments, and luxury residential units earmarked for sale to third parties. The overall cost of the Verdala project is estimated at €50 million.

The Group has also initiated development of four additional floors to the existing structure of the Seashells Resort at Suncrest which will increase the number of rooms of the hotel to 600. This project shall also include the refurbishment of the hotel lobby and common areas, as well as new pools, restaurants, bars and other facilities to the hotel. The overall cost of this project is estimated at *circa* €52 million and completion is scheduled for April 2023.

In construction, the Group is involved in the restoration of the Oratories within the Jesuits Church in Valletta and the construction of the new Caravaggio Hall at St John’s Co-Cathedral, amongst others. Also, restoration works are taking place at the Group’s new property at 41, Merchants Street, Valletta, which is being converted into a high-end office building at an estimated cost of €2.0 million.

In February 2022 (FY2022), AX Group listed AX Real Estate p.l.c. on the Malta Stock Exchange, with 25% of the ordinary ‘A’ shares being taken up by the general public. Through this transaction, the amount of €13.6 million was raised. In conjunction with the share issue, AX Real Estate p.l.c. also issued €40 million unsecured bonds redeemable in 2032. The general public subscribed to €18.4 million of bonds whilst the remaining €21.6 million were allocated to AX Group p.l.c. through the part conversion of an existing intra-group loan with AX Real Estate p.l.c.

3. DIRECTORS AND SENIOR MANAGEMENT

3.1 BOARD OF DIRECTORS

AX Group p.l.c. is managed by a Board consisting of seven directors who are entrusted with the overall direction, administration and management of the AX Group.

Angelo Xuereb	Executive Director and Chairman
Michael Warrington	Executive Director and Chief Executive Officer
Claire Zammit Xuereb	Executive Director
Denise Micallef Xuereb	Executive Director
Chris Paris	Non-Executive Director
John Soler	Non-Executive Director
Josef Formosa Gauci	Non-Executive Director

3.2 SENIOR MANAGEMENT

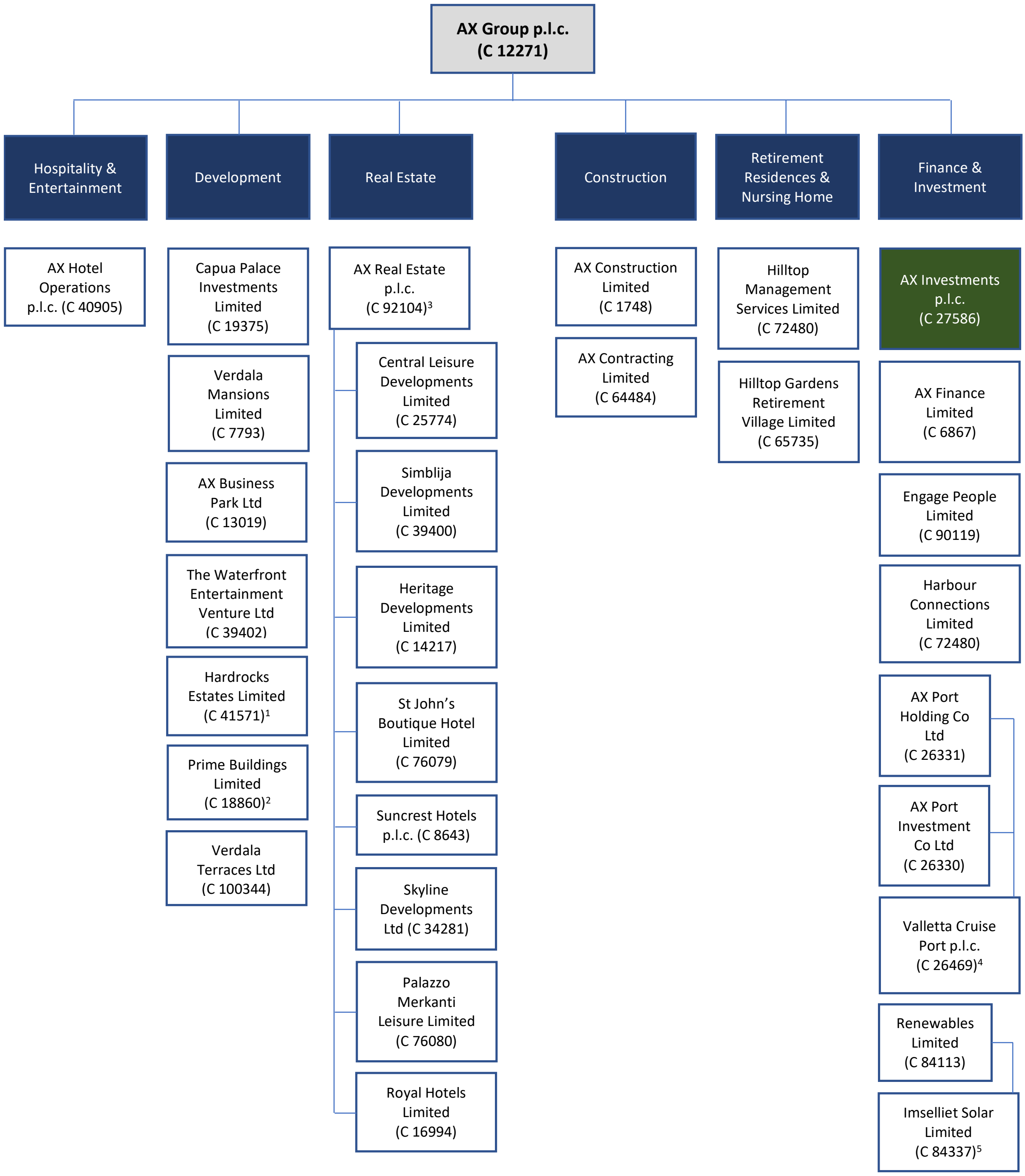
In the day-to-day operations of the AX Group, the executive Directors are supported by members of the Company's Executive Committee, responsible for the determination of policy and strategic guidance and management. The Executive Committee is composed of the following individuals:

Michael Warrington	Chief Executive Officer
Albert Bonello	Chief Financial Officer
David Wain	Chief Legal Officer
Claire Zammit Xuereb	Group Hospitality & Care Director
Denise Micallef Xuereb	Group Construction and Development Director
Charmaine Montesin	General Manager, Hilltop Gardens
Joseph Vella	General Manager, Qawra Properties
Kevin Callus	General Manager, Sliema & Valletta Properties
Lawrence Degabriele	Head of I.T.
Josephine Grima	Head of Human Resources
Caroline Schembri	Administration Manager

The weekly average number of employees directly engaged with the companies forming part of the AX Group during FY2021 amounted to 577 persons (FY2020: 628).

4. GROUP ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the organisational structure of the Group:



[1] 50% ownership

[2] 75% ownership

[3] 91.13% ownership

[4] 36% ownership

[5] 33.3% ownership

The Group operates in the following industry sectors, which are each described in further detail elsewhere in this report:

- Hospitality & entertainment
- Construction, building materials & management services
- Real estate & rental income
- Retirement residences & nursing home

During FY2021, the Group went through a reorganisation exercise, with the ultimate aim of consolidating the main property letting activities of the Group into one newly formed division under the AX Real Estate p.l.c. to form the 'real estate' subgroup. **A description and analysis of the operational activities of AX Real Estate p.l.c. is included in the financial analysis report of AX Real Estate p.l.c. which is available on the following website - https://axrealestate.mt/investor-information/**

5. MAJOR ASSETS OWNED BY THE GROUP

The AX Group is the owner of a number of properties which are included in the consolidated balance sheet under the headings: 'property, plant & equipment', 'investment property', and 'inventory of property'. The following is a list of major assets owned by the AX Group.

AX Group p.l.c. **Group Assets**	**FY2019** **€'000**	**FY2020** **€'000**	**FY2021** **€'000**	**Revaluation FY19 - FY21** **€'000**
Sliema Hotels (The Palace Hotel & Victoria Hotel)	81,130	72,029	79,870	13,379
Qawra Hotels (Seashells Resort at Suncrest, Sunny Coast Resort & Spa & Luzzu Complex)	104,337	93,468	93,469	(3,974)
Palazzo Capua	8,782	8,687	8,940	338
Grand Hotel Verdala	28,594	28,877	27,985	(1,546)
Simblija Care Home & Hilltop Gardens Retirement Village	46,189	45,158	47,485	4,669
Villa Vistana	3,800	3,800	5,250	1,533
Tad-Dwiemes, Marsa	11,755	18,756	18,758	-
Hard Rocks Warehouses	5,160	6,349	6,950	309
Valletta Hotels (Saint John's Boutique Hotel & Rosselli Hotel)	17,452	19,294	22,698	7,318
Targa Gap Complex, Mosta	6,369	12,244	12,615	1,839
41 Merchant Street		5,705	5,828	-
Falcon House offices			4,320	3,515
Other assets	13,881	14,672	12,321	(1,173)
	327,449	**329,039**	**346,489**	**26,207**

Source: Consolidated audited financial statements of AX Group p.l.c.

