Financial Analysis Summary

24 June 2022

Issuer

United Finance p.l.c.

(C 26598)

MZ INVESTMENT SERVICES

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United Finance p.l.c.
United Group of Companies
Pinto Business Centre
Level 4, Triq il-Mithna
Qormi QRM 3104

24 June 2022

Dear Board Members,

United Finance p.l.c. 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 ("**Analysis**") set out in 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 United Finance p.l.c. (the "**Company**" or "**Issuer**") and United Group Limited (the "**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 December 2019 to 31 December 2021 has been extracted from audited financial statements of the Company and Group for the three years in question.

(b) The forecast data of the Company and Group for the year ending 31 December 2022 has been provided by management of the Company.

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

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

(e) Relevant financial data in respect of the 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 Company and 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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PART 1 – INFORMATION ABOUT THE ISSUER AND GROUP

1. COMPANY'S KEY ACTIVITIES

The principal activity of the Company is to act as a finance company for the United Group. The Company does not itself carry on any trading activities apart from: (i) leasing to third parties commercial space in a property located in Ta'Xbiex; and (ii) the raising of capital and advancing thereof to members of the United Group. Accordingly, the Company is economically dependent on the operations and performance of the United Group.

2. GROUP'S KEY ACTIVITIES

The consolidated operations of the United Group comprise rental & leasing of vehicles and the ownership and management of commercial properties. The United Group is also a key stakeholder in Pendergardens and also has a joint controlling interest in Motors Inc. Limited, a leading car importer in Malta.

In June 2021, the Group ceased its retail operations (except for MAC Cosmetics, Sliema) mainly in consequence of the closure of Debenhams UK on 15 May 2021. Although the Debenhams stores in Malta were operated independently from the UK under a franchise agreement, operations were nonetheless intrinsically tied to the UK company for the granting of the franchise as well as the supply of merchandise. Thus, the winding up of the UK company resulted in the withdrawal of the franchise internationally.

3. DIRECTORS AND SENIOR MANAGEMENT

3.1 BOARD OF DIRECTORS

United Finance p.l.c. is managed by a Board consisting of the five directors mentioned hereunder who are entrusted with the overall direction and management of the Company.

Carmen Gatt Baldacchino	Chairperson
Edmund Gatt Baldacchino	Chief Executive Officer
Simon Gatt Baldacchino	Non-Executive Director
James Bonello	Independent Non-Executive Director
Joseph F.X. Zahra	Independent Non-Executive Director

The parent company of the Group is United Group Limited and is managed by a Board consisting of the following seven directors who are responsible for the day-to-day management of the Group.

Carmen Gatt Baldacchino	Chairperson
Edmund Gatt Baldacchino	Executive Director
Simon Gatt Baldacchino	Executive Director
Josianne Tonna	Non-Executive Director
Dolores Gatt Baldacchino	Non-Executive Director
Helga Ellul	Independent Non-Executive Director
Joseph F.X. Zahra	Independent Non-Executive Director

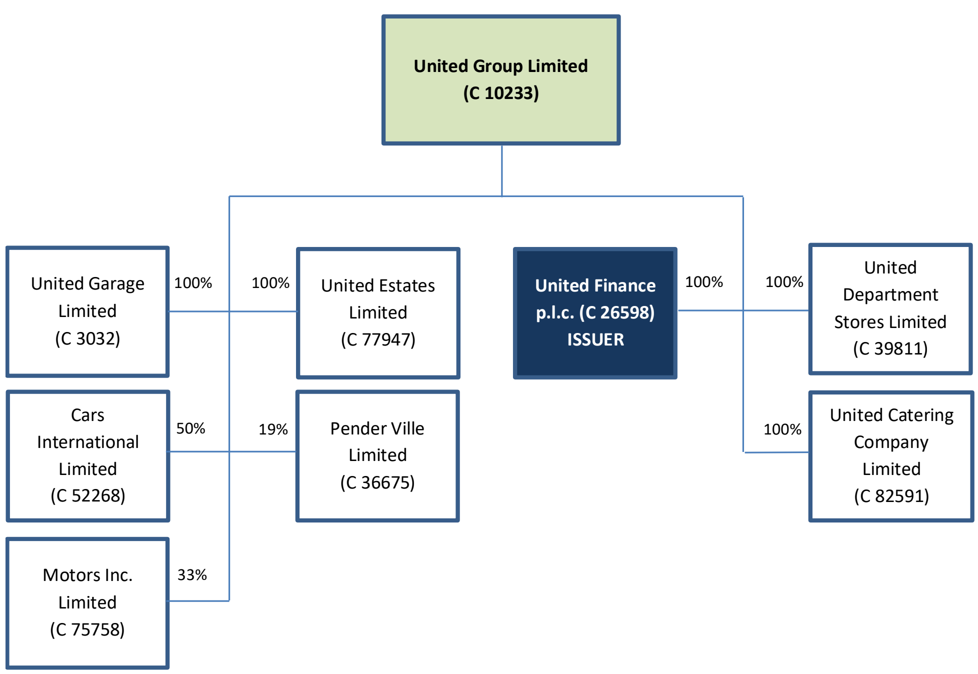
3.2 SENIOR MANAGEMENT

The day-to-day operations of the United Group are managed by the senior management team, which is composed of the following individuals:

Edmund Gatt Baldacchino	Chief Executive Officer
Simon Gatt Baldacchino	Chief Operating Officer
Karl Portelli	Group Financial Controller

4. GROUP ORGANISATIONAL STRUCTURE

The current organisational structure of the United Group is illustrated in the diagram below:



5. MAJOR ASSETS OWNED BY THE GROUP

The major assets of the United Group are included in the consolidated balance sheet under the headings ‘property, plant & equipment’ and ‘investment property’, which are further analysed below:

United Group Major Assets	FY2019 €’000	FY2020 €’000	FY2021 €’000
GB Buildings (*note 1*)	5,841	5,841	8,331
Pinto Business Centre	6,463	10,350	11,894
Cosmana Navara, Rabat	1,300	1,300	1,300
Motor vehicles	4,365	3,962	4,023
Other assets	1,513	1,044	626
	19,482	**22,497**	**26,174**

Note 1: Property is held directly by United Finance p.l.c.

Source: Consolidated audited financial statements of the United Group for the years ended 31 December 2019 to 2021.

The United Group owns a six-storey commercial building known as GB Buildings and located in Ta’ Xbiex, Malta. The property has a net floor area of 2,510m^2 and comprises a showroom at ground floor and basement levels, and offices in the overlying four flosors. The property is fully leased to third parties (FY2021: occupancy rate of 85%). In FY2021, the carrying value of the property was revalued by €2.43 million to €8.33 million.

