Financial Analysis Summary

21 June 2024

Issuer

Gap Group p.l.c.

(C 75875)

Prepared by:

MZ INVESTMENTS

MZ INVESTMENTS

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The Board of Directors
Gap Group p.l.c.
Plan Group Head Office,
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Malta

21 June 2024

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out 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 information appertaining to Gap Group p.l.c. (the "**Issuer**", "**Group**", or "**Gap Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical information for the most recent three financial years ended 31 December 2021, 31 December 2022, and 31 December 2023 has been extracted from the respective audited consolidated annual financial statements.

(b) The forecast information for the financial year ending 31 December 2024 has been provided by the Group.

(c) Our commentary on the financial performance, cash flows, and financial position of Gap Group is based on explanations provided by the Issuer.

(d) The ratios quoted in this Analysis have been computed by applying the definitions set out in Part 4 – Explanatory Definitions of this report.

(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 Malta Business Registry, as well as other sources providing financial information.

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This Analysis is meant to assist existing and potential investors in the Issuer's securities by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. This Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest or not invest in any of the Issuer's securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, existing and potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

Gap Group was incorporated in June 2016 as a public limited liability company under the Companies Act (Chapter 386 of the laws of Malta) with an authorised, issued, and full paid-up share capital of €2.50 million.

The Issuer is the holding company of a number of subsidiaries which are engaged in the acquisition, development, and sale of real estate. As a result, Gap Group is mainly dependent on the performance and prospects of its operating subsidiaries.

Since incorporation, the Group completed and sold various real estate projects situated in different localities across Malta including Birkirkara, Għargħur, Luqa, Marsascala, Mellieħa, Qawra, and San Pawl tat-Tarġa. In aggregate, these projects comprised circa 700 residential units and over 800 garages/car parking spaces.

On the other hand, the Group is currently in an advanced stage of selling all properties forming part of 'Mulberry Park' and 'Seaberry Park', which are both situated in Qawra, and is also progressing well in the development of three other projects, namely, 'Sunflower' in Qawra, 'The Pantheon' in Mosta, and the 'Żonqor Development'. While 'Sunflower' and 'The Pantheon' will be completed in the second half of 2024, the 'Żonqor Development' is expected to be finished in 2025. A more detailed description of these projects is provided in Section 4 – Current Projects.

Each project pursued by the Group is undertaken through a special purpose vehicle ("**SPV**") and each SPV is managed through its own Board of Directors which would have common members with the Board of Directors of the Issuer. Furthermore, Gap Group engages the services of one of its subsidiaries – Gap Group Contracting Limited ("**GGCL**") – as the contractor responsible for all development works. Other than the foregoing, the Issuer is not dependent on other entities within or outside the Group with respect to the management of its real estate development projects.

Several projects undertaken by the Group were/are funded through the issuance of secured bonds listed on the Regulated Main Market (Official List) of the Malta Stock Exchange. Details of the two listed bonds of the Group can be found in the Table below:

Security ISIN	Security	Symbol Code	Amount Outstanding	Market Price*
MT0001231233	3.90% Gap Group p.l.c. Secured & Guaranteed 2024-2026 (the "**2021 Bonds**")**	GP26A	€ 16,701,600	100.00%
MT0001231241	4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027 (the "**2022 Bonds**")	GP27A	€ 23,000,000	100.00%
			€ 39,701,600	

** As at 15 May 2024.*

*** Amount issued stood at €21 million, but this was reduced as the Group repurchased and cancelled some of its bonds.*

The **2021 Bonds** were issued in December 2021 to finance the continuation of 'The Pantheon' in Mosta and 'Mulberry Park' in Qawra, as well as for the acquisition of a site in Qawra on which 'Seaberry Park' was constructed. The proceeds were also used to partly finance the development of 'Seaberry Park'.

The **2022 Bonds** were issued in December 2022 to finance the acquisition of a site in Marsascala on which the 'Żonqor Development' is being constructed ("**Żonqor Site**"). The proceeds from the 2022 Bonds were also earmarked to partly fund the development costs of the 'Żonqor Development'.

2. DIRECTORS AND MANAGEMENT STRUCTURE

2.1 DIRECTORS OF THE ISSUER

The Group's Board of Directors comprises the following seven individuals who are entrusted with the overall development, direction, oversight, and strategic management of Gap Group:

Paul Attard	Executive Director and Company Secretary
Adrian Muscat	Executive Director
Justin Cutajar	Non-Executive Director
Francis X. Gouder	Independent Non-Executive Director
Mark Castillo	Independent Non-Executive Director
Chris Cilia	Independent Non-Executive Director

2.2 DIRECTORS OF THE GUARANTORS

The 2021 Bonds are guaranteed by Gap QM Limited ("**GQM**") and Gap Qawra Limited ("**GQL**"). On the other hand, the 2022 Bonds are guaranteed by Gap Żonqor Limited ("**GZL**").

GQM was set to develop 'The Pantheon' and 'Mulberry Park'. Conversely, GQL and GZL were set up to pursue the 'Seaberry Park' project and the 'Żonqor Development' respectively.

The Directors of GQM are:

Paul Attard	Executive Director
Adrian Muscat	Executive Director
Justin Cutajar	Non-Executive Director

The Directors of GQL and GZL are:

Paul Attard	Executive Director
Adrian Muscat	Executive Director

2.3 MANAGEMENT STRUCTURE

The Issuer has no employees and is directed by its Board of Directors. However, each subsidiary of the Group would have its own personnel responsible for managing the real estate development projects entrusted to it.

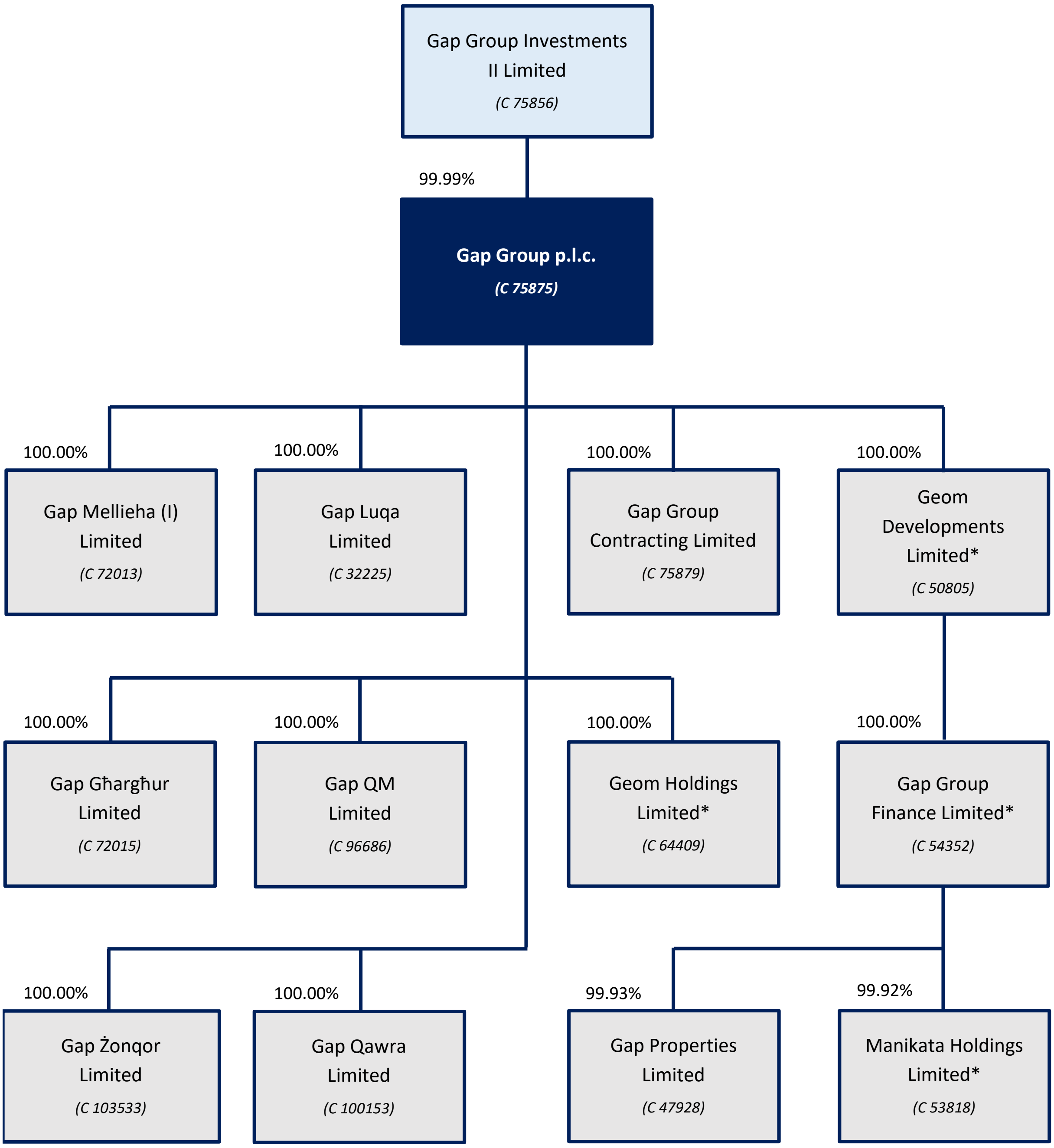
As such, Gap Group adopts a centralised management structure whereby senior management personnel are deployed to perform duties in different parts of the Group depending on the requirements of each of the Group's subsidiaries. These services are then re-charged to the Group company where they are from time to time deployed.