The Group intends to acquire a property situated at 10, St Anne Street, Floriana, known as “Citihall”, for the total consideration of €3.35 million. The relevant promise of sale agreement expires in June 2022 and is conditional on the Group obtaining (i) an outline development permit for the construction of a further floor and (ii) a bank loan to finance the acquisition. In March 2022, the Group acquired Laferla Building situated in Tower Road c/w Tigne Street, Sliema for the consideration of €2.3 million which was financed from the Group’s own cash flows.

6. GROUP OPERATIONAL DEVELOPMENT

The AX Group is principally involved in hotel operations, construction & property development, and related services, and the management of a retirement home. A divisional analysis of the Group’s business is provided hereinafter.

6.1 KEY FINANCIAL INFORMATION – THE GROUP

AX Group Divisional Analysis	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Turnover (€’000)	**55,907**	**51,917**	**28,716**	**35,418**	**37,817**
Hospitality & entertainment	38,936	38,115	15,378	14,382	22,398
Construction, building materials & management services	8,146	4,858	6,040	6,466	6,856
Real estate & rental income	2,840	545	1,421	8,894	2,339
Retirement residences & nursing home	4,763	5,681	5,877	5,676	6,224
Dividend receivable	1,222	2,718	-	-	-
Gross Operating Profit (€’000)	**20,035**	**17,441**	**5,787**	**11,525**	**9,971**
Hospitality & entertainment	16,901	15,498	3,350	4,885	7,145
Construction, building materials & management services	740	472	586	572	569
Real estate & rental income	2,158	410	971	4,574	489
Retirement residences & nursing home	236	1,061	881	1,494	1,768
Gross Operating Profit Margin (%)	**36%**	**34%**	**20%**	**33%**	**26%**
Hospitality & entertainment	43%	41%	22%	34%	32%
Construction, building materials & management services	9%	10%	10%	9%	8%
Real estate & rental income	76%	75%	68%	51%	21%
Retirement residences & nursing home	5%	19%	15%	26%	28%

Source: Management information.

6.2 HOSPITALITY & ENTERTAINMENT

Hospitality & Entertainment	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast
Turnover (€'000)	**38,115**	**15,378**	**14,382**	**22,398**
Sliema Hotels	16,098	6,536	7,093	14,086
Qawra Hotels	20,152	7,488	5,786	4,845
Valletta Hotels	1,865	1,355	1,503	3,467
Gross Operating Profit (€'000)	**15,498**	**3,350**	**4,885**	**7,145**
Sliema Hotels	6,782	1,529	2,516	5,131
Qawra Hotels	8,818	1,859	2,006	1,441
Valletta Hotels	(102)	(38)	363	573
Gross Operating Profit Margin (%)	**41%**	**22%**	**34%**	**32%**
Sliema Hotels	42%	23%	35%	36%
Qawra Hotels	44%	25%	35%	30%
Valletta Hotels	(5%)	(3%)	24%	17%
Revenue per available room (RevPAR) (€)				
Sliema Hotels	154	63	68	135
Qawra Hotels	101	38	40	143
Valletta Hotels	174	84	94	216
Gross operating profit per available room (GOPAR) (€)				
Sliema Hotels	65	15	24	49
Qawra Hotels	44	9	14	42
Valletta Hotels	(10)	(2)	23	36

Note 1: RevPAR is calculated by dividing turnover by available room nights

Note 2: GOPAR is calculated by dividing gross operating profit by available room nights

Source: Management information.

SLIEMA HOTELS

The Palace Hotel is a luxurious 144-room five-star city hotel located in a prime location in Sliema, offering a strong appeal to business travellers owing to its extensive conference and events facilities. The hotel, which opened its doors for business in 2007, marks 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, namely: TemptAsian, The Tabloid, and Talk of Town Café, an outdoor infinity pool on the rooftop terrace, a generous sized freshwater indoor pool, a steam and sauna room, spa and health and fitness centre. The hotel has an underground car park common with The Victoria Hotel.

The Victoria Hotel is a 142-room classical 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 and multi-purpose conference halls. It also houses the Copperfield restaurant and the Penny Black bar. The hotel has an underground car park accessible from the entrance to The Palace Hotel car park which can accommodate 108 cars.

The proximity between The Palace Hotel and The Victoria Hotel allows both hotels to centralise their management function and share many of the fixed cost elements to maximise efficiency, and ultimately operating profits.

QAWRA HOTELS

The Seashells Resort at Suncrest is a four-star hotel located on the Qawra waterfront, featuring 452 rooms designed in a contemporary style, the Carisma Spa and Wellness International Centre, a large outdoor swimming pool and lido, and various food and beverage outlets. The hotel ceased operations in Q4 2021 for the purposes of constructing four additional floors to the existing property, which will increase the number of rooms to 600, as well as redeveloping the hotel's public areas. The hotel is expected to resume operations in May 2023.

The Sunny Coast Resort and Spa is a 92-room four-star aparthotel situated in Qawra that offers serviced self-catering apartments, with resort facilities on the Qawra coast. 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 and Spa features two restaurants which are leased out to independent third party operators, indoor and outdoor pools, spa and leisure facilities, and a fitness centre.

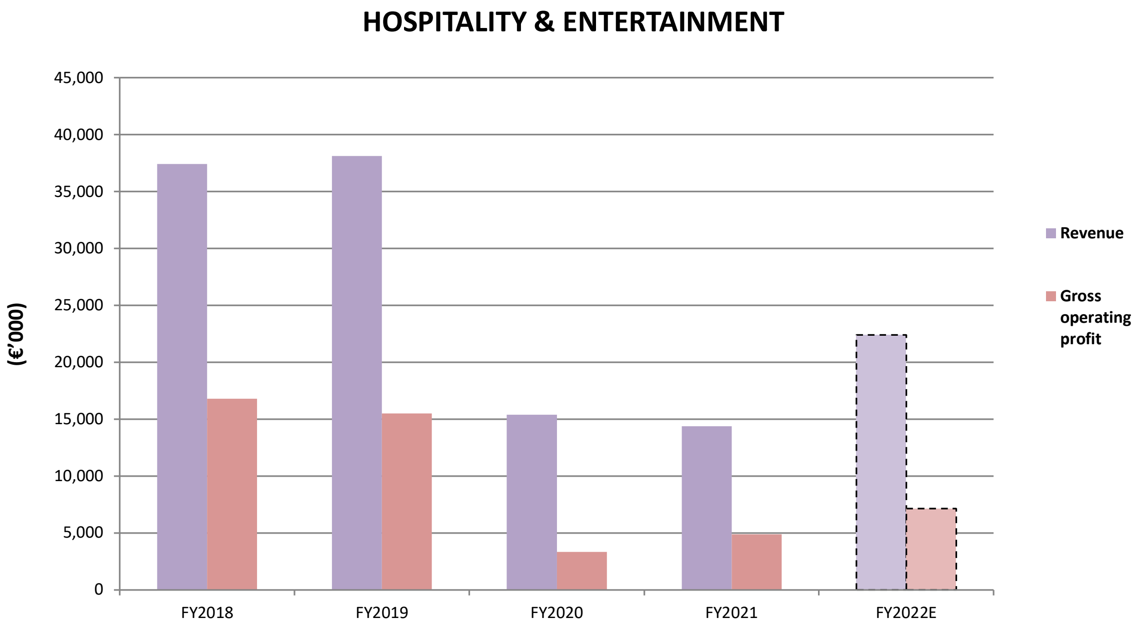
The Sunny Coast Lido is a facility that forms part of the Sunny Coast Resort and Spa, consisting of a number of restaurants leased out to independent third parties, an indoor swimming pool, a spa, an outdoor pool, and other sports facilities leased out to third parties.

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

VALLETTA HOTELS

St John's Boutique Hotel Limited (C 76079) is the owner of the Saint John's Boutique Hotel, a 19-room boutique hotel located in Merchants Street, Valletta. Once a former merchant's residence and shop, the Saint John's Boutique Hotel 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, 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's Boutique Hotel is also home to two catering establishments, namely 'Cheeky Monkey Gastropub' and 'Cheeky Monkey Creperie'.

Palazzo Merkanti Leisure Limited (C 76080) holds the Rosselli Hotel under the title of temporary emphyteusis, subject to an annual ground rent of €13,821.60. The 25-room five-star boutique hotel is one of the most prestigious old palazzos in the capital, receiving its first guests in May 2019. The Rosselli Hotel is housed in a luxurious property displaying a fusion of traditional and contemporary design complemented by an advanced suite of technology services for guests. Aside from a three-level restaurant with varied cuisine genres, namely 'Under Grain', 'Grain' and 'Over Grain', offering customers refined culinary experiences on each level with 'Under Grain' having been one of the first of only five restaurants to have clinched a Michelin Star on the island, the boutique hotel has a rooftop terrace and swimming pool. Additionally, hotel butler service is on hand to provide a tailor-made experience for guests staying at the Rosselli Hotel.



Source: Management information.