The United Group also owns the Pinto Business Centre located in Qormi and comprises *circa* 3,400m^2 of office space spread over 5 floors with ample parking facilities. Development of the property was completed in Q4 2020. As at the date of this report, the property is fully occupied (FY2021: occupancy rate of 80%).

As at 31 December 2021, the carrying value of the subject property amounted to €11.9 million (FY2020: €10.4 million). The y-o-y movement of €1.5 million represents improvements of €0.6 million and an uplift in the carrying value of the property amounting to €0.9 million.

6. AUTOMOTIVE

The United Group operates the car rental & Lease business through United Garage Limited. This company has been the franchisee of Hertz since 1961, making it the oldest European franchisee of this international car-hire brand since its inception. The United Group of Companies offers a variety of services and products relating to rental and leasing of vehicles and owns one of the largest modern fleets in Malta. The company has also over the years expanded its offering and is the multi-brand franchise operator of the whole Hertz brand portfolio consisting of Hertz, Firefly, Thrifty and Dollar.

In addition, the United Group owns 33.33% of Motors Inc. Ltd ("**MIL**") which operates a multi-brand dealership for KIA, DFM, Alfa, Jeep, Fiat, Iveco and Hyundai. MIL was incorporated in 2016 following the merging of car dealership operations of the United Group with Easysell Kia (Malta) Limited and Pater Group. Through the afore-mentioned merger, MIL is benefiting from a more cost-effective and efficient operational structure, through economies of scale, and thereby providing better customer service.

7. PROPERTY

The United Group has an interest in Pendergardens located in St Julians, Malta, through the ownership of 19.23% of the equity capital of Pender Ville Limited. As at the date of this report, all residential units forming part of Pendergardens have been sold. As such, the company is presently involved in the operation of the public car park and management of the Pendergardens Business Centre (which includes 5,200m^2 of office space) and the retail podium under Blocks 16 and 17.

8. MARKET OVERVIEW

8.1 ECONOMIC UPDATE[1]

The economy of Malta is set to continue expanding, by 4.2% in 2022 and by 4.0% in 2023 while withstanding the impact of the increase in commodity prices and Russian invasion of Ukraine. The main factors supporting growth are the robust domestic demand and growth in exports of services, contributed by strong recovery in tourism. The general government balance is projected to remain in deficit, however decreasing in 2022 and 2023, following winding-down of pandemic related policy support on the background of economic growth.

The pressure from the COVID-19 pandemic related restrictions subsided in 2021, creating conditions for a very strong economic recovery of 9.4%, thanks to improved business and consumer sentiment, faster than expected rebound of international tourism and a strong growth in investment and services exports.

In 2022, affected by disruptions related to the Russian invasion of Ukraine, real GDP[2] growth is forecast to reach 4.2%, which is substantially less than expected in winter, although Malta has very low direct exposure to trade with Russia and Ukraine. Growth in 2022 is set to be driven by domestic consumption, investment, and a small positive contribution from net exports. Export of tourism services is expected to continue gaining ground on the back of easing pandemic-restrictions. Robust government expenditure, in particular via public investment, will continue to support the economy. In 2023, growth is forecast to decrease to a still strong 4.0%, reflecting a general slowdown in performance among trading partners.

[1] Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May '22).

[2] Gross Domestic Product (GDP) is an estimate of the value of goods and services produced in the economy over a period of time.

With both exports and imports growing, the current account balance is expected to remain positive. The limited downside risks deriving from the June 2021 decision of the Financial Action Task Force (the international standard-setting body on anti-money laundering/countering the financing of terrorism) to include Malta in the list of jurisdictions under increased monitoring have further receded following the FATF initial determination, in February 2022, that Malta has substantially completed its action plan. On 15 June 2022, Malta was voted off the Financial Action Task Force grey list.

Malta was able to cushion the impact of the pandemic on the labour market thanks to fiscal support. Employment is estimated to have grown by 1.6% in 2021, while the wage support measures remained in place. Employment is expected to continue to increase over the forecast horizon. This positive development in the labour market is congruent with labour shortages being reported by firms. Malta's unemployment rate, at 3.5% in 2021, is set to remain broadly stable in 2022 and 2023.

HICP[3] inflation remained low in 2021 at 0.7%, thanks to energy prices being kept low by government intervention and hedging contracts for gas. Going forward, while Malta's economy is highly energy-intensive, the share of household expenditures on energy is low compared to other Member States and the authorities have expressed a commitment to continue to limit energy prices growth. The higher inflation in the first quarter of 2022 shows that the pressure from increasing international energy and commodity prices is starting to affect Malta via transport costs and imported goods. As a result, inflation is set to rise to 4.5% in 2022. As these factors are expected to persist into 2023, inflation is expected to remain elevated at 2.6%.

The government deficit is estimated to have decreased to 8.0% of GDP in 2021. This still high deficit level is mainly explained by public expenditure related to pandemic-related measures which were maintained in 2021, including the wage support scheme, the utility and rent subsidies for businesses, and healthcare-related expenditures. Pandemic-related economic support measures are expected to be phased out in 2022 and 2023, while several measures in response to the high energy prices were recently introduced.

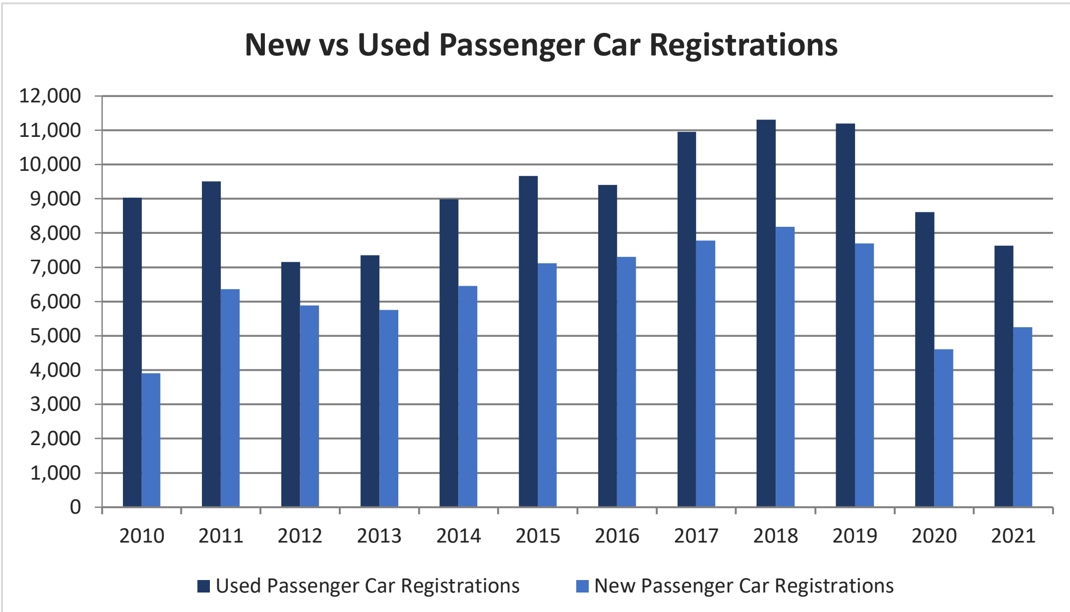
The tax revenues resumed growth in 2021 and are expected to continue to increase in 2022 and 2023, following the positive economic growth dynamics. The revenues from social contributions also increased in 2021 and are expected to continue increasing over the forecast horizon, supported by the good performance of the labour market.