The senior management team of Gap Group is engaged by GGCL which, in turn, is managed by the following individuals:

Paul Attard	Director of Sales and Marketing
Adrian Muscat	Director of Sites
Keith Fenech	Chief Financial Officer
Raymond Grixti	Project Manager
Chris Gauci	Sales Manager
Elton Deguara	Sales Manager

3. ORGANISATIONAL STRUCTURE

The chart below illustrates the organisational structure of the Group:



** Currently dormant*

4. CURRENT PROJECTS

4.1 'MULBERRY PARK' (QAWRA)

In Q4 2020, GQM acquired a site with a superficial area of approximately 1,924 sqm located in Triq in-Nakkri, Qawra, for a consideration of €4.6 million. Thereafter, the Group constructed two blocks consisting, in aggregate, of 93 residential units and 151 lock-up garages. The overall cost of development stood at around €8 million. Construction works commenced in Q1 2021 and were completed in Q1 2022, whilst finishing works were mostly concluded by the end of 2022.

The combined gross floor space of the residential units and garages consist of an area of 16,810 sqm. The residential units were sold in a finished state and mainly comprised a mix of one and two bedroomed units measuring approximately 90 sqm to 120 sqm largely targeted towards first-time buyers and buy-to-let investors. The two blocks have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block consists of penthouses having full ownership of the respective roof and airspace.

The village of Qawra is located in the northern part of Malta. Being a coastal village, Qawra is a popular tourist destination but is also attractive to locals seeking to purchase a summer home or a reasonably priced residency. As at the end of 2023, 90 residential units (out of a total of 93) and 66 garages (out of a total of 151) were either sold or subject to a POS agreement. As a result, 3 residential units and 85 garages were available for sale as at the end of 2023. Total revenues to be generated from 'Mulberry Park' are expected to amount to well over €20 million (net of sales commissions).

4.2 'SEABERRY PARK' (QAWRA)

On 25 January 2022, the Group acquired the temporary utile dominium of a site in Qawra for the remaining period of 107 years (out of the original grant of 150 years granted on 6 July 1978) for a consideration of €7.5 million. The site is situated in Triq it-Tamar and has a superficial area of circa 2,375 sqm.

Following a review of the original plans, the project entailed the construction of 113 residential units (11 maisonettes, 90 apartments, and 12 penthouses), 3 commercial outlets, 172 lock-up garages, 1 parking space, and 7 stores. The project was entirely completed and finished in 2023 for a total cost of €9.1 million.

Each residential block has separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block consists of penthouses having full ownership of the respective roof and airspace. The residential units have been sold in a finished state, including all common areas, and comprises a mix of two and three bedroomed units, measuring between 180 sqm and 210 sqm, and were priced to mainly target first-time buyers and buy-to-let investors.

As at the end of 2023, 91 residential units (out of a total of 113) and 38 garages (out of a total of 172) were either sold or subject to a POS agreement. As a result, 22 residential units and 134 garages were available for sale as at the end of 2023. Total revenues to be generated from 'Seaberry Park' are expected to amount to over €30 million (net of sales commissions).

4.3 'SUNFLOWER' (QAWRA)

On 4 April 2023, Gap Mellieħa (I) Limited concluded the acquisition of a site in Qawra measuring approximately 957 sqm for a consideration of €4.1 million. The site is situated on three streets, namely Triq il-Pruwa, Triq Garcia de Toledo, and Triq San Timotju. Once completed, the project will comprise 59 residential units and 58 lock-up garages to be sold in a finished state (excluding internal doors), including all common areas. The residential units will comprise a mix of one, two, and three bedroomed units, each measuring approximately between 85 sqm to 200 sqm, and will be priced to target primarily first-time buyers and second-time buyers. The combined gross floor area of the residential units and garages constitutes an area of approximately 7,800 sqm.

Each block will have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block will consist of penthouses having full ownership of the respective roof and airspace.

The project will cost around €5.5 million to develop whilst total revenues are estimated at over €15 million (net of sales commissions). Construction and finishing works are envisaged to be completed by Q4 2024.

4.4 'THE PANTHEON' (MOSTA)

In Q4 2020, GQM acquired a site with a superficial area of *circa* 5,895 sqm located in Triq id-Difiża Ċivili and Triq tal-Qares, Mosta, for a consideration of €10.1 million. Upon completion in Q3 2024, the project will comprise 110 residential units, 4 garages, and 154 car spaces spread over 12 blocks. The overall cost of development is expected to be in the region of €9.1 million.

The combined gross floor space of the residential units and car parking spaces will consist of an area of 20,208 sqm. The residential units are being sold in a finished state, including all common areas. Each block will have separate entrances served with passenger lifts accessing both the residential units and the underlying car parking levels. Furthermore, the topmost floors of each block will consist of penthouses having full ownership of the respective roof and airspace.

The village of Mosta is located in the northern region of Malta and is sought after by locals for the purposes of their primary residence. Mosta is a relatively large town which boasts of historical sites, shopping centres, and other amenities. 'The Pantheon' is located on the outskirts of Mosta in a quieter area of the village. It targets two different segments of prospective buyers. The majority of the development (68%) is targeted at the medium segment of the market. This component of the development will consist of two to three bedroomed residential units which will have an approximate square meterage of between 120 sqm and 165 sqm per unit. The remaining part of the development

(32%) is targeted at the medium-to-high end segment of the market as these units will be larger properties having a square meterage of around 200 sqm per unit whilst each residential unit will enjoy unobstructed valley and distant views.

Out of the 76 residential units and 147 car parking spaces/garages that the Group placed on the market by the end of 2023, 67 units and 33 car parking spaces/garages were either sold or subject to a POS agreement. Projected revenues to be generated from the Mosta Development are expected to amount to well over €40 million (net of sales commissions).

4.5 'ŻONQOR DEVELOPMENT' (MARSASCALA)

On 9 January 2023, GZL concluded the acquisition of the Żonqor Site for a consideration of just under €14.9 million. The Żonqor Site is situated in the Żonqor area of Marsascala and has a total footprint of circa 3,817 sqm.

The village of Marsascala is located on the southeast coast of Malta. Originally a small fishing village, Marsascala evolved into a tourist destination and a permanent hometown or summer residence for locals as well as foreigners seeking a retirement home in Malta. Marsascala is a seaside village which boasts of a picturesque bay, a promenade continuing to St Thomas Bay, and a range of restaurants and bars.