As can be observed from the above financial table and chart, performance in FY2020 and FY2021 was significantly impacted by the COVID-19 pandemic. Revenue generated in each of the said financial years was at *circa* 40% of revenue reported in FY2019, while gross operating profit was lower by 78% and 68% in FY2020 and FY2021 respectively compared to FY2019.

The Group expects a significant improvement in FY2022, though the pace of recovery in the beginning of the said financial year (Q4 2021) has been constrained by the spread of COVID-19 variants, such as Delta and Omicron. Revenue is projected to increase by 56%, from €14.4 million in FY2021 to €22.4 million in FY2022, principally on account of expected y-o-y growth at the Sliema Hotels. Performance at the Qawra Hotels will remain flat due to the temporary closure of the Seashells Resort at Suncrest. At the Valletta Hotels, revenue is projected to more than double from €1.5 million in FY2021 to €3.5 million in FY2022. Overall, gross operating profit is expected to increase by 46% or €2.3 million (y-o-y) to €7.1 million in FY2022, albeit still at 46% of gross operating profit reported in FY2019.

The afore-mentioned expectation of better performance in FY2022 is reflected in higher RevPAR, which is calculated by dividing room sales by room nights available for the financial year. In comparison to FY2019 (pre-COVID 19), the RevPAR of the Sliema Hotels is expected to amount to €135, being 12% lower than FY2019's RevPAR, while the RevPAR of the Valletta Hotels is expected to be higher by 24% due to the fact that in FY2019 the Rosselli Hotel had initiated operations In May 2019 (compared to a full year in FY2022). The RevPAR relating to the Qawra Hotels is not comparable since the Seashells Resort by Suncrest will not be operational in FY2022.

A similar trend is noted in GOPAR, which is calculated by dividing gross operating profit by room nights available for the financial year. In particular, the Valletta Hotels are expected to convert a gross operating loss of €10 in FY2019 to a gross operating profit of €36 (per available room).

6.3 CONSTRUCTION, BUILDING MATERIALS & MANAGEMENT SERVICES

Construction, Building Materials & Management Services	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Turnover (€'000)	**4,858**	**6,040**	**6,466**	**6,856**
Construction works	4,540	5,360	5,148	6,322
Restoration projects	318	680	1,318	534
Gross operating profit (€'000)	472	586	572	569
Gross operating profit margin (%)	10	10	9	8

Source: Management information.

Construction & development is another principal activity of the AX Group and relates mainly to civil engineering works, turnkey assignments, project management and restoration works. Over the years, the construction division of the Group was entrusted with a number of major projects including the development of the Group's hotels; Verdala Mansions in Rabat, Malta; Capua Hospital in Sliema; Parliament building super-structure in Valletta; is-Suq tal-Belt; the Simblija Care Home & Hilltop Gardens Retirement Village and various other projects which were executed for Group companies and third party clients. Any related party revenue generated from construction and restoration works on the afore-mentioned projects are eliminated upon consolidation and as such are not included in the consolidated financial information provided in the above table.

During the historical period under review, turnover and gross operating profit remained broadly stable especially during the challenging period brought about by the pandemic (FY2020 and FY2021). Major projects undertaken by the Group included the restoration and construction works at the Old Farsons Brewhouse and Farsons Canopy; restoration works at the Old University Building (Valletta), Senglea bastions and Maritime Museum (Vittoriosa); completion of the Rosselli Hotel; development of offices and residential units (8 apartments and 1 penthouse) at Falcon House, Sliema; and construction of the Group's head office and multi-use complex in Mosta (TG Complex).

The Group is currently involved in the construction of the annex of St John's Co-Cathedral in Valletta and the restoration of the Jesuit's Church in Merchants Street, Valletta. The construction division is also focused on the two major in-house projects – the Suncrest Hotel extension & lido redevelopment and the development of the Grand Hotel Verdala.

6.4 REAL ESTATE & RENTAL INCOME

Real Estate & Rental Income	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Turnover (€'000)	**545**	**1,421**	**8,894**	**2,339**
Real estate	-	750	8,000	1,270
Rental income	545	671	894	1,069
Gross operating profit (€'000)	410	971	4,574	489
Gross operating profit margin (%)	75	68	51	21

Source: Management information.

Property development is a natural diversification from the construction business. This business segment acquires investment properties, identifies business and commercial uses for these properties through the AX Group sub-divisions, and undertakes such projects to operate or dispose of them, as considered appropriate, at an opportune time. Some of these investments are held on a long-term basis and operated, while others are developed and sold in the normal course of business.

The AX Group has developed a number of landmark projects that span from residential complexes, hotels, restaurants and office blocks to large scale property development projects. The AX Group owns other parcels of land on which it plans to undertake quality developments in the coming years and is in the process of acquiring the necessary permits to execute such projects.

During FY2020, AX Group completed the Targa Gap Complex. The Group's head office occupies 2 floors, while commercial space at ground floor level has been leased to third parties. The property also comprises 21 residential units, 14 of which have been sold to date and the remaining 7 units are being leased out.

The Falcon House project in Sliema was completed in FY2021 and to date all residential units (8 apartments and 1 penthouse) have been sold. The office space within Falcon House is being leased out to third parties.

As such, revenue generated from disposal of real estate in FY2021 and FY2022 (in aggregate, €9.3 million) relates to the sale of 9 residential units at Falcon House and 14 residential units at Targa Gap Complex.

Rental income generated in FY2021 amounted to €0.9 million (FY2020: €0.7 million) and is expected to increase to €1.1 million in FY2022. The properties being leased by the Group to third parties mainly comprise 9 warehouses in Burmarrad; Palazzo Capua; Lija showroom; Imselliet quarry; the offices at ground floor level and 7 apartments at Targa Gap Complex, Mosta; F&B outlet adjacent to Sunny Coast; Villa Vistana and the office space at Falcon House.

6.5 SIMBLIJA CARE HOME & HILLTOP GARDENS RETIREMENT VILLAGE

Simblija Care Home is a 155-bed care home which provides nursing care to the more dependent elderly residents. The Simblija Care Home 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 and convalescence as well as post-operative recovery, and a specialised dementia ward offering specialist support, and assistive technology specifically selected and installed, for residents with dementia.

Hilltop Gardens Retirement Village is the first luxury retirement village developed in Malta, consisting of private residences in the form of one or two bedroom self-catering apartments and penthouses, finished to high standards, landscaped gardens and extensive 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 be provided at a charge, including cleaning, repairs and maintenance of apartments and 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 the commencement of works as of yet.

The following table illustrates the actual results for the financial years ended 31 October 2019 to 31 October 2021, and the projections for the year ending 31 October 2022.

Simblija Care Home & Hilltop Gardens Retirement Village	FY2019 Actual €'000	FY2020 Actual €'000	FY2021 Actual €'000	FY2022 Forecast €'000
Residences & other income	2,341	2,492	2,400	2,994
Nursing home	3,340	3,385	3,276	3,230
Total Revenue	**5,681**	**5,877**	**5,676**	**6,224**
Direct costs	(3,027)	(3,119)	(2,765)	(3,009)
Other costs	(1,593)	(1,877)	(1,417)	(1,447)
EBITDA	**1,061**	**881**	**1,494**	**1,768**

Source: Management information.

The independent units at Hilltop Gardens Retirement Village were almost fully occupied throughout the period under review. Revenue generated in FY2021 amounted to €2.4 million compared to €2.5 million in the prior year. Revenue in FY2022 is projected to increase by 25% to €3.0 million.

The operational performance of the nursing home in FY2020 and FY2021 was impacted by various restrictions and measures imposed by the health authorities to contain the spread of the pandemic. In addition, the nursing home experienced challenges in achieving budgeted occupancy levels. Revenue during the 3 historical years was broadly unchanged at *circa* €3.3 million *per annum* and no increase is being projected for FY2022.

Additional operational costs were incurred, particularly in FY2020, due to the precautionary measures that were taken to safeguard the wellbeing of residents. Direct and other costs in FY2020 amounted to €5.0 million compared to €4.2 million in FY2021. Such costs are expected to increase to €4.5 million in FY2022.

Overall, EBITDA increased in FY2021 by 70% to €1.5 million (FY2020: €0.9 million) and is projected to increase further by €0.3 million to €1.8 million in FY2022.

7. MARKET OVERVIEW

7.1 ECONOMIC UPDATE

Real GDP growth in Malta is estimated to have rebounded strongly to 5.9% in 2021 after a considerable decline (-8.2%) in 2020. Growth was driven by the strong performance in the first three quarters of the year, when the improvement of the public health situation in Malta allowed for a significant relaxation of restriction measures. Improved business and consumer sentiment, as well as a recovery in tourism supported the economy. Growth is estimated to have been negative in the last quarter of 2021 and to remain muted in the first quarter of 2022, affected by the surge in infections in late 2021, the tightening of restrictions, low tourist numbers, continued disruptions in global value chains and negative effects of price increases in shipping and transport.