The deficit is projected to decrease to 5.6% of GDP in 2022 and further to 4.6% in 2023. The government debt-to-GDP ratio is projected to increase marginally to 58.5% in 2022 and reach 59.5% in 2023 as the negative primary balance is only partially compensated by the nominal GDP growth.

[3] The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.

8.2 IMPORTATION OF VEHICLES

Over the years the automotive sector in Malta has become highly competitive with a wider range of new motor vehicle franchises and models imported at competitive prices. In addition, the used car import market has grown substantially as evidenced by statistics published by the National Statistics Office Malta[4] and which are included in the table below. In 2021, used car imports represented 59% of the total new passenger car registrations (2020: 65%).



The COVID-19 outbreak in March 2020 adversely impacted various industries across the business spectrum, causing a cutback in business operations across many sectors, including the motor vehicle segment. Moreover, the disruptive effects of the crisis and uncertainty of the duration thereof has impacted discretionary expenditure by consumers. In 2021, new passenger car registrations decreased by 2.5% from 13,212 vehicles in 2020 to 12,877 vehicles.

Market share of MIL

MIL's market share of 'new car registrations in Malta' in 2021 is estimated at 18.88% (FY2020: 16.84%). The Group expects the market share of any particular brand to vary from year to year, due to factors such as, pricing competitiveness and exchange rates. However, on a combined basis, the varied mix retailed by MIL should enable it to maintain a consistent overall market share on an annual basis.

[4] National Statistics Office Malta – Motor Vehicles Q4/2021 (New Release 022/2022).

8.3 VEHICLE RENTALS

The vehicle rental business is correlated to the tourism industry and as such, performance in FY2020 and FY2021 was significantly impacted by the COVID-19 pandemic. The Group expects a significant improvement in FY2022, as health concerns and travel restrictions abate. The emergence of more COVID-19 variants will still hover around the tourism industry, but there are signs that travel and hospitality are making a steady return which will have a direct positive effect on the vehicle rental business.

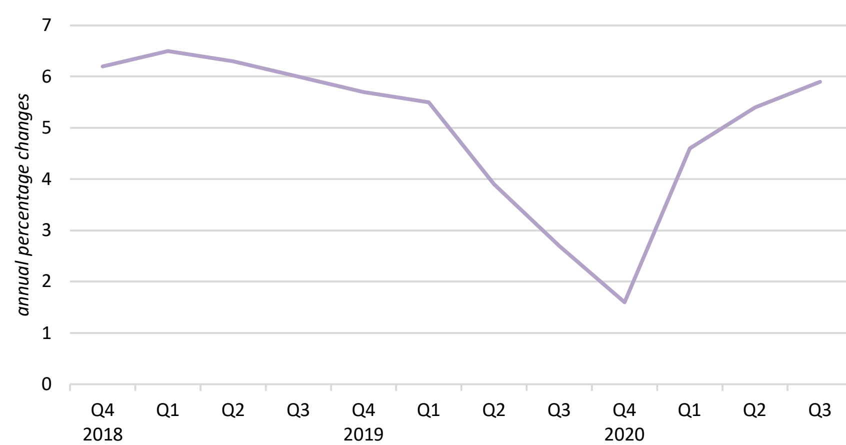
Apart from the above, competition amongst car rental industry participants is intense and continues to be primarily based on price, vehicle availability and quality, service, reliability, rental locations and product innovation. Price has also continued to be more important in recent years since tourists visiting Malta are increasingly more independent in decision-making and are price sensitive.

The Directors believe that the reputation of the Hertz brand, together with the Firefly and Dollar/Thrifty brands, will enable the Group to better compete across multiple market segments and thereby improve its market share.

8.4 PROPERTY

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 inflation remains close to that recorded in the years before the pandemic.

Movements in Residential Property Prices



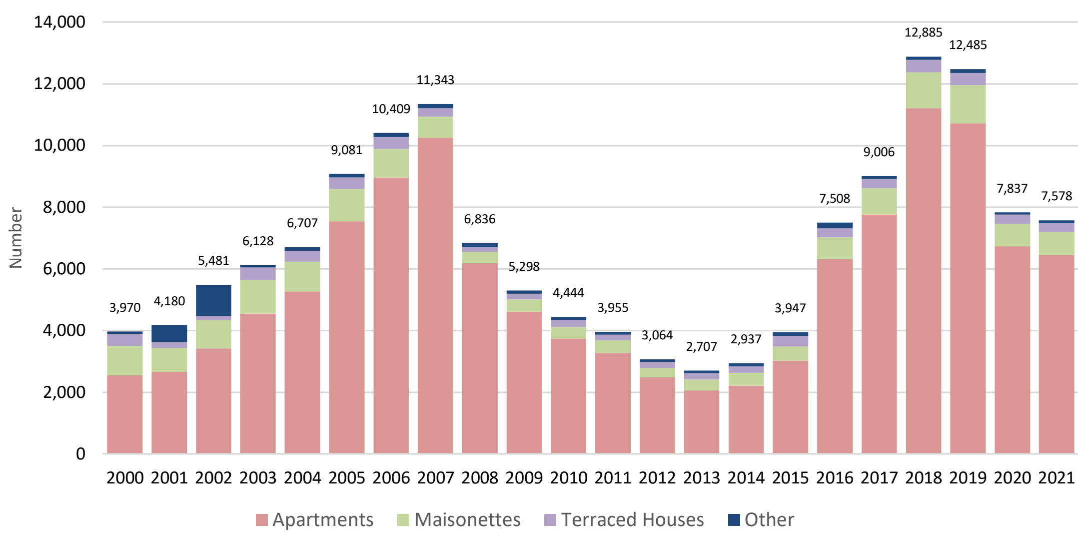
Source: Eurostat

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.[5]

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).[6]

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.

Development Permits for Dwellings (number of units)



Source: Central Bank of Malta

[5] Central Bank of Malta Quarterly Review – 2022 Vol. 55 No. 1
[6] 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.