The 'Żonqor Development' will comprise 118 residential units, 182 lock-up garages, and two small Class 4B shops spread across ten blocks to be sold in a finished state (excluding internal doors), including all common areas. The residential units will comprise a mix of one, two and three bedroomed units, each measuring approximately 55 sqm to 210 sqm, and will be priced to target primarily first-time buyers and second-time buyers as well as foreign investors seeking a summer residence in Malta. The combined gross floor area of the residential units and garages will constitute an area of 31,560 sqm. Each block will have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block will consist of penthouses having full ownership of the respective roof and airspace.

The project is expected to cost around €18 million to develop whilst total revenues are estimated at over €50 million (net of sales commissions). Construction and finishing works are envisaged to be completed by the end of Q1 2025.

5. THE RESERVE ACCOUNT

All sales of property forming part of the Hypothecated Property[1] is made on condition that the properties are released of all hypothecary rights and privileges encumbering them. For this purpose, the Security Trustee[2] is empowered to release individual units of the Hypothecated Property from the security interest encumbering such property upon receipt from the Issuer or from a prospective purchaser a fixed amount of the purchase price attributed to each property forming part of the Hypothecated Property.

All amounts received by the Trustee from the sales proceeds of property forming part of the Hypothecated Property is credited to the Reserve Account and these are retained for the purpose of buying back and cancelling and, or redeeming the 2021 Bonds and, or the 2022 Bonds (as the case may be) upon maturity.

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors of the Issuer are of the view that the percentages available for cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the outstanding 2021 Bonds and 2022 Bonds on maturity. The Table below outlines the actual and expected balances in the Reserve Account for the financial years 2021 to 2024:

Gap Group p.l.c. Reserve Account as at 31 December	**2021 Actual €'000**	**2022 Actual €'000**	**2023 Actual €'000**	**2024 Forecast €'000**
3.65% secured and guaranteed bonds 2022	25,826	-	-	-
4.25% secured and guaranteed bonds 2023	19,091	8,815	-	-
3.70% secured and guaranteed bonds 2023-2025	-	653	3,632	-
3.90% secured and guaranteed bonds 2024-2026	-	-	1,031	16,572
	44,917	**9,468**	**4,663**	**16,572**

The 3.65% secured and guaranteed bonds 2022, the 4.25% secured and guaranteed bonds 2023, and the 3.70% secured and guaranteed bonds 2023-2025 were fully redeemed in April 2022, October 2023, and April 2024 respectively. As at the end of FY2023, the Security Trustee held €1.03 million for the purpose of buying back and cancelling and/or redeeming the 2021 Bonds. This amount is expected to increase to €16.57 million by the end of FY2024, which is equal to the total outstanding amount of the 2021 Bonds.

[1] Refers to: (i) the sites in Qawra and Mosta on which 'Mulberry Park', 'Seaberry Park, and 'The Pantheon' have been constructed, together with all construction developed thereon; and (ii) the Żonqor Site and all construction to be developed thereon.
[2] The Security Trustee is Equinox International Limited, a private limited liability company duly authorised to act as trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta).

6. ECONOMIC AND SECTOR ANALYSIS

6.1 ECONOMIC UPDATE[3]

The Maltese economy continues to grow robustly driven by strong exports and domestic demand. Tourism flows bounced back to well above pre-pandemic levels and the strong inflow of workers is boosting domestic demand. After reaching 5.60% GDP growth in 2023, the Maltese economy is expected to achieve a growth rate of 4.60% in 2024 and 4.30% in 2025. The government deficit stood at 4.90% of GDP in 2023, and it is expected to only gradually decrease in 2024 and 2025. Thanks to robust nominal GDP growth, the public debt-to-GDP ratio is forecast to increase only slightly despite the still high primary deficit.

In 2023, real GDP growth reached 5.60%, 1.6 percentage points higher than projected in autumn. Both private consumption and exports came much stronger than expected, resulting from significantly higher immigration and tourism flows. Besides exceptionally strong immigration, Malta’s economy continues to benefit from a low pass-through of monetary policy to retail interest rates and from government measures that have kept energy prices stable at 2020 levels.

Tourism reached pre-pandemic levels in 2023. The number of tourist arrivals increased by more than 26% in the first two months of 2024, although tourism expenditure grew at a slightly slower pace. Strong growth is also forecast in exports of electronics and entertainment, professional and financial services.

Construction investment is expected to stabilise and recover moderately after a sharp fall in 2023, growing at 2.50% in 2024 and 3.90% in 2025. The increase of private consumption and activity in the service sector is expected to lead to higher imports of goods and services. Overall, the forecast for GDP growth was revised upward to 4.60% in 2024 and 4.30% in 2025.

With employment growth at 6.50% in 2023, Malta's labour market exceeded expectations. Employment growth is set to remain strong at 40% also in 2024 and 2025 as the country continues to attract foreign workers. Labour and skills shortages are still mentioned as the main limiting factors for the Maltese economy.

The unemployment rate was revised upwards from 2.90% to 3.50% in 2022 due to an updated demographic survey. In 2023, the unemployment rate fell to 3.10% and it is expected to drop marginally to 3% and 2.90% in 2024 and 2025. Nominal wages were, however, still growing at relatively weak rates in 2023 as employment expanded in the low wage sectors, resulting in negative real wage growth per head.

HICP inflation in 2023 reached 5.60% despite the government intervention to keep energy prices at 2020 levels. The Maltese authorities confirmed their commitment to limiting energy inflation in 2024 and 2025. Inflation in Malta slowed down in the first quarter of 2024 mainly due to lower services

[3] **Source:** European Commission, ‘*European Economic Forecast Spring 2024*’, 15 May 2024.

inflation. Headline inflation is forecast at 2.80% in 2024 and 2.30% in 2025, with food prices set to remain the fastest growing component.

In 2023, the debt-to-GDP ratio fell by 1.2 percentage points to 50.40% due to strong nominal growth and despite the high primary deficit. A positive stock-flow adjustment related to the equity injection in the national airline is expected to drive the increase of the public debt to 52% of GDP in 2024. For 2025, a smaller primary deficit and a favourable interest growth differential will lead to a smaller increase of public debt to 52.60% of GDP.

Key Economic Indicators [1]	**2021 Actual**	**2022 Actual**	**2023 Forecast**	**2024 Forecast**	**2025 Projection**
Malta					
Real GDP growth *(%, year-on-year)*	12.50	8.10	5.60	4.60	4.30
Real GDP growth per capita *(%, year-on-year)*	11.90	5.30	2.40	1.90	1.70
Inflation *(%, year-on-year)* [2]	0.70	6.10	5.60	2.80	2.30
Unemployment (%)	3.80	3.50	3.10	3.00	2.90
Primary balance *(% of GDP)*	(6.50)	(4.60)	(3.80)	(3.10)	(2.60)
General balance *(% of GDP)*	(7.60)	(5.50)	(4.90)	(4.30)	(3.90)
Gross public debt *(% of GDP)*	53.90	51.60	50.40	52.00	52.60
Current account balance *(% of GDP)*	5.70	0.60	4.20	3.40	3.60
Euro area (20)					
Real GDP growth *(%, year-on-year)*	5.90	3.40	0.40	0.80	1.40
Real GDP growth per capita *(%, year-on-year)*	5.90	2.90	(0.20)	0.50	1.10
Inflation *(%, year-on-year)* [2]	2.60	8.40	5.40	2.50	2.10
Unemployment (%)	7.80	6.80	6.60	6.60	6.50
Primary balance *(% of GDP)*	(3.80)	(2.00)	(1.90)	(1.10)	(0.90)
General balance *(% of GDP)*	(5.20)	(3.70)	(3.60)	(3.00)	(2.80)
Gross public debt *(% of GDP)*	96.60	92.40	90.00	90.00	90.40
Current account balance *(% of GDP)*	3.70	1.00	2.90	3.20	3.20
EU					
Real GDP growth *(%, year-on-year)*	6.00	3.50	0.40	1.00	1.60
Real GDP growth per capita *(%, year-on-year)*	6.10	3.30	0.00	0.80	1.50
Inflation *(%, year-on-year)* [2]	2.90	9.20	6.40	2.70	2.20
Unemployment (%)	7.10	6.20	6.10	6.10	6.00
Primary balance *(% of GDP)*	(3.40)	(1.80)	(1.80)	(1.20)	(0.90)
General balance *(% of GDP)*	(4.70)	(3.40)	(3.50)	(3.00)	(2.90)
Gross public debt *(% of GDP)*	89.00	84.80	82.90	82.90	83.40
Current account balance *(% of GDP)*	3.30	0.90	2.90	3.10	3.10