In the course of 2022, growth is expected to pick up again as domestic demand recovers, supported also by the implementation of the Recovery and Resilience Plan[1]. Prior to Russia's invasion of Ukraine on 24 February 2022, real GDP was forecasted to grow by 6.0% in 2022 and 5.0% in 2023. Malta was expected to reach pre-pandemic levels of economic activity around mid-2022.[2]

The war in Ukraine has created a new negative supply shock for the world economy, just when some of the supply-chain challenges seen since the beginning of the pandemic appeared to be starting to fade. The effects of the war will operate through many different channels and are likely to evolve if the conflict deepens further. In some respects, the direct role of Russia and Ukraine in the global economy is small. However, both countries are large producers and exporters of key food items, minerals and energy. The prices of many of these commodities have increased sharply since the onset of the war, even in the absence of any significant disruption of production or export volumes.

The authorities in Malta have expressed a commitment to continue to limit energy prices growth in 2022. Nonetheless, the increase in food, transport and imported goods prices and a gradual recovery in the tourism and hospitality sectors are set to drive up price pressures in 2022.

7.2 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.

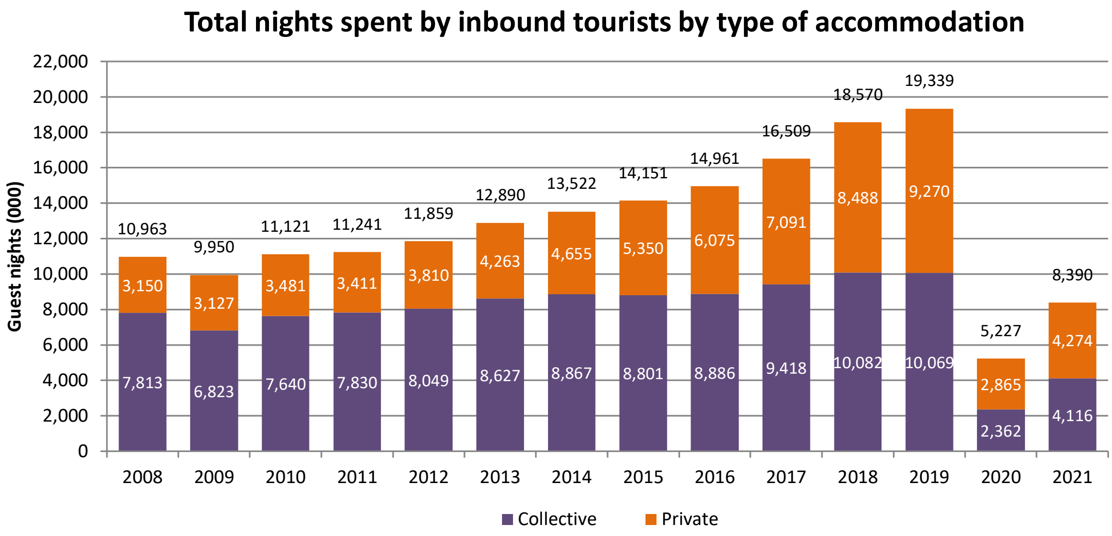
In 2021, the number of inbound tourists increased by 47% over 2020, reaching 968,136 (2019: 2.8 million inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other

[1] The Recovery and Resilience Facility will make €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

[2] European Economic Forecast – Winter 2022 (European Commission Institutional Paper 169 Feb'22)

[3] National Statistics Office Malta – News Release 019/2022 and 033/2022

motives also increased. Meanwhile, 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%).

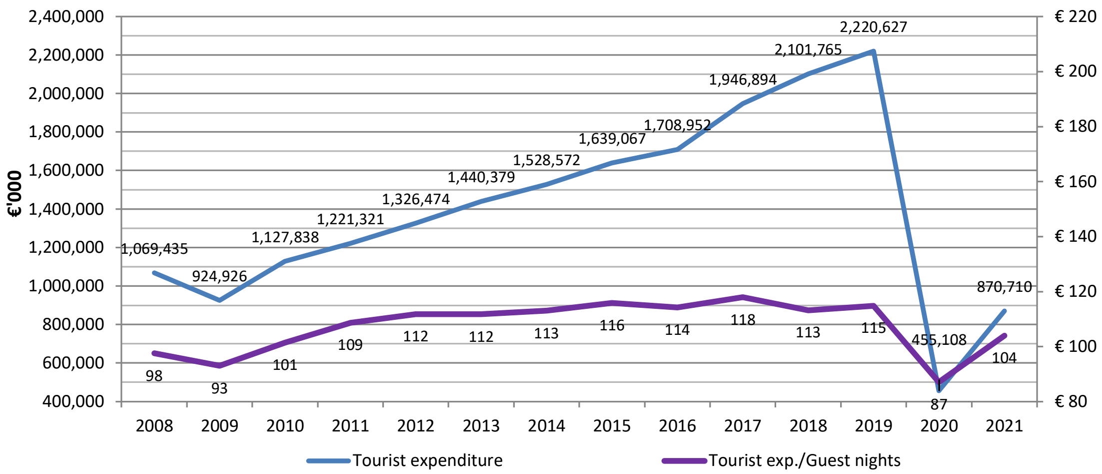


Source: National Statistics Office Malta

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. 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.

Total expenditure by inbound tourists



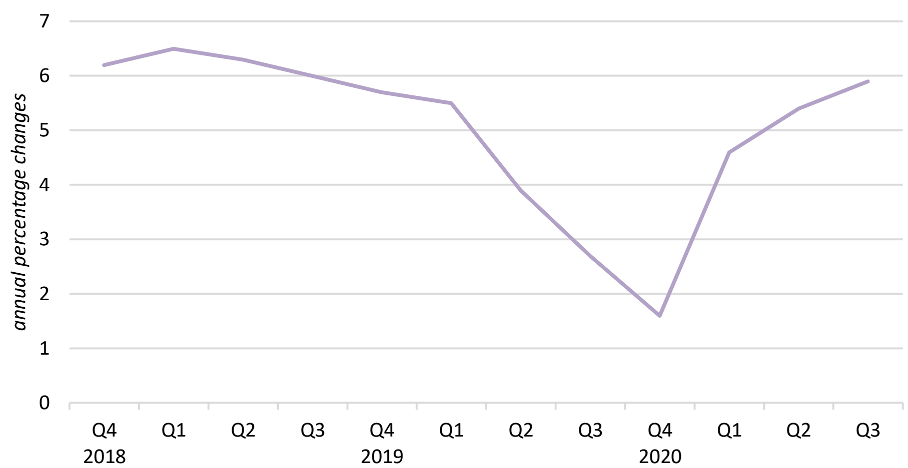
Source: National Statistics Office Malta

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

7.3 PROPERTY MARKET

The Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. The annual rate of change reached 5.9% in the third quarter of 2021, up from 5.4% in the previous quarter (see chart below). Nevertheless, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 8.8%. Notwithstanding the acceleration in the third quarter of 2021, house price recorded in the years before the pandemic.

Movements in Residential Property Prices

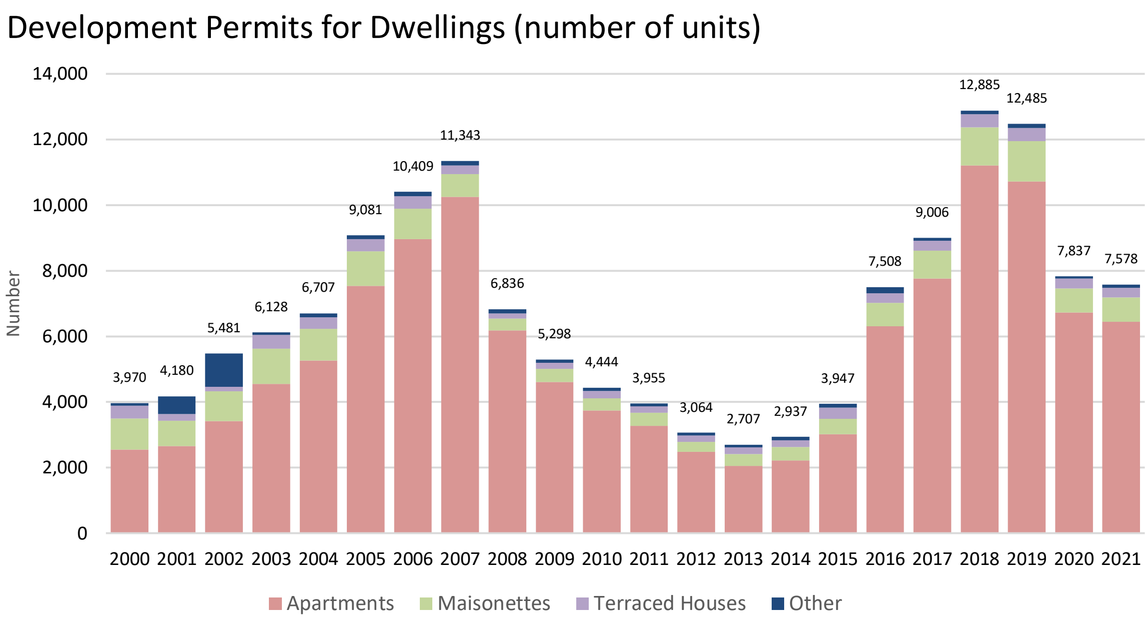


Source: Eurostat

From a shorter-term perspective, residential property prices seem to have returned to a growth trend following the sharp slowdown during the initial stages of the pandemic. Residential property prices continue to be supported by numerous factors including the low-interest rate environment that makes property more attractive as an investment as well as the Government's schemes related to the property market. Property prices were also supported by the enhancement of government support in response to the pandemic such as lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, the property tax and stamp duty on the first €400,000 of the value of the transfer were reduced to 5.0% and 1.5% respectively. These measures were initially intended for final transfers made before 1 April 2021 but were later extended. Moreover, Budget 2021 extended or introduced more favourable terms on several schemes supporting the property market that were in place before the pandemic.[4]