PART 2 – GROUP PERFORMANCE REVIEW

9. FINANCIAL INFORMATION – THE ISSUER

The following financial information is extracted from the audited financial statements of the Issuer for each of the years ended 31 December 2019 to 31 December 2021. The forecasted financial information for the year ending 31 December 2022 has been provided by management of the Issuer.

The financial information provided hereunder includes projections which relate to events in the future and are based on assumptions which the United Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

United Finance p.l.c. Statement of Comprehensive Income for the year ended 31 December €'000	2019 Actual	2020 Actual	2021 Actual	2022 Forecast
Rental income from GB Buildings	403	376	427	474
Interest receivable from Group companies	393	450	437	387
Other income	4	-	3	-
Total revenue	800	826	867	861
Interest payable and similar charges	(471)	(473)	(477)	(512)
Gross profit	**329**	**353**	**390**	**349**
Administrative expenses	(172)	(222)	(228)	(218)
Movement in fair value of investment property	-	-	2,430	-
Profit before tax	**157**	**131**	**2,592**	**131**
Taxation	19	-	(243)	-
Profit for the year	**176**	**131**	**2,349**	**131**
Other comprehensive income:				
Movement in fair value of financial assets	(73)	(93)	-	-
Total comprehensive income for the year	**103**	**38**	**2,349**	**131**

Revenue principally comprises income from rental of commercial space in GB Buildings and interest receivable from Group companies on amounts due to the Issuer. In FY2021, total revenue amounted to €867,000 (FY2020: €826,000). After deducting interest payable of €477,000 (FY2020: €473,000), the Issuer generated a gross profit of €390,000 (FY2020: €353,000).

In FY2021, a revaluation on GB Buildings was carried out in line with IFRS requirements, resulting in an increase in fair value of €2.4 million. In consequence, profit for the same year amounted to €2.3 million from €0.1 million in FY2020.

Overall, total comprehensive income amounted to €2.3 million in FY2021 compared to €38,000 in FY2020.

Rental income in FY2022 is projected to increase from €427,000 in FY2021 to €474,000 (+11%) on account of the expected increase in occupancy to 100% (FY2021: 85%). Interest receivable is expected to decrease y-o-y by €50,000 to €387,000 (FY2021: €437,000), while interest payable is estimated to amount to €512,000, an increase of €35,000 from FY2021. Profit for the year is projected to amount to €131,000 compared to €2.3 million in the prior year.

United Finance p.l.c. **Cash Flow Statement** **for the year ended 31 December** **€'000**	**2019** **Actual**	**2020** **Actual**	**2021** **Actual**	**2022** **Forecast**
Net cash from operating activities	1,496	(38)	(377)	412
Net cash from investing activities	(19)	194	(60)	-
Net cash from financing activities	(1,396)	(426)	50	738
Net movement in cash and cash equivalents	**81**	**(270)**	**(387)**	**1,150**
Net movement in restricted cash	**-**	**-**	**(100)**	**-**
Cash and cash equivalents at beginning of year	988	1,069	799	312
Cash and cash equivalents at end of year	**1,069**	**799**	**312**	**1,462**

In FY2021, net cash used in operating activities amounted to €377,000 compared to outflows of €38,000 in the previous year. The y-o-y variance mainly emanated from an adverse movement in trade and other receivables. In FY2021, the Issuer is projecting to generate net cash from operating activities of €412,000.

Net cash used in investing activities amounted to €60,000 in FY2021 and comprised improvements to investment property (FY2020: net cash from investing activities of €194,000). No capital expenditure is expected for the forecast year.

Cash flows from financing activities primarily include movements in amounts due/from group companies. In FY2021, net loans to group companies amounted to €0.95 million (FY2020: €0.43 million), while proceeds from bank loan amounted to €1.0 million (FY2020: nil). In FY2022, financial activities will mainly comprise repayment of Group loans which are estimated to amount to €0.74 million.

United Finance p.l.c. Statement of Financial Position as at 31 December €'000	2019 Actual	2020 Actual	2021 Actual	2022 Forecast
ASSETS				
Non-current				
Investment property	5,823	5,841	8,331	8,331
Equity investments	305	-	-	-
Financial assets	7,428	7,848	8,788	8,050
	13,556	**13,689**	**17,119**	**16,381**
Current				
Financial assets	87	40	150	-
Trade and other receivables	76	350	904	435
Taxation	11	-	-	-
Cash and cash equivalents	1,069	799	312	1,462
	1,243	**1,189**	**1,366**	**1,897**
Total assets	**14,799**	**14,878**	**18,485**	**18,278**
EQUITY AND LIABILITIES				
Equity				
Share capital	2,329	2,329	2,329	2,329
Other reserves	2,540	2,578	4,765	4,765
Retained earnings	545	545	707	838
	5,414	**5,452**	**7,801**	**7,932**
Non-current liabilities				
Borrowings	8,408	8,430	9,454	1,000
Deferred tax liabilities	581	581	824	824
	8,989	**9,011**	**10,278**	**1,824**
Current liabilities				
Borrowings	-	-	-	8,479
Trade and other payables	396	415	406	43
	396	**415**	**406**	**8,522**
Total liabilities	**9,385**	**9,426**	**10,684**	**10,346**
Total equity and liabilities	**14,799**	**14,878**	**18,485**	**18,278**

Total assets of the Issuer as at 31 December 2021 amounted to €18.5 million (FY2020: €14.9 million) and principally include investment property (GB Buildings) of €8.3 million and loans receivable from Group companies of €8.8 million. During the year, the carrying value of GB Buildings was revalued by €2.4 million.

Total liabilities as at 31 December 2021 amounted to €10.7 million (2020: €9.4 million) and primarily included the €8.5 million 5.3% bonds 2023. In 2021, the Issuer obtained an MDB (Malta Development Bank) loan amounting to €1.0 million.

In FY2022, Group loans receivable (classified as financial assets in non-current assets) are expected to decrease by €0.74 million which will contribute towards an increase in cash balances from €0.3 million in FY2021 to €1.5 million.

In liabilities, the outstanding amount of €8.5 million in 5.3% bonds 2023 will be reclassified to current liabilities as it will mature within one year (FY2023).

Other than the above, no material movements in the statement of financial position have been projected for FY2022 compared to FY2021.

10. VARIANCE ANALYSIS – THE ISSUER

The following financial information relates to the variance analysis between the forecasted financial information of the Issuer for the year ended 31 December 2021 included in the prior year's Financial Analysis Summary dated 22 June 2021 and the audited financial statements of the Issuer for the year ended 31 December 2021.

