Financial Analysis Summary

25 June 2025

Issuer

Hal Mann Vella Group p.l.c.

(C 5067)

Prepared by:

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The Board of Directors
Hal Mann Vella Group p.l.c.
The Factory
Mosta Road
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25 June 2025

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 in 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 Hal Mann Vella Group p.l.c. (the "**Issuer**", "**Group**", or "**HMVG**"). 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 2022, 31 December 2023, and 31 December 2024 has been extracted from the respective audited consolidated annual financial statements.

(b) The forecast information for the financial year ending 31 December 2025 has been provided by the Issuer.

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

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

(e) Relevant financial data in respect of the companies included in Part 3 – Comparative 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 investors by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. Furthermore, it 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, 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

Hal Mann Vella Group p.l.c. acts as a holding and financing company for a number of entities which are principally engaged in the manufacture and importation of stones and building materials, general contracting services, as well as property development and letting (as further described in Sections 1.1 and 1.2 below). Accordingly, HMVG is dependent on the operations and performance of its various subsidiaries.

The Group traces its origins in 1954 and grew extensively over the years to become one of the leading local players in its field. During this period, HMVG worked with some of the most renowned and established firms and was also heavily involved in public as well as private sector landmark projects including high-rise commercial and residential edifices, mixed-use complexes, industrial premises, upscale hotels, as well as buildings of national importance.

1.1 MANUFACTURING & GENERAL CONTRACTING SERVICES

The Group operates from two manufacturing plants located in Lija and Ħal Far, utilising state-of-the-art technology and advanced equipment, and a purposely built stores, logistics, and distribution hub. Adjacent to its factory in Lija, HMVG has its flagship showroom and retail outlet situated next to the Group's head office and other property which is leased to independent third parties.

The activities carried out by the manufacturing and general contracting services arm of the Group involve the supply of a vast selection of natural and composite stones as well as pre-cast elements[1], the distribution of top-tier ceramic brands and sanitary ware, the supply of kitchen tops, as well as the provision of services, tendering for contracts, and subcontracting work related to interior and exterior design, finishings, installation, laying, logistics, and maintenance.[2]

In Ħal Far, the Group extended its manufacturing and operational capabilities with a view of strengthening its core operations by introducing to the market a new range of products in the natural stone and terrazzo segments, niche screed and concrete supplies, landscaping products, as well as an innovative range of environmentally friendly solutions including reconstituted stone (the "**Ħal Far Extension**").[3] The circa €7 million project is now in its final stages, with operations expected to ramp up by the end of FY2025 and throughout FY2026, increasing the size of the Group's manufacturing hub in Ħal Far from just over 14,300 sqm to nearly 22,500 sqm.

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[1] These include ceramic tiles, granite, marble, onyx, porphyry, quartz, terrazzo, and travertine amongst others.

[2] Projects requiring elements of non-core products and services are typically sub-contracted or bought in through the Group's extensive network of suppliers and contractors. These include joinery works, furniture, metal works, plastering, and painting works.

[3] In FY2015 and FY2021, the Group entered into long-term agreements with Indis Malta Ltd (previously Malta Industrial Parks Limited) for the lease on the basis of temporary emphyteusis the two adjacent sites and factories located in Ħal Far.

1.2 PROPERTY DEVELOPMENT & LETTING

The Group is directly involved in real estate activities through the development of property for resale, and the ownership of a diversified portfolio of property held for the generation of rental income. The latter includes a mix of offices and other commercial property, storage spaces and related facilities, an aparthotel, as well as residential units. Further information in this regard is provided in Section 4 – Principal Property Assets.

2. DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors of HMVG comprises the following six individuals who are responsible for the overall development, strategic direction, and risk management of the Group:

Martin Vella	Chairman & Executive Director
Joseph Vella	Executive Director
Mark Vella	Executive Director
Miriam Schembri	Non-Executive Director
Mario P. Galea	Independent Non-Executive Director
Arthur Galea Salomone	Independent Non-Executive Director

The Board of Directors is assisted by a Senior Management team, comprising the following four individuals, who are responsible for the execution of the Group's business strategy:

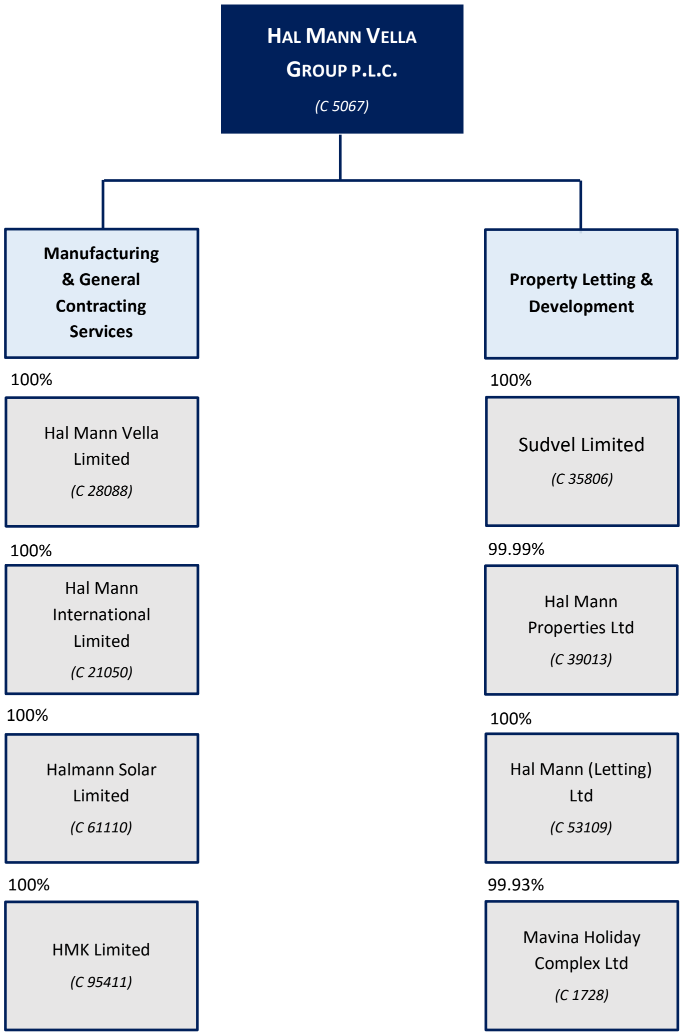
Kevin Rapinett	Chief Executive Officer
Chris Tonna	Chief Financial Officer
Owen Farrugia	Chief Commercial Officer – Retail
Hugh Vella	Chief Commercial Officer – Contracts

The Executive Directors and the Senior Management team are entrusted with the day-to-day running of the Group. Moreover, they are responsible for the identification and execution of new investment opportunities, as well as for the funding of the Group's capital expenditure requirements.

The principal role of the Non-Executive Directors is to monitor the operations of the Group and the performance of the Executive Directors, as well as to review any initiatives recommended by the Executive Directors. In addition, the Non-Executive Directors act as an important check on the possible conflicts of interest of the Executive Directors in view of their dual role as Executive Directors and members of the Senior Management team.

3. ORGANISATIONAL STRUCTURE

The chart below illustrates the organisational structure of the Group:



In addition to the operating companies above, the Issuer holds a 50% shareholding in Hal Mann Holdings Ltd (C 2215) which is a non-trading company. It also owns 50% of HMK International Ltd (C 46978) and Zokrija Limited (C 77908), both of which are non-trading. The Group also holds 100% of CDK Limited (C 81244), which HMVG intends to liquidate in the foreseeable future. In November 2024, the Group sold its 12.5% shareholding in Klikk Finance p.l.c.

The average number of persons (including Directors) employed by the Group during FY2024 stood at 207 (FY2023: 201).