In 2021, the number of final deeds of sale relating to residential property amounted to 14,349 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,120.3 million, an increase of 47% when compared to the prior year (2020: €2,125.7 million).[5]

The number of permits issued in 2021 for the construction of residential dwellings amounted to 4,956 permits, compared to 4,938 permits in the prior year, for the development of 7,578 residential units (2020: 7,837 residential units). As shown in the below chart, the number of units in 2021 (7,578) reflects a decrease of 41% from the all-time high of 12,885 units in 2018.



Source: Central Bank of Malta

[4] Central Bank of Malta Quarterly Review – 2022 Vol. 55 No. 1

[5] National Statistics Office Malta – News Release 006/2022

Market data relating to commercial property in Malta (which includes industrial, logistics, warehousing, retail, hospitality and a predominant portion in the office asset class) is not available and thus makes it more difficult to gauge the health of this sector.

A trend accelerated by the pandemic is the rise of e-commerce across consumers. Not only does more online shopping challenge traditional brick and mortar retailers, but it raises the demand for warehousing and distribution centres.

With regard to the office sector, its future performance is highly uncertain. Debate is ongoing on the longevity of the pandemic-driven work-from-home (WFH) phenomenon. While WFH provides flexibility, convenience, no commuting, and a reduced wardrobe budget, there are obvious downsides: the difficulty in building teams, innovating, mentoring, and creating and sustaining culture. The longer people are isolated away from the office environment, the less they will develop relationships with their co-workers and feel connected to their companies. At some point, likely sooner than later, businesses will discover that full-time WFH arrangements simply cannot work and retaining talent will become an even greater challenge.

It is likely that most businesses will require their employees to come to the office for teamwork, company meetings, training and other collaborative activities with the remainder of the time retaining the flexibility of WFH if desired by the employee. That means office space will be configured for more group interactive and therefore companies will need less space. As such, tenants will be thinking harder about space needs and configuration going forward, and many companies may take the opportunity to upgrade to smaller, higher quality office space.

The hospitality industry is expected to fully recover in 2024, with business and conference travel gaining momentum so long as COVID variants stop emerging. The biggest issue the sector is dealing with at the moment is a labour shortage and the need to pay higher wages to attract talent. Due to the expected sector recovery, both equity and debt capital is set to continue to flow to the hospitality industry.

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 period[6]. 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.

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

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. INVESTMENTS

The AX Group has made and expects to continue to make significant investments in the acquisition, development and improvement of its existing and new properties as deemed appropriate, as a major thrust of its business. The key developments to which the Group is committed to in the foreseeable future include the following:

Expected Year of Commencement and Completion	Development	Status	Investment
2021 – 2023	The extension of AX Seashells Resort at Suncrest, Qawra – The Group plans to develop additional floors at the AX Seashells Resort at Suncrest increasing the number of rooms to 600. The entire hotel is also planned to be refurbished and redecorated, and the lido demolished and redeveloped.	Full development permit in hand.	*circa* €40 million
2021 – 2025	Verdala Site, Rabat - The Group plans to develop a boutique hotel and serviced apartments to be managed as one operation by AX Hotel Operations p.l.c. The hotel and serviced apartments are projected to commence operations in FY24. The Group also plans to develop luxury apartments on the same site, earmarked for sale to third parties. Development of the said apartments is projected to be completed during FY25.	Full development permit in hand.	*circa* €50 million
2022 – 2023	Development of office space in Floriana – The Group entered into a promise of sale agreement for the acquisition of a property in Floriana which is earmarked for development of office space with the intention to lease same to third parties. The acquisition is planned to be completed in FY22 and the development is planned to commence shortly after.	The Group has submitted the relevant planning permit application.	*circa* €8 million
2024 – 2025	The extension of the Hilltop Gardens Retirement Village - The Group plans on adding	Permit application submitted – pending approval	*circa* €8 million

	50 units for lease or rental at the Hilltop Gardens Retirement Village.		
2028 – 2029	The redevelopment of the AX Sunny Coast Resort and Spa, Qawra – The Group plans to demolish and rebuild the Sunny Coast Resort & Spa in Qawra.	Outline development permit in hand. The Group has submitted the relevant application for a full development permit.	*circa* €40 million

PART 2 – GROUP PERFORMANCE REVIEW

9. FINANCIAL INFORMATION RELATING TO AX GROUP PLC

The following financial information is extracted from the audited consolidated financial statements of AX Group p.l.c. for the three years ended 31 October 2019 to 31 October 2021. The financial information for the year ending 31 October 2022 has been provided by Group management.

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.

AX Group p.l.c. - Consolidated Income Statement				
for the year ended 31 October	**2019**	**2020**	**2021**	**2022**
	Actual	**Actual**	**Actual**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**
Revenue	52,218	29,056	35,806	37,916
Net operating expenses	(35,583)	(26,436)	(29,126)	(31,570)
EBITDA	**16,635**	**2,620**	**6,680**	**6,346**
Depreciation	(6,580)	(7,087)	(6,815)	(6,588)
Investment property revaluation	-	-	4,965	-
Share of results of associated undertaking	(666)	(321)	541	484
Loss on disposal of investment in subsidiary	(3)	-	-	-
Finance income	-	-	28	68
Finance costs	(2,998)	(3,442)	(3,944)	(3,926)
Profit/(loss) before tax	**6,388**	**(8,230)**	**1,455**	**(3,616)**
Taxation	(1,831)	340	473	(99)
Profit/(loss) after tax	**4,557**	**(7,890)**	**1,928**	**(3,715)**
Other comprehensive income				
Gain/(loss) on property revaluation	19,574	(14,922)	16,589	-
Taxation	(2,293)	1,532	1,581	-
	17,281	**(13,390)**	**18,170**	**-**
Total comprehensive income/(expense)	**21,838**	**(21,280)**	**20,098**	**(3,715)**

AX Group p.l.c. - Earnings before interest, tax, depreciation and amortisation ("EBITDA")				
for the year ended 31 October	**2019**	**2020**	**2021**	**2022**
	Actual	**Actual**	**Actual**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**
EBITDA has been calculated as follows:				
Operating profit/(loss)	10,055	(4,467)	4,830	(242)
Adjustments:				
Gain on revaluation of investment properties			(4,965)	
Depreciation	6,580	7,087	6,815	6,588
EBITDA	**16,635**	**2,620**	**6,680**	**6,346**

Key Accounting Ratios	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Projection
Operating profit margin *(EBITDA/revenue)*	32%	9%	19%	17%
Interest cover (times) *(EBITDA/finance cost)*	5.55	0.76	1.69	1.62
Net profit margin *(Profit after tax/revenue)*	9%	-27%	5%	-10%
Earnings per share (€) *(Profit after tax/number of shares)*	3.91	-6.77	1.66	-3.19
Return on equity *(Profit after tax/shareholders' equity)*	2%	-4%	1%	-2%
Return on capital employed *(EBITDA/total assets less current liabilities)*	5%	1%	2%	2%
Return on assets *(Profit after tax/total assets)*	1%	-2%	1%	-1%

Source: MZ Investment Services Ltd

In **FY2019**, revenue decreased by €4.6 million from €56.8 million in FY2018 to €52.2 million. Revenue generated by the hospitality & entertainment division declined by €0.8 million (y-o-y) due to the temporary closure of The Palace Hotel for a refurbishment exercise, which was not compensated for by an increase in RevPAR. In view of more intense competition in the local tourism market, particularly from non-hotel self-catering accommodation properties, management's ability to increase room rates is somewhat limited.

The construction and property divisions also registered a y-o-y decline, from an aggregate of €11.0 million in FY2018 to €5.4 million, due to the fact that no property sales were completed during FY2019. In contrast, revenue from the retirement home improved by €0.9 million (+19%, y-o-y) to €5.7 million in FY2019.