United Finance p.l.c. **Statement of Comprehensive Income** **for the year ended 31 December 2021** **€'000**	**Actual**	**Forecast**	**Variance**
Rental income from GB Buildings	427	456	(29)
Interest receivable from Group companies	437	456	(19)
Bank and bills of exchange interest receivable	3	-	3
Total revenue	867	912	(45)
Interest payable and similar charges	(477)	(501)	24
Gross profit	**390**	**411**	**(21)**
Administrative expenses	(228)	(283)	55
Movement in fair value of investment property	2,430	-	2,430
Profit before tax	**2,592**	**128**	**2,464**
Taxation	(243)	-	(243)
Profit for the year	**2,349**	**128**	**2,221**
Total comprehensive income for the year	**2,349**	**128**	**2,221**

As presented in the above table, total comprehensive income was higher than projected by €2.2 million, mainly on account of the uplift in the carrying value of GB Buildings of €2.4 million.

United Finance p.l.c. **Statement of Financial Position** **as at 31 December2021** **€'000**	**Actual**	**Forecast**	**Variance**
ASSETS			
Non-current			
Investment property	8,331	5,841	2,490
Financial assets	8,788	9,385	(597)
	17,119	**15,226**	**1,893**
Current			
Financial assets	150	17	133
Trade and other receivables	904	-	904
Cash and cash equivalents	312	803	(491)
	1,366	**820**	**546**
Total assets	**18,485**	**16,046**	**2,439**
EQUITY AND LIABILITIES			
Equity			
Share capital	2,329	2,329	-
Other reserves	4,765	2,447	2,318
Retained earnings	707	858	(151)
	7,801	**5,634**	**2,167**
Non-current liabilities			
Borrowings	9,454	9,430	24
Deferred tax liabilities	824	581	243
	10,278	**10,011**	**267**
Current liabilities			
Trade and other payables	406	401	5
	406	**401**	**5**
Total liabilities	**10,684**	**10,412**	**272**
Total equity and liabilities	**18,485**	**16,046**	**2,439**

The principal variance in the statement of financial position mainly relates to the uplift in the carrying value of GB Buildings of €2.4 million which positively impacted non-current assets and other reserves. In consequence, deferred tax liabilities increased by €0.24 million.

Furthermore, actual trade & other receivables of €0.9 million were not factored into the projections which mainly represented current loans to Group companies. In contrast, financial assets (consisting of Group loans) were lower compared to forecast by €0.6 million.

United Finance p.l.c. Cash Flow Statement for the year ended 31 December 2021 €'000	Actual	Forecast	Variance
Net cash from operating activities	(377)	253	(630)
Net cash from investing activities	(60)	-	(60)
Net cash from financing activities	50	(249)	299
Net movement in cash and cash equivalents	**(387)**	**4**	**(391)**
Net movement in restricted cash	**(100)**	**-**	**(100)**
Cash and cash equivalents at beginning of year	799	799	-
Cash and cash equivalents at end of year	**312**	**803**	**(491)**

Net movement in cash balances was lower than projected by €391,000 mainly due to an adverse movement in operating activities of €630,000. On the other hand, the Issuer reported a cash inflow of €50,000 from financing activities compared to a forecast net cash outflow of €249,000.

11. FINANCIAL INFORMATION – THE GROUP

The following financial information is extracted from the audited consolidated financial statements of United Group Limited (the "**Group**") for the three years ended 31 December 2019 to 31 December 2021. The financial information for the year ending 31 December 2022 has been provided by Group management.

United Group Limited **Statement of Comprehensive Income** **(€'000)**	**FY2019** **Actual**	**FY2020** **Actual**	**FY2021** **Actual**	**FY2022** **Forecast**
Fashion retail	8,817	4,552	1,441	238
Automotive	3,115	1,693	2,328	3,382
Catering	341	96	-	-
Management fees	254	251	511	330
Rental income	392	454	841	1,097
Total revenue	**12,919**	**7,046**	**5,121**	**5,047**
Cost of sales	(8,680)	(5,552)	(3,546)	(1,811)
Net operating income (expenses)	(2,464)	(747)	302	(1,173)
EBITDA	**1,775**	**747**	**1,877**	**2,063**
Depreciation and amortisation	(2,161)	(2,106)	(1,151)	(1,067)
Movement in fair value of investment property	1,505	1,258	3,364	-
Profit on disposal of properties & other assets	113	-	-	-
Operating profit (loss)	**1,232**	**(101)**	**4,090**	**996**
Share of results of associates & jointly controlled entities	902	52	350	199
Net finance costs	(1,235)	(1,120)	(1,032)	(1,144)
Profit (loss) before tax	**899**	**(1,169)**	**3,408**	**51**
Taxation	(87)	(100)	(168)	-
Profit (loss) for the year	**812**	**(1,269)**	**3,240**	**51**
Other comprehensive (loss)/income				
Fair value gain of property, plant & equipment	383	-	-	-
Movement in fair value of financial assets	(73)	(93)	-	-
Total comprehensive income (expense) for the year	**1,122**	**(1,362)**	**3,240**	**51**

Key Accounting Ratios	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Operating profit margin *(EBITDA/revenue)*	14%	11%	37%	41%
Interest cover (times) *(EBITDA/net finance cost)*	1.44	0.67	1.82	1.80
Net profit margin *(Profit after tax/revenue)*	6%	-18%	63%	1%
Earnings per share (€) *(Profit after tax/number of shares)*	33	-51	131	2
Return on equity *(Profit after tax/shareholders' equity)*	10%	-19%	33%	0%
Return on capital employed *(Operating profit/total assets less current liabilities)*	4%	0%	16%	3%
Return on assets *(Profit after tax/total assets)*	2%	-3%	9%	0%

Source: MZ Investment Services Ltd

Revenue generated in **FY2019** increased by €0.6 million, from €12.3 million in FY2018 to €12.9 million, principally on account of an increase of €0.4 million in the automotive sector. The increase in the catering sector (from €165,000 in FY2018 to €341,000) is reflective of a full year's operating results as compared to 8 months in FY2018.

The Group adopted IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, the right-of-use asset equals the lease liability on transition date, and no equity adjustment will be recognised on initial application of IFRS 16. Accordingly, as of FY2019, the Group is required to recognise a right-of-use asset and a lease liability in the statement of financial position for the lease of premises currently treated as operating leases. With regard to the impact in the consolidated income statement, the nature of the relevant expense will change from being an operating lease expense to depreciation and interest expense.

In terms of the above, the FY2019 consolidated income statement of the Group reflects an increase in right-of-use amortisation (accounted for in depreciation & amortisation) of €1.0 million and a decrease in rent (in administrative expenses) of approximately the same amount, and an increase in right-of-use interest (in net finance costs) of €0.3 million.