[1] **Source:** *European Commission, 'European Economic Forecast Spring 2024, 15 May 2024.*

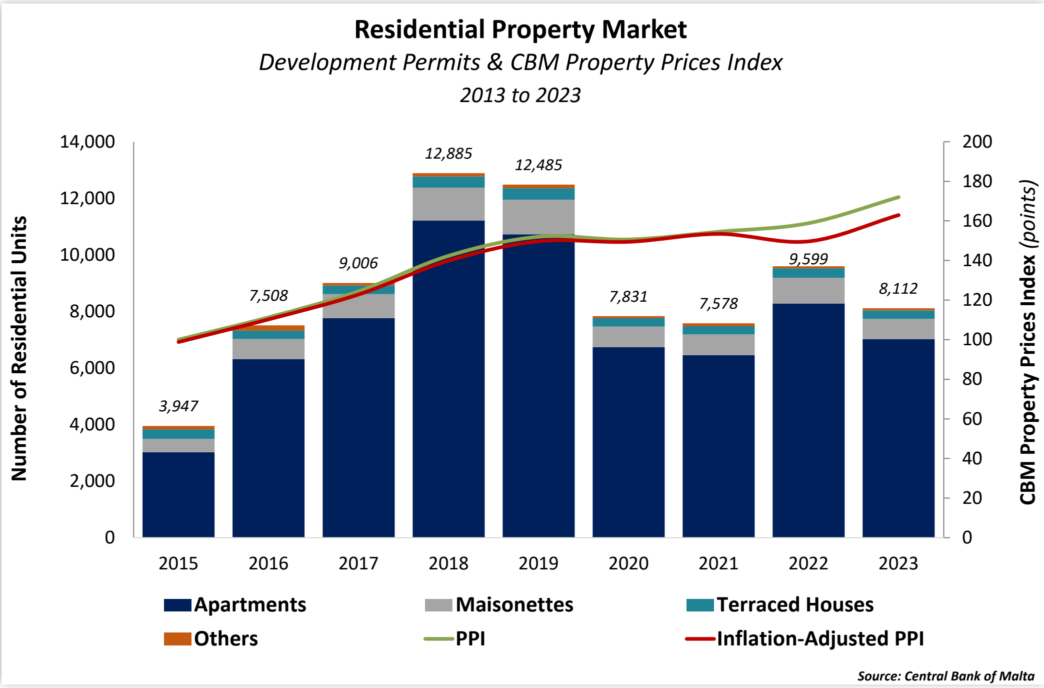
[2] *Harmonised Indices of Consumer Prices ("HICP")*

6.2 PROPERTY MARKET [4]

DEVELOPMENT PERMITS FOR DWELLINGS

Data provided by the Central Bank of Malta ("**CBM**") and the National Statistics Office ("**NSO**") shows that in 2023, the total number of permits for the construction of new dwellings increased by 24.78% to 1,586 permits (2022: 1,271 permits). However, the total number of approved new residential units declined by 15.49% year-on-year to 8,112 units, mostly comprising apartments which totalled 7,026 units (2022: 8,280 apartments) representing 86.61% of the total number of approved new units in 2023. The sharpest year-on-year percentage decline in the number of approved residential units was for the construction of new maisonettes (-21.76% to 712 units), followed by apartments (-15.14%), and terraced houses (-12.31% to 292 units). On the other hand, other type of dwellings including villas, bungalows, and farmhouses increased by 7.89% to 82 units.

The highest ever number of approved new residential units in a single year took place in 2018 as 2,363 permits were issued for the construction of a total of 12,885 residential units. Between 2019 and 2021, the total number of approved new residential units trended lower each year, reaching a five-year low of 7,578 units in 2021 before rebounding strongly by 26.67% to 9,599 new units in 2022.

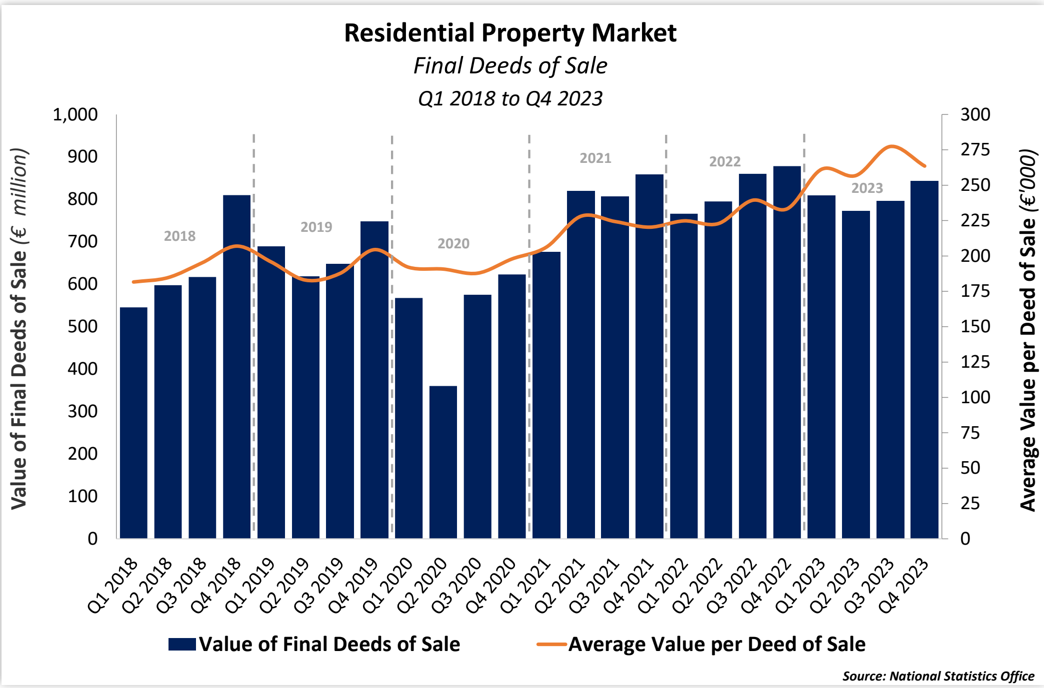


[4] **Sources:** Central Bank of Bank and National Statistics Office online portals at https://www.centralbankmalta.org/real-economy-indicators and https://nso.gov.mt/property respectively.

PROPERTY PRICES & TRANSACTIONS

In nominal terms, the **CBM Property Prices Index** – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – reached an all-time high of 172.01 points in 2023, representing a significant increase of 8.28% over the prior year (158.86 points). The sharpest year-on-year percentage increase took place in the prices of 'other property' comprising town houses, houses of character and villas, which saw their advertised prices increase by an aggregate 10.57% in 2023. The advertised prices of apartments and maisonettes also increased markedly in 2023 by 9.80% and 9.20% respectively, whilst the advertised prices of terraced houses contracted by a minimal 0.17%. In real terms, the CBM Property Prices Index increased by 8.86% in 2023 (the strongest uplift since 2018), thus erasing to prior year's decline of 2.45% to reach an inflation-adjusted record reading of 162.95 points.

The **NSO Property Price Index** – which is based on actual transactions involving apartments, maisonettes, and terraced houses – reached an all-time high of 151.08 points as at the end of Q2 2023 – representing a year-on-year increase of 4.46% in nominal terms. During 2023, a total of 12,178 final deeds of sale were registered compared to 14,368 deeds in 2021 and 14,331 deeds in 2022. However, the total value of final deeds of sale dropped by only 2.35% in 2023 to €3.22 billion (or €3.05 billion in real terms) compared to the record of just under €3.30 billion (or €3.11 billion in real terms) registered in 2022. Furthermore, the average value per deed of sale reached an all-time high of €0.26 million (or €0.25 million in real terms) compared to €0.22 million in 2021 and €0.23 million in 2022.