The above-mentioned decrease in revenue adversely impacted FY2019 EBITDA by €4.3 million (-21%) and amounted to €16.6 million (FY2018: €20.9 million). The Group reported a profit before tax in FY2019 of €6.4 million compared to €39.2 million a year earlier. The decline of €32.8 million is mainly attributable to the absence of property revaluations in FY2019 compared to €26.6 million in FY2018. After accounting for taxation of €1.8 million (FY2018: €8.2 million), profit after tax amounted to €4.6 million (FY2018: €31.0 million). The y-o-y positive variance in taxation is mainly on account of the recognition of a deferred tax asset from an investment tax credit on the retirement home of €4.5 million. Overall, total comprehensive income in FY2019 amounted to €21.8 million, a decrease of €20.9 million from the prior year (FY2018: €42.7 million).

In **FY2020**, revenue of the Group decreased by €23.1 million (-44%), from €52.2 million in FY2019 to €29.1 million in FY2020, largely on account of the adverse impact of the pandemic on the Group's hospitality sector and on Valletta Cruise Port (an associate company) whereby most of the cruise calls were cancelled and food & beverage activities at the Valletta Waterfront were significantly curtailed. In contrast, revenue generated from construction increased by €1.2 million (+24% y-o-y) to €6.0 million. Furthermore, the Group reported an amount of €750,000 from the sale of property (FY2019: nil). Income from the healthcare sector was broadly unchanged at €5.9 million.

As a consequence, EBITDA decreased by €14.0 million (-84%) to €2.6 million (FY2019: €16.6 million). After accounting for depreciation of €7.1 million (FY2019: €6.6 million), finance costs of €3.4 million (FY2019: €3.0 million), and share of associate's losses of €0.3 million (FY2019: €0.7 million), the Group registered a loss before tax of €8.2 million compared to a profit of €6.4 million in FY2019.

Loss after tax amounted to €7.9 million in FY2020 compared to a profit of €4.6 million in FY2019, an adverse variance of €12.4 million. During the year, 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 (FY2019: total comprehensive income of €21.8 million).

In FY2020, the operating profit margin declined from 32% a year earlier to 9%, whilst interest cover was below 1 at 0.76 times compared to 5.55 times in FY2019. Such deterioration in performance ratios illustrates the adverse impact of COVID-19 on the Group's hospitality sector.

Revenue in **FY2021** increased by €6.8 million or +23% (y-o-y) to €35.8 million (FY2020: €29.1 million) primarily due to income generated from the sale of residential units at Targa Gap Complex and Falcon House.

The rapid vaccination programme in May 2021 led to the gradual easing of a number of restrictions impacting the Group's hospitality division. As a consequence, the Group's hotels experienced a steady increase in operational performance particularly during the summer months. Notwithstanding, revenue generated from hospitality for the full year decreased by €1.0 million compared to the prior year and amounted to €14.4 million.

EBITDA improved considerably in FY2021 and amounted to €6.7 million compared to €2.6 million in the prior year. As such, the operating profit margin recovered from 9% in FY2020 to 19%. In addition, due to the higher EBITDA, the interest cover improved from 0.76 times in FY2020 to 1.69 times in FY2021.

The Group reflected an uplift of €5.0 million in fair value of investment property. Pursuant to the gradual re-opening of the travel and tourism market during the summer, the Group's share of results of Valletta Cruise Port (associated undertaking) turned positive and thereby converted a loss of €0.3 million in FY2020 to a profit of €0.5 million. Overall, the Group reported a profit for the year amounting to €1.9 million compared to a loss of €7.9 million in FY2020. Total comprehensive income in FY2021 amounted to €20.1 million (FY2020: loss of €21.3 million), principally on account of gains on property revaluations of €16.6 million (FY2020: loss of €14.9 million).

In **FY2022**, total revenue generated by the Group is expected to increase by €2.1 million (+6%), from €35.8 million in FY2021 to €37.9 million. Despite the closure of the Seashells Resort by Suncrest due to re-development, the hospitality sector is projected to grow y-o-y by 56% or €8.0 million to €22.4 million (FY2021: €14.4 million). In particular, the Group expects the Sliema Hotels to generate €14.1 million of revenue, being 12% below pre-COVID 19's performance (FY2019).

The construction and care divisions are projected to increase y-o-y revenues by 6% and 10% respectively.

Substantial sales of residential units were concluded in FY2021 which will not be repeated in FY2022. As such, the real estate division is expected to report a decline in revenue of €6.6 million to €2.3 million (FY2021: €8.9 million).

The Group is projected to generate an EBITDA of €6.3 million in FY2022, which is a marginal decline of €0.4 million compared to the prior year. After accounting for depreciation and finance costs of €6.6 million and €3.9 million respectively, partly offset by €0.5 million from share of profits of associate company, the Group is expecting to register a loss before tax of €3.6 million (FY2021: profit of €1.5 million).

The estimates for the projected financial year as presented in this document 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. - Cash Flow Statement for the year ended 31 October	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Actual €'000**	**2022 Projection €'000**
Net cash from operating activities	14,091	(588)	2,959	(6,198)
Net cash from investing activities	(13,425)	(20,653)	(6,725)	(36,169)
Net cash from financing activities	(5,384)	19,500	7,644	52,110
Net movement in cash and cash equivalents	**(4,718)**	**(1,741)**	**3,878**	**9,743**
Cash and cash equivalents at beginning of year	6,293	1,575	(166)	3,712
Cash and cash equivalents at end of year	**1,575**	**(166)**	**3,712**	**13,455**

Net cash flows from operating activities principally relate to the operations of the AX Group, which are analysed in further detail in section 6.0 of this report under the heading "Group Operational Development". In FY2021, net cash from operating activities amounted to €3.0 million compared to -€0.6 million in the prior year, on account of an increase in operational activities particularly from the real estate division.

In the projected year, net cash from operating activities is estimated at -€6.5 million due to adverse working capital movements (primarily relating to inventories - property development).

Net cash from investing activities principally relate to the acquisition and disposal of properties and annual capital expenditure on the Group properties. In FY2021, the Group utilised €6.7 million for the purposes of acquiring properties and to undertake development works and other capital expenditure.

In FY2022, the Group is expecting to utilise €36.2 million for acquisition of properties and for the purposes of development works at Seashells Resort at Suncrest and the construction of the Grand Hotel Verdala.

Financing activities principally comprise movement on bank and other borrowings, issuance of debt securities and payment of dividends, if any. In FY2021, the Group withdrew €9.0 million from a new bank loan and repaid balances on other loans of €1.4 million. The net balance of €7.6 million was mainly used to fund the afore-mentioned investing activities.

In FY2022, AX Real Estate p.l.c (a subsidiary of the Group) raised €13.6 million and €18.4 million from the issue of equity and bonds respectively to the general public. Furthermore, it is projected that the Group will drawdown *circa* €20 million of additional bank borrowings.

AX Group p.l.c.				
Statement of Financial Position	**31 Oct'19**	**31 Oct'20**	**31 Oct'21**	**31 Oct'22**
	Actual	**Actual**	**Actual**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**
ASSETS				
Non-current assets				
Property, plant & equipment	267,752	250,055	268,546	295,133
Investment property	58,805	75,646	48,446	51,980
Inventories	-	-	23,195	33,270
Investments in associates	6,833	6,512	7,402	7,886
Deferred tax asset & other non-current assets	457	-	1,730	1,730
	333,847	**332,213**	**349,319**	**389,999**
Current assets				
Inventories	3,055	4,968	3,510	3,313
Trade & other receivables	12,714	8,248	10,228	12,892
Current tax asset	-	1,041	844	200
Cash at bank and in hand	2,172	2,187	5,912	13,455
	17,941	**16,444**	**20,494**	**29,860**
Investment property held for sale	**-**	**-**	**4,286**	**4,286**
Total assets	**351,788**	**348,657**	**374,099**	**424,145**
EQUITY				
Share capital	1,165	1,165	1,165	1,165
Reserves	201,477	186,507	210,041	210,041
Retained earnings	35,364	28,765	25,224	21,904
Non-controlling interest	1,109	1,012	713	13,008
	239,115	**217,449**	**237,143**	**246,118**
LIABILITIES				
Non-current liabilities				
Borrowings & debt securities	52,656	71,049	78,895	118,999
Trade & other payables	13,456	13,903	13,300	13,103
Deferred tax liabilities	26,403	24,695	22,286	22,324
	92,515	**109,647**	**114,481**	**154,426**
Current liabilities				
Borrowings	3,165	5,830	6,474	3,721
Trade & other payables	16,993	15,731	16,001	19,880
	20,158	**21,561**	**22,475**	**23,601**
Total liabilities	**112,673**	**131,208**	**136,956**	**178,027**
Total equity and liabilities	**351,788**	**348,657**	**374,099**	**424,145**

Key Accounting Ratios	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Projection
Gearing ratio *(Net debt/net debt and shareholders' equity)*	18%	26%	25%	31%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	0.22	0.34	0.34	0.44
Net debt to EBITDA (years) *(Net debt/EBITDA)*	3.23	28.51	11.89	17.22
Net assets per share (€) *(Net asset value/number of shares)*	204	186	203	200
Liquidity ratio (times) *(Current assets/current liabilities)*	0.89	0.76	0.91	1.27

Source: MZ Investment Services Ltd

Total assets as at 31 October 2021 amounted to €374.1 million and principally comprised assets described in section 5 of this report. During the year, the net carrying value of properties was increased by €21.6 million (FY2020: net impairment of €14.9 million). The portion of the Verdala site identified for the development of apartments was reclassified from investment property to inventories (non-current). Investments is associates mainly represent a 36% shareholding in Valletta Cruise Port p.l.c.