Accordingly, EBITDA increased in FY2019 by €1.0 million, from €0.7 million in FY2018 to €1.8 million. The income statement includes an uplift in fair value of investment property amounting to €1.5 million (FY2018: €1.1 million). In this regard, the carrying values of GB Buildings and Pinto Business Centre were increased by €0.2 million and €1.3 million respectively. Share of results of associates & jointly controlled entities declined in FY2019 by €1.3 million to €0.9 million (FY2018: €2.2 million).

After accounting for a gain of €0.4 million in the fair value of property, plant & equipment, the Group reported a total comprehensive income in FY2019 amounting to €1.1 million compared to €2.1 million in the prior year.

During the initial two months of **FY2020**, the Group's operational performance was in line with Board expectations. Thereafter, revenues were impacted following the Authorities' decision to close non-essential retail outlets, restaurants and cafeterias, and to halt all inbound commercial flights. Retail fashion operations were completely shut down during April 2020, while the car rental business operated at minimal volume from April till June 2020 given that the airport was closed during said period. Despite re-opening thereafter, business operations remained at low levels for the rest of the financial year. With regard to the Group's catering activities, the Directors decided to wind down operations and completely exit the business.

In light of the above, revenue generated in FY2020 decreased by €5.9 million (-45%) and amounted to €7.0 million compared to €12.9 million in the prior year. Notwithstanding the significant decrease in revenue, the Group managed to register a positive EBITDA of €747,000 (FY2019: €1.8 million) mainly through the implementation of aggressive cost cutting measures and Government assistance in the form of wage subsidies and other grants.

In FY2020, the fair value of the Pinto Business Centre was revised upwards by €1.3 million. On the other hand, share of associates' results declined y-o-y from €902,000 in FY2019 to €52,000. After accounting for depreciation & amortisation of €2.1 million (FY2019: €2.2 million) and net finance costs of €1.1 million (FY2019: €1.2 million), the Group reported a loss for the year amounting to €1.3 million (FY2019: profit of €812,000). Overall, total comprehensive expense amounted to €1.4 million compared to total comprehensive income of €1.1 million in the prior year.

Group revenue in **FY2021** decreased by €1.9 million, from €7.0 million in FY2020 to €5.1 million, mainly on account of the closure of the fashion retail outlets in June 2021 as explained in section 2 of this report. On the other hand, revenue from the automotive segment (being car rentals and car leasing) increased by 38% (y-o-y) to €2.3 million in view of the gradual re-opening of the travel industry. During the year, the Group continued to lease out space at the Pinto Business Centre and as such, rental income almost doubled from €454,000 in FY2020 to €841,000 in FY2021.

Notwithstanding the decrease in revenue, the Group reported an improvement in EBITDA of €1.1 million (y-o-y) to €1.8 million on account of a reduction in cost of sales and a net positive variance in net operating income/expenses of €2.0 million and €1.0 million respectively from the prior year. In this regard, the operating profit margin increased from 11% in FY2020 to 37%, while interest cover increased from 0.67 times in FY2020 to 1.82 times.

Since the Group terminated most of the lease obligations relating to the retail outlets, depreciation & amortisation decreased from €2.1 million in FY2020 to €1.2 million following the reduction of amortisation of right-of-use assets. Similarly, net finance costs decreased by €88,000 to €1.0 million on account of the non-recurrence of certain rent interest.

In FY2021, the Group increased the fair value of GB Buildings and Pinto Business Centre by €3.4 million (as described further in section 5 of this report).

Share of results of associates & jointly controlled entities comprises the Group's investment in Pendergardens and Motors Inc. Ltd. In FY2021, the share of profits thereof increased from €52,000 in FY2020 to €350,000.

The Group registered a profit for the year amounting to €3.2 million compared to a loss of €1.3 million in FY2020.

In the forecast year **(FY2022)**, the Group's total revenue is projected to remain broadly unchanged from FY2021 at €5.0 million (FY2021: €5.1 million). Revenue generated from the automotive segment is expected to increase by 45% (or €1.1 million) to €3.4 million due to the further recovery of the travel and hospitality sectors. Furthermore, rental income is projected to increase from €0.8 million in FY2021 to €1.1 million as GB Buildings and Pinto Business Centre reach full occupancy. On the other hand, in view of the closure of substantially all fashion retail stores in FY2021, revenue from this segment is expected to decrease by €1.2 million to €0.2 million.

EBITDA is projected to amount to €2.1 million compared to €1.9 million in FY2021. In the prior year, the Group benefited from COVID-19 related grants amounting to *circa* €450,000, which were terminated in the initial months of FY2022. The Group expects to achieve an operating profit margin of 41% compared to 37% in FY2021, while interest cover is projected to remain stable at 1.80 times.

Depreciation & amortisation charges and net finance costs are not expected to change materially from the previous year.

Overall, total comprehensive income for FY2022 in projected to amount to €51,000 compared to €3.2 million in FY2021.

United Group Limited **Cash Flow Statement** **(€'000)**	**FY2019** **Actual**	**FY2020** **Actual**	**FY2021** **Actual**	**FY2022** **Forecast**
Net cash from operating activities	2,161	772	(55)	(190)
Net cash from investing activities	(4,534)	(2,571)	(841)	138
Net cash from financing activities	1,416	1,204	1,572	1,127
Net movement in cash and cash equivalents	**(957)**	**(595)**	**676**	**1,075**
Cash and cash equivalents at beginning of year	(731)	(1,688)	(2,283)	(1,607)
Cash and cash equivalents at end of year	**(1,688)**	**(2,283)**	**(1,607)**	**(532)**

Net cash flows from operating activities principally relate to the operations of the Group. In FY2020, cash inflows amounted to €772,000 mainly on account of favourable working capital movements. In FY2021, the Group generated cash from operating activities prior to working capital movements and interest paid of €1.2 million. After working capital changes and interest paid, the net movement in operating activities amounted to a negative balance of €55,000.

In the projected financial year, the Group is estimated to generated cash from operations of €0.9 million while interest paid is projected to amount to €1.1 million and thus resulting in an adverse balance of €0.2 million.

Net cash flows from investing activities mainly reflect the acquisition and disposal of investment property and property, plant & equipment, and property development works. Investing activities in FY2020 mainly comprised development costs relating to the Pinto Business Centre which in aggregate amounted to €2.6 million. In FY2021, net purchases of property, plant and equipment amounted to €0.17 million while €0.67 million was utilised for capital expenditure related to Pinto Business Centre. In FY2022, the Group expects to generate €0.1 million from net disposal of fixed assets.