PART 2 – PERFORMANCE REVIEW

7. FINANCIAL ANALYSIS

The historical information is extracted from the audited consolidated annual financial statements of Gap Group for the years ended 31 December 2021, 31 December 2022, and 31 December 2023.

The forecasts are based on future events and assumptions which the Group believes to be reasonable. Accordingly, the actual outcome may be adversely affected by unforeseen circumstances and the variation between forecasts with actual results may be material.

Gap Group p.l.c. **Income Statement** **for the financial year 31 December**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Forecast** **€'000**
Revenue	50,116	29,496	42,764	47,000
Cost of sales	(35,317)	(20,706)	(27,561)	(30,550)
Administrative expenses	(2,536)	(1,836)	(2,436)	(2,820)
EBITDA	**12,263**	**6,954**	**12,767**	**13,630**
Depreciation	(14)	(18)	(19)	(15)
Operating profit	**12,249**	**6,936**	**12,748**	**13,615**
Net finance (costs) / income	(857)	(210)	250	95
Profit before tax	**11,392**	**6,726**	**12,998**	**13,710**
Taxation	(2,527)	(1,658)	(3,303)	(3,822)
Profit after tax	**8,865**	**5,068**	**9,695**	**9,888**
Other comprehensive income				
Movement in fair value of financial assets	76	(359)	135	50
Total comprehensive income for the year	**8,941**	**4,709**	**9,830**	**9,938**

Gap Group p.l.c. Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
EBITDA margin (%) *(EBITDA / revenue)*	24.47	23.58	29.85	29.00
Operating profit margin (%) *(Operating profit / revenue)*	24.44	23.52	29.81	28.97
Net profit margin (%) *(Profit after tax / revenue)*	17.69	17.18	22.67	21.04
Return on equity (%) *(Profit after tax / average equity)*	48.30	21.18	31.07	24.07
Return on assets (%) *(Profit after tax / average assets)*	8.21	4.56	9.30	10.14
Return on invested capital (%) *(Operating profit / average equity and net debt)*	19.43	9.79	15.20	18.73
Interest cover (times) *(EBITDA / net finance costs)*	14.31	33.11	n/a	n/a

INCOME STATEMENT

Revenues more than doubled year-on-year in **FY2021** to €50.12 million. Approximately 85% of this income was generated from ‘Fairwinds’ in Luqa and ‘Southridge’ in Mellieħa, while most of the remaining revenues derived from ‘Waterbank’ in Marsascala.

As a result of the upsurge in revenues, operating profit increased by €5.45 million to €12.26 million though the operating margin eased by around 4 percentage points to 24.44%. Due to the improvement in profitability, the return on equity increased substantially to 48.30% while the return on assets nearly doubled to 8.21%.

Net finance costs amounted to €0.86 million and included a portion of the finance costs which were not attributable to the development phases of the Group’s projects.

Profit for the year increased substantially to €8.87 million while the relative margin remained virtually unchanged at over 17%.

In **FY2022**, revenues contracted sharply to €29.50 million amid a lower level of stock of property available for sale. Most of the income emanated from ‘Fairwinds’ in Luqa and ‘Waterbank’ in Marsascala while other projects (namely ‘The Hazel’ in Birkirkara, 'Southridge' in Mellieħa, ‘Mulberry Park’ in Qawra, and ‘Dumont’ in San Pawl tat-Tarġa) also contributed to the Group’s revenues albeit on a much lower level.

EBITDA and operating profit dropped to €6.95 million and €6.94 million respectively. Gap Group also recorded marginally lower EBITDA and operating profit margins, but these stayed above the 23% level.

After taking into account net finance costs of €0.21 million and a tax charge of €1.66 million, the Group reported a net profit of €5.07 million which translated into a return on equity of 21.18% and a return on assets of 4.56%. Despite the contraction in EBITDA, the interest cover improved markedly to 33.11 times from 14.31 times in FY2021, reflecting the lower incidence of net finance costs.

In **FY2023**, revenues amounted to €42.76 million mostly driven by the sales appertaining to 'Mulberry Park' in Qawra and 'The Pantheon' in Mosta. Besides, during the year the Group sold the last remaining units forming part of 'Fairwinds' in Luqa, 'Waterbank' in Marsascala, and 'Dumont' in San Pawl tat-Tarġa. In addition, the Group also contracted a small number of units forming part of 'Seaberry Park' in Qawra.

In aggregate, cost of sales and administrative increased by 33.7% to just under €30 million. However, EBITDA and operating profit surged by over 80% to €12.77 million and €12.75 million respectively. Furthermore, the EBITDA and operating profit margins trended higher close to the 30% level.

During the year, Gap Group registered net finance income of €0.25 million. After accounting for tax charges of €3.30 million, the profit for the year stood at €9.70 million which translated into a margin of 22.67% (FY2022: 17.18%). The return on equity and the return on assets also improved year-on-year to 31.07% and 9.30% respectively.

For **FY2024**, the Group is projecting revenues of €47 million mostly reflecting income emanating from sales of property forming part of 'The Pantheon' in Mosta, 'Seaberry Park' in Qawra, and 'Mulberry Park' in Qawra.

EBITDA and operating profit are estimated at just over €13.60 million which would translate into relatively unchanged margins of around 29%.

After accounting for projected net finance income of €0.01 million (which includes the capitalisation of interest appertaining to ongoing development projects) and a tax charge of €3.82 million, Gap Group is forecasting a net profit of €9.89 million. The latter would translate into a margin of 21.04%, and a return on equity and on assets of 24.07% and 10.14% respectively.

Gap Group p.l.c. Statement of Cash Flows for the financial year 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
Net cash from / (used in) operating activities	24,475	(1,426)	(3,318)	23,968
Net cash from / (used in) investing activities	(2,866)	2,192	5,060	415
Free cash flow	**21,609**	**766**	**1,742**	**24,383**
Net cash from / (used in) financing activities	1,437	(2,759)	(24,944)	(10,272)
Net movement in cash and cash equivalents	**23,046**	**(1,993)**	**(23,202)**	**14,111**
Cash and cash equivalents at beginning of year	13,461	36,507	34,514	11,312
Cash and cash equivalents at end of year	**36,507**	**34,514**	**11,312**	**25,423**

STATEMENT OF CASH FLOWS

Net movement in cash and cash equivalents amounted to €23.05 million in **FY2021**. Net cash from operating activities totalled €24.48 million, primarily reflecting cash inflows from the sales of property as well as a positive change in working capital mainly related to inventory.

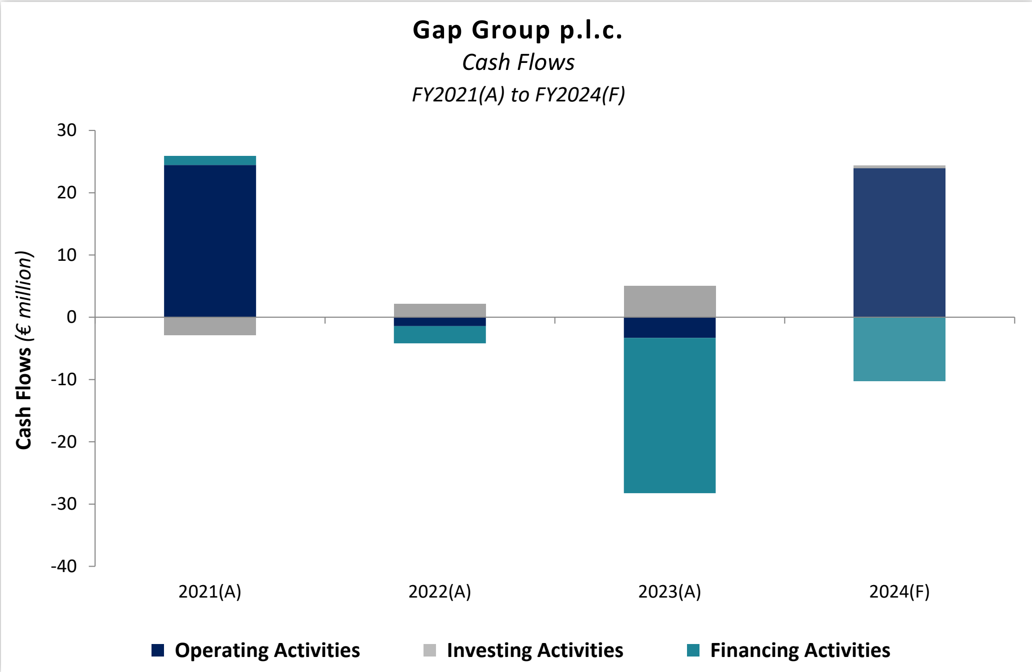
Net cash used in investing activities amounted to €2.87 million, on account of €3.57 million consumed for investment purposes which were partly offset by inflows of €0.72 million related to investment income. Meanwhile, net cash from financing activities amounted to €1.44 million and represented net inflows of €3.94 million from borrowings and a €2.50 million dividend payment.