Trade & other receivables increased from €8.2 million in FY2020 to €10.2 million as a result in an increase in operating activities within the hospitality division and an increase in accrued income emanating from the construction division. Investment property held for sale amounting to €4.3 million refers to the previous head office of the Group 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 partly offset by an increase in deferred tax liabilities on revaluation of properties.

The gearing ratio of the AX Group decreased by 1 percentage point in FY2021 to 25%. The liquidity ratio improved from 0.76 times in FY2020 to 0.91 times in FY2021 on account of an increase in trade receivables and cash balances.

In **FY2022**, total assets are projected to increase by €50.0 million (y-o-y) mainly on account of development works relating to the Seashells Resort by Suncrest and Grand Hotel Verdala, the €2 million renovation of 41, Merchants Street, Valletta and the €2.3 million acquisition of Laferla Building in Sliema. Furthermore, cash balances are expected to increase by €7.5 million to €13.4 million.

Borrowings are expected to increase by €37.3 million (y-o-y) reflective of the €18.4 million of 3.5% AX Real Estate p.l.c. bonds 2032 raised in Q1 2022 and the balance being net bank loans.

In February 2022, AX Group listed AX Real Estate p.l.c. on the Malta Stock Exchange, with 25% of the ordinary 'A' shares being taken up by the general public. Through this transaction, the amount of €13.6 million was raised and is accounted for as 'non-controlled interest' in equity.

10. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the projected financial information for the year ended 31 October 2021 included in the prior year's Financial Analysis Summary dated 30 April 2021 and the audited consolidated financial statements for the year ended 31 October 2021.

AX Group p.l.c. - Consolidated Income Statement for the year ended 31 October 2021	**Actual €'000**	**Projection €'000**	**Variance €'000**
Revenue	35,806	35,495	311
Net operating expenses	(29,126)	(28,841)	(285)
EBITDA	**6,680**	**6,654**	**26**
Depreciation	(6,815)	(6,513)	(302)
Investment property revaluation	4,965	-	4,965
Share of results of associated undertaking	541	515	26
Finance income	28	-	28
Finance costs	(3,944)	(3,734)	(210)
Profit/(loss) before tax	**1,455**	**(3,078)**	**4,533**
Taxation	473	140	333
Profit/(loss) after tax	**1,928**	**(2,938)**	**4,866**
Other comprehensive income			
Gain/(loss) on property revaluation	16,589	-	16,589
Taxation	1,581	-	1,581
	18,170	**-**	**18,170**
Total comprehensive income/(expense)	**20,098**	**(2,938)**	**23,036**

The Group accounted for an uplift in value of investment property of €5.0 million in the income statement and a property revaluation gain in comprehensive income amounting to €16.6 million, which were not reflected in the forecast results.

Other than the above, no material variances were observed. Accordingly, the positive variance in profit after tax amounted to €4.9 million and converted a forecast loss of €2.9 million to a profit of €1.9 million. Furthermore, the positive variance in total comprehensive income amounted to €23.0 million and converted a projected comprehensive expense of €2.9 million to comprehensive income amounting to €20.1 million.

AX Group p.l.c. Statement of Financial Position At 31 October 2021	Actual €'000	Projection €'000	Variance €'000	
ASSETS				
Non-current assets				
Property, plant & equipment	268,546	251,683	16,863	(1)
Investment property	48,446	54,890	(6,444)	(2)
Inventories	23,195	-	23,195	(3)
Investments in associates	7,402	7,027	375	
Deferred tax asset & other non-current assets	1,730	-	1,730	
	349,319	**313,600**	**35,719**	
Current assets				
Inventories	3,510	23,607	(20,097)	(3)
Trade & other receivables	10,228	7,027	3,201	
Current tax asset	844	-	844	
Cash at bank and in hand	5,912	3,369	2,543	
	20,494	**34,003**	**(13,509)**	
Investment property held for sale	**4,286**	**-**	**4,286**	(2)
Total assets	**374,099**	**347,603**	**26,496**	
EQUITY				
Share capital	1,165	1,165	-	
Reserves	210,041	186,507	23,534	(4)
Retained earnings	25,224	25,859	(635)	
Non-controlling interest	713	979	(266)	(5)
	237,143	**214,510**	**22,633**	
LIABILITIES				
Non-current liabilities				
Borrowings & debt securities	78,895	78,316	579	
Trade & other payables	13,300	14,077	(777)	
Deferred tax liabilities	22,286	24,362	(2,076)	(6)
	114,481	**116,755**	**(2,274)**	
Current liabilities				
Borrowings	6,474	3,288	3,186	
Trade & other payables	16,001	13,050	2,951	
	22,475	**16,338**	**6,137**	
Total liabilities	**136,956**	**133,093**	**3,863**	
Total equity and liabilities	**374,099**	**347,603**	**26,496**	

The material variances between the actual and forecast statement of financial position are as follows:

(1) The positive variance of €16.9 million was mainly due to the net uplift in carrying values of properties not reflected in the forecast figures.
(2) AX House in Lija was classified as investment property available for sale and thus reversed from investment property.
(3) The development of apartments forming part of the Verdala project will not take place within 12 months and therefore the relevant Verdala site was reclassified from inventories in current assets to inventories in non-current assets.
(4) The positive variance refers to the revaluation of property (net of tax) not reflected in the projections.
(5) The reduction in non-controlling interest relates to Hardrocks Estates Ltd which is now accounted for as a joint venture rather than a subsidiary company following the reduction of the Group's equity holding in the company from 51% to 50%.
(6) Deferred tax liabilities are lower by €2.1 million on account of an increase in deferred tax assets on unutilised capital allowances and tax losses, which was partly offset by an increase in deferred tax liabilities pursuant to revaluation of properties.

AX Group p.l.c. - Cash Flow Statement for the year ended 31 October2021	**Actual €'000**	**Projection €'000**	**Variance €'000**
Net cash from operating activities	2,959	3,748	(789)
Net cash from investing activities	(6,725)	(7,200)	475
Net cash from financing activities	7,644	6,987	657
Net movement in cash and cash equivalents	**3,878**	**3,535**	**343**
Cash and cash equivalents at beginning of year	(166)	(166)	(0)
Cash and cash equivalents at end of year	**3,712**	**3,369**	**343**

There were no material variances between the actual and forecast statement of cash flows.

11. FINANCIAL INFORMATION RELATING TO AX INVESTMENTS PLC

The principal activity of AX Investments p.l.c. ("**AXI**") is to carry on the business of a finance and investment company within the Group. The following financial information is extracted from the audited financial statements of AX Investments p.l.c. (the "**AXI**") for the three years ended 31 October 2019 to 31 October 2021. The financial information for the year ending 31 October 2022 has been provided by Group management.

AX Investments p.l.c. Income Statement for the year ended 31 October	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Actual €'000**	**2022 Forecast €'000**
Rental income	238	238	238	238
Admnistrative expenses	(179)	(160)	(110)	(114)
Results from operating activities	**59**	**78**	**128**	**124**
Share of profit of associated undertaking	443	(1,580)	(92)	-
Net interest income	473	360	315	505
Profit (loss) before tax	**975**	**(1,142)**	**351**	**629**
Taxation	(307)	411	3,444	120
Profit (loss) for the year	**668**	**(731)**	**3,795**	**749**

AX Investments p.l.c. Cash Flow Statement for the year ended 31 October	**2019 Actual €'000**	**2020 Actual €'000**	**2021 Actual €'000**	**2022 Forecast €'000**
Net cash from operating activities	439	327	(29)	693
Net cash from investing activities	(233)	(324)	22	-
Net cash from financing activities	(255)	-	-	-
Net movement in cash and cash equivalents	**(49)**	**3**	**(7)**	**693**
Cash and cash equivalents at beginning of year	53	4	7	0
Cash and cash equivalents at end of year	**4**	**7**	**0**	**693**

AX Investments p.l.c. Statement of Financial Position as at 31 October	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Forecast €'000
ASSETS				
Non-current assets				
Property, plant & equipment	10	4	3	1
Investment property	9,025	9,025	9,025	9,025
Investments in associates	14,373	12,793	-	-
Loans & receivables	42,474	42,328	45,002	45,002
	65,882	**64,150**	**54,030**	**54,028**
Current assets				
Trade and other receivables	-	486	1,099	955
Cash at bank and in hand	4	7	-	693
	4	**493**	**1,099**	**1,648**
Total assets	**65,886**	**64,643**	**55,129**	**55,676**
EQUITY				
Share capital	5,000	5,000	5,000	5,000
Reserves	848	848	848	848
Retained earnings	13,415	12,684	6,480	6,989
	19,263	**18,532**	**12,328**	**12,837**
LIABILITIES				
Non-current liabilities				
Debt securities	39,727	39,789	39,852	39,914
Trade & other payables	-	-	-	-
Deferred tax liabilities	5,022	4,468	877	877
	44,749	**44,257**	**40,729**	**40,791**
Current liabilities				
Trade & other payables	1,874	1,854	2,072	2,048
	1,874	**1,854**	**2,072**	**2,048**
Total liabilities	**46,623**	**46,111**	**42,801**	**42,839**
Total equity and liabilities	**65,886**	**64,643**	**55,129**	**55,676**

Income Statement

The AXI is a fully owned subsidiary of AX Group p.l.c. (previously AX Holdings Limited) and is principally engaged to act as a finance and investment company. Rental income has been constant for the last 3 years at €238,000, and primarily derived 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 bonds in issue. In FY2021, net interest income amounted to €315,000 compared to €360,000 in the prior year.