Net cash from financing activities in FY2020 amounted to €1.2 million and represented net borrowings of €1.8 million and lease payments of €599,000. In FY2021, the cash inflows from net borrowings amounted to €1.7 million and on the other hand, lease payments for the year amounted to €0.1 million. The Group is projecting net cash from financing activities to amount to €1.1 million in FY2021 and shall comprise mainly net drawdowns from bank borrowings.

United Group Limited Statement of Financial Position (€'000)	31 Dec'19 Actual	31 Dec'20 Actual	31 Dec'21 Actual	31 Dec'22 Forecast
ASSETS				
Non-current assets				
Property, plant and equipment	6,999	5,006	4,649	4,664
Investment property	12,483	17,491	21,525	21,525
Investments in associates & joint ventures	7,146	7,198	7,548	7,746
Right-of-use assets	4,549	3,512	589	457
Equity investments	305	-	-	-
Deferred tax assets	225	782	932	932
Trade and other receivables	352	79	54	190
	32,059	34,068	35,297	35,514
Current assets				
Inventories	1,621	1,048	130	141
Trade and other receivables	1,679	951	1,795	1,815
Cash and cash equivalents	1,562	1,231	770	1,722
	4,862	3,230	2,695	3,678
Total assets	**36,921**	**37,298**	**37,992**	**39,192**
EQUITY				
Called up share capital	25	25	25	25
Retained earnings	8,013	6,652	9,891	10,207
	8,038	**6,677**	**9,916**	**10,232**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	12,812	14,433	10,575	9,476
Lease liabilities	3,780	2,791	467	467
Other non-current liabilities	2,810	4,022	4,340	2,321
	19,402	21,246	15,382	12,264
Current liabilities				
Bank overdrafts	3,250	3,514	2,377	2,254
Borrowings	383	563	6,104	8,479
Lease liabilities	898	967	150	31
Other current liabilities	4,950	4,331	4,063	5,932
	9,481	9,375	12,694	16,696
	28,883	**30,621**	**28,076**	**28,960**
Total equity and liabilities	**36,921**	**37,298**	**37,992**	**39,192**

Key Accounting Ratios	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Gearing ratio *(Net debt/net debt and shareholders' equity)*	71%	76%	66%	65%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	2.43	3.15	1.91	1.86
Net debt to EBITDA (years) *(Net debt/EBITDA)*	11.02	28.16	10.07	9.20
Net assets per share (€) *(Net asset value/number of shares)*	326	271	402	415
Liquidity ratio (times) *(Current assets/current liabilities)*	0.51	0.34	0.21	0.22

Source: MZ Investment Services Ltd

Total assets in **FY2020** were broadly unchanged compared to the prior year at €37.3 million. Further analysis shows that property, plant & equipment and investment property increased y-o-y by €3.0 million mainly on account of an increase in the carrying value of the Pinto Business Centre. On the other hand, inventories and trade & other receivables decreased y-o-y by €1.2 million due to lower business activities caused by the pandemic.

In FY2020, borrowings increased by €2.1 million to €18.5 million (FY2019: €16.4 million), while other non-current liabilities increased from €2.8 million in FY2019 to €4.0 million (which comprises non-current trade creditors).

Gearing (financial leverage) of the United Group increased from 63% in FY2018 to 76% in FY2020, primarily due to the additional bank loan needed to develop the Qormi Business Centre and also in view of a decline in cash inflows following the COVID-19 outbreak.

The liquidity ratio deteriorated in FY2020, from 0.51 times in FY2019 to 0.35 times, as current assets decreased by €1.6 million (y-o-y) while current liabilities remained constant at €9.3 million.

Total assets in **FY2021** increased by €0.7 million (y-o-y) to €38.0 million. During the year, the carrying values of investment property (GB Buildings and Pinto Business Centre) were revalued by €3.4 million and a further €0.6 million of improvements were made to the Pinto Business Centre. On the other hand, right-of-use assets and inventories decreased by €2.9 million and €0.9 million respectively, both being related to the fashion retail segment which was terminated in June of the same year.

For the same above reason, lease liabilities decreased from €3.8 million in FY2020 to €0.6 million.

Borrowings increased y-o-y by €0.5 million to €19.1 million, though the gearing ratio of the Group improved by 10 percentage points to 66% mainly on account of the increase in shareholders' funds of €3.2 million following the revaluation of investment property. Due to the reclassification of certain borrowings to current liabilities, the liquidity ratio weakened from 0.34 times in FY2020 to 0.21 times in FY2021.

Other than an increase in bank borrowings and cash balances of *circa* €1.0 million, there are no material movements projected for FY2022. In borrowings, the Group has assumed that the €6.1 million classified as current liabilities will be successfully converted to long term borrowings in FY2022. Furthermore, the outstanding amount of €8.5 million in 5.3% bonds 2023 will be reclassified to current liabilities as it will mature within one year (FY2023).

12. VARIANCE ANALYSIS – THE GROUP

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

United Group Limited **Statement of Comprehensive Income (2021)** **(€'000)**	**Actual**	**Forecast**	**Variance**
Fashion retail	1,441	2,185	(744)
Automotive	2,328	2,520	(192)
Management fees	511	228	283
Rental income	841	865	(24)
Total revenue	**5,121**	**5,798**	**(677)**
Cost of sales	(3,546)	(3,912)	366
Net operating income (expenses)	302	(1,201)	1,503
EBITDA	**1,877**	**685**	**1,192**
Depreciation and amortisation	(1,151)	(909)	(242)
Movement in fair value of investment property	3,364	-	3,364
Profit on disposal of properties & other assets	-	147	(147)
Operating profit (loss)	**4,090**	**(77)**	**4,167**
Share of results of associates & jointly controlled entities	350	421	(71)
Net finance costs	(1,032)	(950)	(82)
Profit (loss) before tax	**3,408**	**(606)**	**4,014**
Taxation	(168)	(80)	(88)
Profit (loss) for the year	**3,240**	**(686)**	**3,926**
Total comprehensive income (expense) for the year	**3,240**	**(686)**	**3,926**

As presented in the above table, the Group's revenue for FY2021 was lower than projected by €0.7 million, principally on account of lower revenue generated from fashion retail and automotive. A positive variance of €1.9 million in cost of sales and net operating income more than compensated for the adverse movement in revenue and thereby resulted in an actual EBITDA of €1.9 million exceeding the forecast by €1.2 million. In 2021, the Group increased the fair value of investment property by €3.4 million which was not accounted for in the projections.

Overall, actual total comprehensive income amounted to €3.2 million compared to a forecast expense of €686,000 (resulting in a net positive variance of €3.9 million).