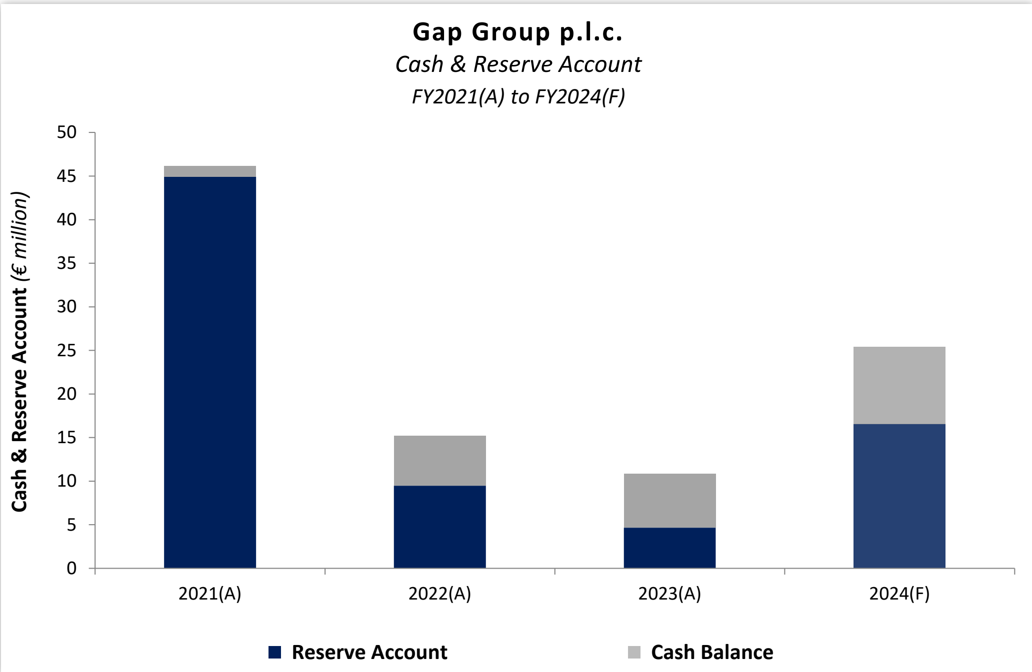
In **FY2022**, the Group used €1.43 million in net cash for its operating activities largely reflecting negative movements in inventories, trade and other payables, as well as the payment of income tax. Likewise, the Issuer used €2.76 million for its financing activities representing outflows of €1.77 million to related parties as well as a net reduction in borrowings of almost €1 million. On the other hand, Gap Group generated €2.19 million from investing activities mostly representing proceeds from the sale of investments amounting to €1.61 million.

Overall, the Group recorded a negative movement of €1.99 million in net cash and cash equivalents. As a result, it ended the 2022 financial with a cash balance of €34.51 million compared to €36.51 million as at 31 December 2021.

During **FY2023**, the Group recorded a notable drop in cash balances to €11.31 million as the net amount of €5.06 million generated from investing activities was significantly outweighed by the amounts of net cash used in operating (€3.32 million) and financing (€24.94 million) activities. The former was particularly impacted by the negative movement of €13.05 million in inventory, whilst the latter included net amounts of €4.43 million and €23.11 million which were advanced to related parties and, or parent company, and the redemption of bonds respectively.

Gap Group is expecting to increase its cash balances by €14.11 million during **FY2024** to €25.42 million. Net cash to be generated from operating activities is estimated to amount to €23.97 million largely reflecting the income from the sale of property forming part of 'The Pantheon' in Mosta and 'Seaberry Park' in Qawra. Net cash to be generated from investing activities is estimated at €0.42 million and represents income from investments and, or finance income. On the other hand, the amount of net cash to be used in financing activities is projected at €10.27 million on account of the Group's target to reduce its total indebtedness to €44.43 million compared to €55.09 million as at 31 December 2023.





Gap Group p.l.c. Statement of Financial Position as at 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
ASSETS				
Non-current assets				
Property, plant and equipment	19	43	27	12
Investments	-	-	-	3,600
Loans and other receivables	10,676	10,983	10,286	9,900
Reserve account	9,670	8,064	3,600	-
	20,365	**19,090**	**13,913**	**13,512**
Current assets				
Inventory - development project	45,820	49,147	62,197	45,647
Trade and other receivables	9,481	7,243	11,185	11,900
Reserve account	35,247	1,404	1,063	16,572
Cash and cash equivalents	1,260	5,717	6,181	8,851
Amounts held by the trustee	-	27,393	4,068	-
	91,808	**90,904**	**84,694**	**82,970**
Total assets	**112,173**	**109,994**	**98,607**	**96,482**
EQUITY				
Capital and reserves				
Called up share capital	2,500	2,500	2,500	2,500
Other capital	3,011	2,651	2,787	2,837
Retained earnings	16,064	21,135	30,830	40,718
	21,575	**26,286**	**36,117**	**46,055**
LIABILITIES				
Non-current liabilities				
Debt securities	28,986	43,387	22,715	22,850
Bank borrowings	6,887	1,960	3,726	-
Other financial liabilities	5	5	5	5
	35,878	**45,352**	**26,446**	**22,855**
Current liabilities				
Debt securities	40,016	29,199	26,760	16,572
Bank borrowings	1,090	1,750	1,879	5,000
Other financial liabilities	1,971	-	-	-
Other current liabilities	11,643	7,407	7,405	6,000
	54,720	**38,356**	**36,044**	**27,572**
Total liabilities	**90,598**	**83,708**	**62,490**	**50,427**
Total equity and liabilities	**112,173**	**109,994**	**98,607**	**96,482**
Total debt	*78,955*	*76,301*	*55,085*	*44,427*
Net debt	*32,778*	*61,116*	*44,241*	*19,004*
Invested capital (total equity plus net debt)	*54,353*	*87,402*	*80,358*	*65,059*

Gap Group p.l.c. Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	2.67	8.79	3.47	1.39
Net debt-to-equity (times) *(Net debt / total equity)*	1.52	2.33	1.22	0.41
Net gearing (%) *(Net debt / net debt and total equity)*	60.31	69.93	55.05	29.21
Debt-to-assets (times) *(Total debt / total assets)*	0.70	0.69	0.56	0.46
Leverage (times) *(Total assets / total equity)*	5.20	4.18	2.73	2.09
Current ratio (times) *(Current assets / current liabilities)*	1.68	2.37	2.35	3.01

STATEMENT OF FINANCIAL POSITION

Total assets as at 31 December **2021** amounted to €112.17 million, principally consisting of inventory (€45.82 million), reserve account (€44.92 million), receivables (€20.16 million), and cash balances (€1.26 million).

The Group's equity increased by 42.56% to €21.58 million reflecting the net profit reported during the year after the deduction of an interim dividend of €2.5 million. Total liabilities mainly comprised debt securities which remained relatively unchanged at €69 million. Other borrowings consisted of bank borrowings (€7.98 million) and other financial liabilities (€1.98 million). The net gearing ratio decreased to 60.31%, primarily on account of the increase in the reserve account and retained earnings. Likewise, the net debt-to-EBITDA multiple improved markedly to 2.67 times whilst the net debt-to-equity ratio, the debt-to-assets ratio, and the leverage ratio all trended lower to 1.52 times, 0.70 times, and 5.20 times respectively.