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

In consequence, AXI reported a net profit in FY2021 amounting to €3.8 million (FY2020: loss of €0.7 million).

During **FY2022**, AXI is projected to generate a profit of €749,000 compared to €3.8 million registered in FY2021. In particular, net interest income is expected to increase from €315,000 in FY2021 to €505,000.

Cash Flow Statement

Net cash flows from operating activities mainly comprise rental income, administrative expenses, movements in trade & other receivables and payables, interest paid and received, and taxation paid. On a net basis, operational cash flows in FY2021 amounted to €29,000 (net outflow) compared to €327,000 (net inflow) in FY2020. It is estimated that net operating cash inflows in FY2022 will amount to €693,000.

Cash flows from investing and financing activities primarily include movements in amounts due/from related parties. In the last financial year, net cash amounted to an inflow of €22,000 compared to an outflow of €324,000 in FY2020.

No movements were registered in financial activities during FY2021 (FY2020: nil).

Statement of Financial Position

The assets of AXI principally include the ownership of Palazzo Capua valued at €9.0 million (FY2020: €9.0 million) and the on-lending of bond proceeds and cash balances to related parties which amounted to €45.0 million in FY2020 (FY2020: €42.3 million). During FY2021, AXI transferred its 19.91% shareholding in Suncrest Hotels p.l.c. to AX Real Estate p.l.c. for the consideration of €12.7 million.

The liabilities of AXI mainly comprise debt securities listed on the Official List of the Malta Stock Exchange of €39.9 million (FY2020: €39.8 million) and deferred taxation amounting to €0.9 million (FY2020: €4.5 million). The decrease in deferred tax liabilities refers to the reversal of deferred tax liabilities 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.

No material movements in assets and, or liabilities have been projected for FY2022 compared to FY2021.

12. DEBT SECURITIES IN ISSUE

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

Source: Malta Stock Exchange

The €40 million 3.50% AX Real Estate plc Unsecured Bonds 2032 are held as to €18.4 million by the general public and €21.6 million by AX Group p.l.c.

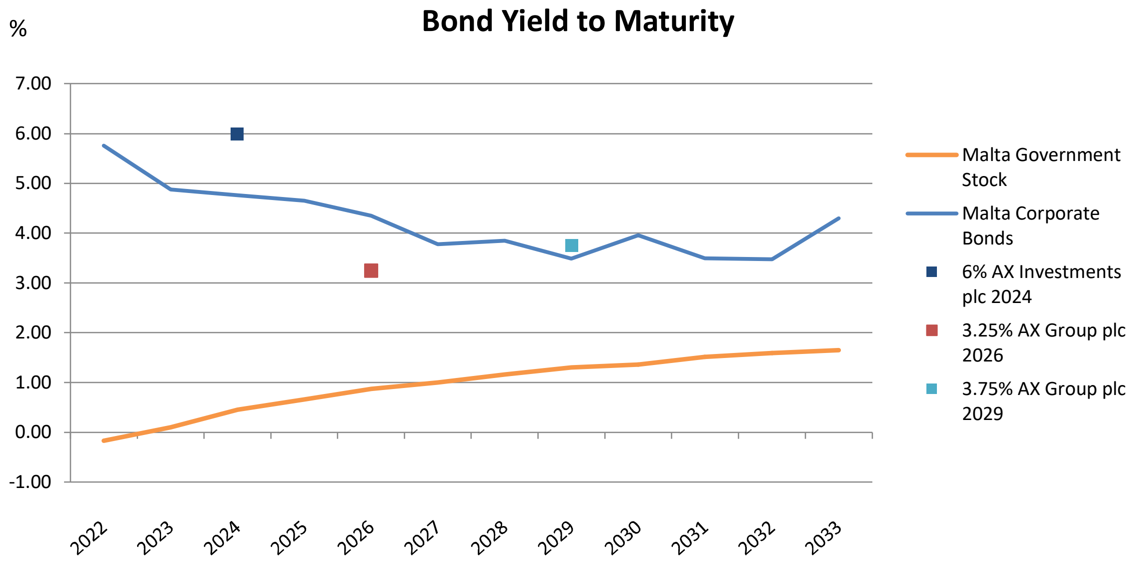
PART 3 – COMPARABLES

The table below compares the Company and its bonds to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Company 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 the Group.

Comparative Analysis	**Nominal Value** (€)	**Yield to Maturity (%)**	**Interest Cover (times)**	**Total Assets** (€'000)	**Net Asset Value** (€'000)	**Gearing Ratio** (%)
6.00% Pendergardens Developments plc Secured € 2022 Series	21,093,400	5.76	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,367,900	5.29	2.24	103,895	15,134	73.44
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.88	0.67	37,298	6,677	75.91
5.80% International Hotel Investments plc 2023	10,000,000	5.77	- 0.61	1,544,099	773,176	41.87
6.00% AX Investments Plc € 2024	**40,000,000**	**4.32**	**1.69**	**374,099**	**237,143**	**25.10**
6.00% International Hotel Investments plc € 2024	35,000,000	5.99	- 0.61	1,544,099	773,176	41.87
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.76	3.66	100,350	50,297	48.12
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.75	2.04	122,396	47,319	52.86
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.58	3.09	135,492	45,574	27.66
4.25% Best Deal Properties Holding plc Secured € 2024	12,136,700	2.49	-	27,453	4,128	81.72
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.70	2.24	103,895	15,134	73.44
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.39	- 0.61	1,544,099	773,176	41.87
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.27	52.47	162,889	74,159	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.65	1.46	149,639	62,675	54.94
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.35	3.16	43,383	5,522	81.61
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.25	- 0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.93	- 0.61	1,544,099	773,176	41.87
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.51	7.39	278,759	53,003	75.22
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.36	- 0.61	1,544,099	773,176	41.87
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	3.66	2.24	103,895	15,134	73.44
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.35	0.88	328,464	131,504	30.32
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.78	- 0.50	190,466	108,369	31.32
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.67	2.30	354,069	231,437	26.54
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.85	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.49	2.30	354,069	231,437	26.54
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.81	3.44	624,222	106,811	78.42
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	3.90	- 0.61	1,544,099	773,176	41.87
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.47	-	238,228	78,698	63.41

07-Apr-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 7 April 2022

To date, there are no corporate bonds which have a redemption date beyond 2032. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

The 2024 bonds are trading at a yield of 5.99%, which is *circa* 123 basis points above other corporate bonds maturing in the same year. The premium over FY2024 Malta Government Stock is 554 basis points.

The 2026 bonds are trading at a yield of 3.25%, which is *circa* 110 basis points below other corporate bonds maturing in the same year. The premium over FY2026 Malta Government Stock is 238 basis points.

The 2029 bonds are trading at a yield of 3.75%, which is *circa* 26 basis points higher when compared to other corporate bonds maturing in 2029. The premium over FY2029 Malta Government Stock is 245 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including hospitality and entertainment; construction works, building materials and management services; care and retirement home operations; sale of property and real estate; and rental income.
Direct costs	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 depreciation & amortisation, finance costs, impairment provisions, share of profits from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs.
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 associated undertakings	The AX Group 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 Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of associated undertakings'.
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.
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel room revenue by rooms sold. Hotels use this measure to calculate the average price at which they are booking hotel rooms each night.

Key Performance Indicators	
Revenue per available room (RevPAR)	RevPAR is calculated by dividing a hotel's total revenue by the total number of available rooms in the period being measured. A hotel uses this indicator as a performance measure with other hotels in the same category or market.
Revenue generating index	A revenue generating index measures a hotel's fair market share of its segment's (competitive set, market, etc.) revenue per available room. If a hotel is capturing its fair market share, the index will be 1; if capturing less than its fair market share, a hotel's index will be less than 1; and if capturing more than its fair market share, a hotel's index will be greater than 1.
Profitability Ratios	
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 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 allocates 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 purchased. Such assets include investment properties; property, plant & equipment; and investments accounted for using the equity method.
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, construction materials, etc.), property for resale, 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.
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, bonds and long term lease obligations.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
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 Group's net debt by shareholders' equity plus net debt. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.