United Group Limited **Cash Flow Statement(2021)** **(€'000)**	**Actual**	**Forecast**	**Variance**
Net cash from operating activities	(55)	(776)	721
Net cash from investing activities	(841)	(759)	(82)
Net cash from financing activities	1,572	496	1,076
Net movement in cash and cash equivalents	**676**	**(1,039)**	**1,715**
Cash and cash equivalents at beginning of year	(2,283)	(2,283)	-
Cash and cash equivalents at end of year	**(1,607)**	**(3,322)**	**1,715**

Actual net cash used in operating activities amounted to €55,000 compared to a forecast net cash outflow of €776,000, which resulted in a favourable variance of €721,000. This variance is mainly attributable to positive movements in working capital.

The variance in investing activities was not material and amounted to an adverse movement of €82,000.

Borrowings were higher than forecast which contributed to the positive variance in financing activities of €1.1 million.

Overall, the cash position of the Group was better than projected by €1.7 million.

United Group Limited **Statement of Financial Position (31 Dec'21)** **(€'000)**	**Actual**	**Forecast**	**Variance**
ASSETS			
Non-current assets			
Property, plant and equipment	4,649	4,796	(147)
Investment property	21,525	17,503	4,022
Investments in associates & joint ventures	7,548	8,047	(499)
Right-of-use assets	589	177	412
Deferred tax assets	932	882	50
Trade and other receivables	54	222	(168)
	35,297	31,627	3,670
Current assets			
Inventories	130	-	130
Trade and other receivables	1,795	1,155	640
Cash and cash equivalents	770	671	99
	2,695	1,826	869
Total assets	**37,992**	**33,453**	**4,539**
EQUITY			
Called up share capital	25	25	-
Retained earnings	9,891	6,520	3,371
	9,916	**6,545**	**3,371**
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	10,575	13,982	(3,407)
Lease liabilities	467	182	285
Other non-current liabilities	4,340	3,485	855
	15,382	17,649	(2,267)
Current liabilities			
Bank overdrafts	2,377	3,993	(1,616)
Borrowings	6,104	667	5,437
Lease liabilities	150	5	145
Other current liabilities	4,063	4,594	(531)
	12,694	9,259	3,435
	28,076	**26,908**	**1,168**
Total equity and liabilities	**37,992**	**33,453**	**4,539**

Total assets as at 31 December 2021 were higher than projected by €4.5 million mainly on account of the additional capital expenditure incurred on Pinto Business Centre and the uplift in carrying value of GB Buildings and Pinto Business Centre.

Total liabilities were higher than projected by €1.2 million primarily due to the accumulated increases in borrowings, deferred taxation and lease liabilities.

13. RELATED PARTY DEBT SECURITIES

United Group Limited owns 19.23% of the issued share capital of Pender Ville Limited. Through its wholly owned subsidiary, Pendergardens Developments p.l.c., Pender Ville Limited has the following outstanding debt securities listed on the Malta Stock Exchange:

Security ISIN	Amount Listed	Security Name	Currency
MT0000791211	19,672,800	6.00% Pendergardens Dev. Plc Secured Bonds 2022	EUR

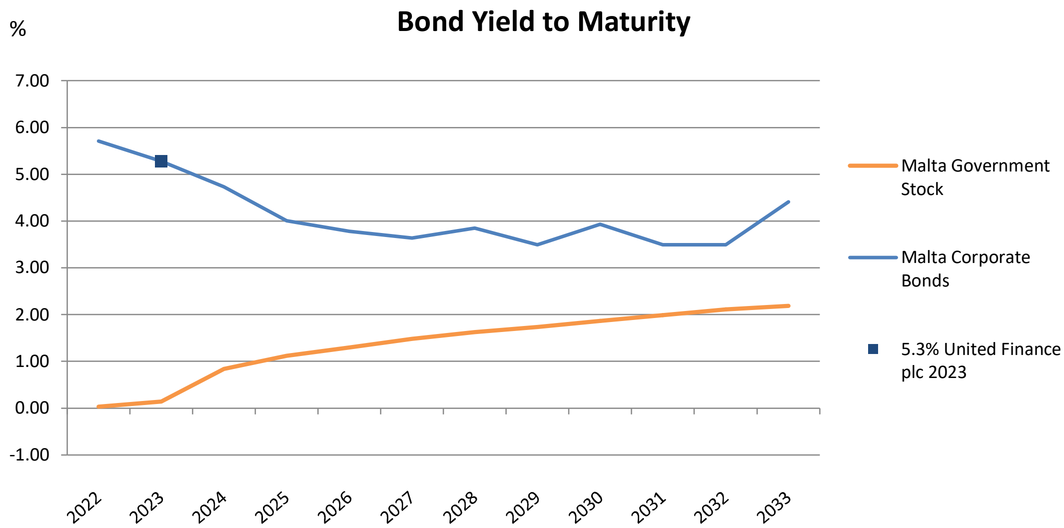
PART 3 - COMPARABLES

The table below compares the United Group and the Issuer's bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the United Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the United Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the United 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	19,756,700	5.71	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,349,900	5.28	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	**8,500,000**	**5.28**	**0.67**	**37,298**	**6,677**	**75.91**
5.80% International Hotel Investments plc 2023	10,000,000	4.68	1.06	1,695,229	838,216	40.59
5.5% Mediterranean Investments Holding plc € 2023	20,000,000	5.48	2.01	310,941	188,651	27.06
6.00% AX Investments Plc € 2024	40,000,000	4.18	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	4.84	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.73	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.68	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.23	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	9,183,200	4.20	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.54	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.15	1.06	1,695,229	838,216	40.59
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	5.09	52.47	162,889	74,159	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.01	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	3.78	4.51	58,951	12,557	68.49
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	3.86	1.06	1,695,229	838,216	40.59
5.00% Dizz Finance plc Unsecured € 2026	8,000,000	5.12	0.45	72,112	4,763	91.27
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.38	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	3.99	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.01	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	3.54	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.23	0.88	328,464	131,504	30.32
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.64	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.79	3.25	362,955	235,392	26.66
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	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.89	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.52	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	3.72	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.50	-	238,228	78,698	63.41

31-May-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 31 May 2022

To date, there are no corporate bonds which have a redemption date beyond 2033. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

The United Finance bonds are trading at a yield of 5.28%, which is in line with other corporate bonds maturing in the same year. The premium over FY2023 Malta Government Stock is 514 basis points.

PART 4 - EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including apparel retail, cash hire & leasing and rental income.
Direct costs	Direct costs include inventory, labour expenses and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
EBIT	EBIT is an abbreviation for earnings before interest and tax.
Share of results of associates and jointly controlled entities	The United 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 associates and jointly controlled entities'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
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, and 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.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
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 EBITDA of one period by the company's interest expense of the same period.
Net assets per share	Is calculated by dividing the total net asset value of the company by the number of shares outstanding.
Net debt to EBITDA	The net debt to EBITDA is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.