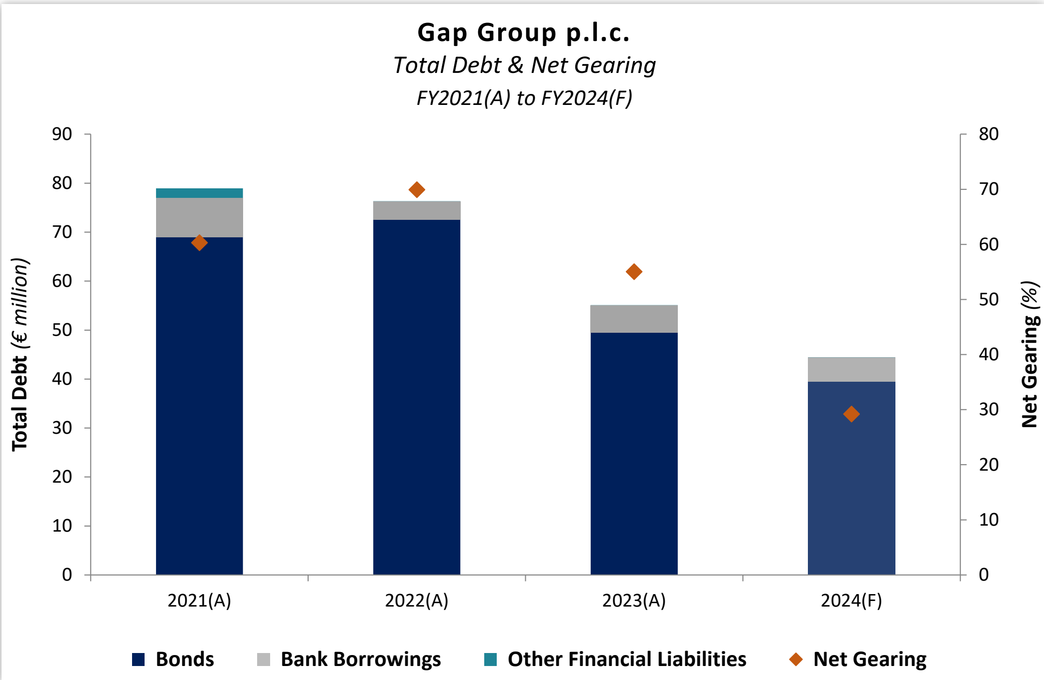
In early **FY2022**, the Group issued the 2021 Bonds and repaid in full the 3.65% secured and guaranteed bonds 2022. Furthermore, in the latter part of the year, Gap Group issued the 2022 Bonds. In aggregate, total debt stood at €76.30 million as at the end of 2022 (31 December 2021: €78.96 million) whilst cash balances and reserve account amounted to €15.19 million compared to €46.18 million as at 31 December 2021. In view of the increase in net debt to €61.12 million compared to €32.78 million as at 31 December 2021, the net debt-to-equity ratio and the net gearing ratio trended higher to 2.33 times and 69.93% respectively. Similarly, the net debt-to-EBITDA multiple increased to 8.79 times. In contrast, the debt-to-assets ratio and the leverage ratio eased to 0.69 times and 4.18 times respectively. Throughout the year, total assets eased slightly to just under €110 million whilst total equity expanded by 21.84% to €26.29 million.

Total assets contracted by 10.35% in **FY2023** to €98.61 million as the reduction in the amounts held by the Security Trustee (-€23.33 million to €4.07 million) and in the reserve account (-€4.81 million to €10.84 million) outweighed the higher levels of inventory (+€13.05 million to €62.20 million), loans and other receivables (+€3.25 million to €21.47 million), and cash (+€0.46 million to €6.18 million).

The Group's equity base strengthened materially to €36.12 million largely reflecting the increase in retained earnings to €30.83 million compared to €21.14 million as at the end of FY2022. At the same time, total liabilities contracted sharply to €62.49 million (31 December 2022: €83.71 million) amid a reduction in total debt to €55.09 million. In view of this, the Group's debt ratios improved notably year-on-year as the net debt-to-equity ratio and the net gearing ratio dropped to 1.22 times and 55.05% respectively. Similarly, the net debt-to-EBITDA eased to 3.47 times.

It is expected that the Group will continue to deleverage in **FY2024** as total debt is anticipated to drop by almost 20% to €44.43 million, representing circa 88% of the Issuer's total liabilities. Likewise, Gap Group is projecting a drop in total assets to €96.48 million as the considerable reduction in inventory to €45.65 million is anticipated to be mostly offset by higher levels of investments, cash, and the reserve account.

Total equity is estimated to reach €46.06 million, thus contributing to a further improvement in the net debt-to-equity ratio and the net gearing ratio to 0.41 times and 29.21% respectively. Similarly, the debt-to-assets ratio is projected to ease to 0.46 times (31 December 2023: 0.56 times) and the leverage ratio to drop to 2.09 times (31 December 2023: 2.73 times).



8. VARIANCE ANALYSIS

The following is an analysis of the major variances between the forecast financial information for the year ended 31 December 2023 included in the Analysis dated 1 June 2023, and the audited consolidated annual financial statements for the year ended 31 December 2023.

Gap Group p.l.c. **Income Statement** **for the financial year 31 December**	**2023** **Actual** **€'000**	**2023** **Forecast** **€'000**	
Revenue	42,764	38,500	***(1)***
Cost of sales	(27,561)	(27,500)	
Administrative expenses	(2,436)	(1,982)	
EBITDA	**12,767**	**9,018**	***(2)***
Depreciation	(19)	(18)	
Operating profit	**12,748**	**9,000**	
Net finance (costs) / income	250	(210)	
Profit before tax	**12,998**	**8,790**	
Taxation	(3,303)	(2,695)	
Profit after tax	**9,695**	**6,095**	***(3)***
Other comprehensive income			
Movement in fair value of financial assets	135	(50)	
Total comprehensive income for the year	**9,830**	**6,045**	

Gap Group recorded a better-than-expected financial performance in FY2023 as EBITDA and net profit stood at €12.77 million ***(2)*** and €9.70 million ***(3)*** compared to the forecasted figures of €9.02 million and €6.10 million respectively. The main reason for this was the higher level of revenues generated by the Group as these amounted to €42.76 million compared to the target of €38.50 million ***(1)***.

Gap Group p.l.c. **Statement of Cash Flows** **for the financial year 31 December**	**2023** **Actual** **€'000**	**2023** **Forecast** **€'000**	
Net cash used in operating activities	(3,318)	(6,913)	***(1)***
Net cash from investing activities	5,060	5,294	***(2)***
Free cash flow	**1,742**	**(1,619)**	
Net cash used in financing activities	(24,944)	(26,892)	***(3)***
Net movement in cash and cash equivalents	**(23,202)**	**(28,511)**	
Cash and cash equivalents at beginning of year	34,514	34,514	
Cash and cash equivalents at end of year	**11,312**	**6,003**	***(4)***

The Group ended the 2023 financial year with a cash balance of €11.31 million compared to the forecasted figure of €6.00 million ***(4)***. The positive variance emanated from the lower levels of net cash used in operating ***(1)*** and financing ***(3)*** activities which by far offset the lower level of net cash generated from investing activities ***(2)***.

Meanwhile, the material variances between the actual and forecast Statement of Financial Position as at 31 December 2023 were as follows:

(1) Total assets amounted to €98.61 million compared to the estimated figure of €86.24 million ***(1)*** virtually reflecting higher amounts across all components of the Group's asset base.

(2) The level of total equity exceeded the forecasted amount by €3.27 million ***(2)*** in view of the higher level of profitability registered by the Group in FY2023.

(3) Total liabilities of €62.49 million surpassed the estimated amount of €53.38 million ***(5)*** amid higher levels of outstanding debt securities ***(3)*** and other current liabilities ***(4)***.

Gap Group p.l.c. **Statement of Financial Position** **as at 31 December**	**2023** **Actual** **€'000**	**2023** **Forecast** **€'000**	
ASSETS			
Non-current assets			
Property, plant and equipment	27	35	
Investments	-		
Loans and other receivables	10,286	11,050	
Reserve account	3,600	3,750	
	13,913	**14,835**	
Current assets			
Inventory - development project	62,197	57,897	
Trade and other receivables	11,185	7,500	
Reserve account	1,063	-	
Cash and cash equivalents	6,181	2,750	
Amounts held by the trustee	4,068	3,253	
	84,694	**71,400**	
Total assets	**98,607**	**86,235**	***(1)***
EQUITY			
Capital and reserves			
Called up share capital	2,500	2,500	
Other capital	2,787	2,701	
Retained earnings	30,830	27,650	
	36,117	**32,851**	***(2)***
LIABILITIES			
Non-current liabilities			
Debt securities	22,715	22,846	
Bank borrowings	3,726		
Other financial liabilities	5	3,700	
	26,446	**26,546**	
Current liabilities			
Debt securities	26,760	20,913	
Bank borrowings	1,879	-	
Other financial liabilities	-	1,950	
Other current liabilities	7,405	3,975	***(3)***
	36,044	**26,838**	
Total liabilities	**62,490**	**53,384**	***(4)***
Total equity and liabilities	**98,607**	**86,235**	
Total debt	*55,085*	*49,409*	***(5)***
Net debt	*44,241*	*42,909*	
Invested capital (total equity plus net debt)	*80,358*	*75,760*	

PART 3 – COMPARATIVE ANALYSIS

The Table below provides a comparison between the Group and its bonds with other debt issuers and their respective debt securities listed on the Regulated Main Market (Official List) of the Malta Stock Exchange. Although there are significant variances between the activities of the Group and those of other debt issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business/es and those of other debt issuers, the comparative analysis illustrated in the Table below serves as an indication of the relative financial strength and creditworthiness of the Group.

Comparative Analysis*	Amount Issued	Yield-to-Maturity / Worst	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
5.00% Hal Mann Vella Group p.l.c. Secured 2024	30,000	3.81	2.21	9.47	51.49	0.43
4.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	1,267	4.17	57.57	9.38	69.21	0.64
5.75% International Hotel Investments p.l.c. Unsecured 2025	45,000	5.75	1.61	10.49	43.07	0.41
5.10% 6PM Holdings p.l.c. Unsecured 2025**	13,000	6.86	16.04	0.65	17.79	0.20
4.50% Hili Properties p.l.c. Unsecured & Guaranteed 2025	37,000	4.11	1.80	8.70	46.06	0.45
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.63	5.64	6.37	77.20	0.60
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	4.25	1.45	11.49	43.52	0.41
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.61	10.49	43.07	0.41
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	4.99	2.27	8.24	80.39	0.57
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	4.38	10.89	2.16	65.14	0.57
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	5.34	1.61	10.49	43.07	0.41
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.33	1.24	21.28	39.42	0.36
3.90% Gap Group p.l.c. Secured & Guaranteed 2024-2026	16,702	3.89	n/a	3.15	52.66	0.56
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	3.62	4.60	4.44	69.59	0.61
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.26	4.68	1.74	22.08	0.26
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.04	5.43	4.21	26.73	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.42	2.67	20.40	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	3.99	5.67	4.17	22.93	0.21
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	15,000	5.06	57.57	9.38	69.21	0.64
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.74	n/a	3.15	52.66	0.56
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.27	4.60	4.44	69.59	0.61
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.19	5.42	2.67	20.40	0.19
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	4.62	7.37	9.26	54.58	0.48
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	3.78	5.67	4.17	22.93	0.21
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.87	4.60	4.44	69.59	0.61
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	1.24	21.28	39.42	0.36
5.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	15,000	4.98	57.57	9.38	69.21	0.64
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	6.24	1.73	7.63	94.01	0.75
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.69	1.61	10.49	43.07	0.41
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	5.10	2.04	12.44	49.30	0.45
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.85	4.89	6.08	50.77	0.50
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.19	1.24	21.28	39.42	0.36
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.34	1.61	10.49	43.07	0.41
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.63	3.09	16.34	74.89	0.65
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.20	3.35	11.26	55.24	0.51

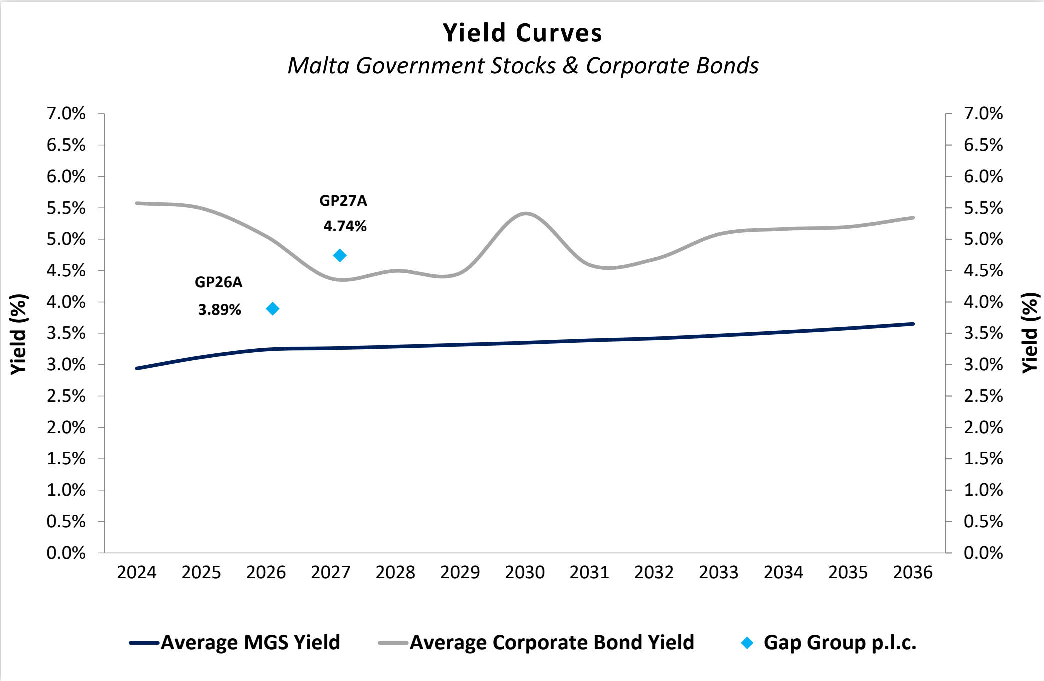
As at 15 May 2024

***** The financial ratios pertain to Idox p.l.c..***

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for Juel Group p.l.c. (FY2024 forecast, as included in the Financial Analysis Summary dated 6 June 2023).



The closing market price as at 15 May 2024 for the **3.90% Gap Group p.l.c. secured and guaranteed bonds 2024-2026** (GP26A) was 100.00%. This translated into a yield-to-maturity ("**YTM**") of 3.89% which was 116 basis points below the average YTM of 5.05% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock ("**MGS**") yield of equivalent maturity stood at 65 basis points.

The closing market price as at 15 May 2024 for the **4.75% Gap Group p.l.c. secured and guaranteed bonds 2025-2027** (GP27A) was 100.00%. This translated into a YTM of 4.74% which was 36 basis points above the average YTM of 4.38% of other local corporate bonds maturing in the same year. The premium over the corresponding average MGS yield of equivalent maturity stood at 148 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
Adjusted operating profit / (loss)	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
Operating profit / (loss)	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
Share of results of associates and joint ventures	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
Profit / (loss) after tax	Net profit (or loss) registered from all business activities.

Profitability Ratios	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
Return on assets	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
Return on invested capital	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

Statement of Cash Flows	
Net cash from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Net cash from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Net cash from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.

Statement of Financial Position	
Non-current assets	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 the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
Total equity	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	
Interest cover	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing net debt by the level of invested capital.
Debt-to-assets	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
Leverage	Shows how many times a company is using its equity to finance its assets.
Current ratio	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.