4. PRINCIPAL PROPERTY ASSETS

HMVG is the owner of various properties which are included in the Statement of Financial Position line items 'Property, plant and equipment' ("**PPE**"), 'Investment property', and 'Property held-for-sale'. The following is a list of the major property assets of the Group:

Hal Mann Vella Group p.l.c. Principal Property Assets As at 31 December		2022 Actual €'000	2023 Actual €'000	2024 Actual €'000
Commercial property and manufacturing facilities in Lija:	▪ Hal Mann factory & offices	28,944	28,944	31,022
	▪ E-Pantar office block	24,460	24,460	24,750
	▪ NAVI Building - offices & warehouse (50% ownership)	2,530	2,642	2,750
		55,934	**56,046**	**58,522**
Collective accomodation in Qawra:	▪ Mavina Holiday Complex	5,800	5,800	-
	▪ Huli Aparthotel	2,625	2,634	2,850
		8,425	**8,434**	**2,850**
Commercial property situated in Valletta:	▪ Offices	4,015	4,015	4,762
	▪ Retail outlet	1,800	1,800	1,700
		5,815	**5,815**	**6,462**
Residential property situated in:	▪ Madliena	2,500	2,500	-
	▪ St Julian's	983	985	1,040
	▪ Tas-Sellum, Mellieħa	705	705	765
	▪ Mġarr, Malta	890	890	975
	▪ Xagħra, Gozo	310	310	335
		5,388	**5,390**	**3,115**
Land situated in:	▪ Mġarr, Malta	1,054	1,438	3,344
	▪ Lija	1,031	1,031	1,052
		2,085	**2,469**	**4,396**
Property held for sale:	▪ Residential property in various locations in Malta & Gozo	4,746	5,334	5,200
		82,393	**83,488**	**80,545**

The **E-Pantar** office block is the major contributor to the Group's property rental division. Built on a footprint measuring 5,256 sqm, the building includes: (i) circa 14,000 sqm of office space spread over three levels; (ii) common areas and external space which, in aggregate, measure approximately 5,000 sqm; and (iii) an underlying basement with around 250 car spaces. Most of the property is currently leased to Transport Malta for a 10-year period expiring on 30 September 2027, albeit the tenant has the option to extend the agreement by a further 5 years.

The Group is currently extending the E-Pantar building through the redevelopment of an underutilised area into two levels of underground car parking for 130 vehicles, three levels of office space with a total floor area of approximately 2,160 sqm, and a rooftop photovoltaic system. The project commenced in Q4 2024 and is expected to be completed by the end of 2025 for a total investment of around €6 million.

Built on a footprint of circa 1,200 sqm, the **NAVI Building** consists of a two-storey building and two underground levels of car spaces and storage area. The building is used for warehousing and office space. A new mezzanine floor within the ground floor level of the building was recently introduced to increase the available rental area and thus improve the value of the property. Works on this mezzanine floor were completed during FY2024. Most of building is currently leased to a number of independent third parties for the long term, with the earliest terminating lease agreement expiring on 30 April 2029.

The **Huli Aparthotel**, including the Lovage Bistro, is currently leased to independent third parties. The lease agreement covering most of the building expires in mid-July 2028.

The Group's commercial properties located in **Valletta** comprise: (i) a leased retail outlet which is sub-leased for the long term (sub-lease agreement expiring on 30 April 2031) to an independent third party; and (ii) an office building situated in Old Bakery Street offering almost 700 sqm of lease space currently occupied by the Ministry for Heritage for a term expiring on 31 July 2031. In Valletta, the Group also sub-leases the Merchant Suites boutique hotel which, in turn, is leased from independent third parties by title of temporary emphyteusis for a period of 20 years from 2018.

The **Mavina Holiday Complex** was sold in late FY2024. Net proceeds from the transaction, amounting to €6.30 million, were allocated to the Group's general corporate funding purposes. Similarly, the sale of a villa located in **Madliena** was also completed in FY2024.

HMVG owns a number of plots and tracts of land located in Lija and Mġarr. Of these, a site in **Mġarr,** measuring circa 855 sqm, may be developed into a number of residential units.

PROPERTY HELD FOR SALE

The Group is currently developing six terraced houses on a plot of land in **Għajnsielem**, Gozo, of which two terraced houses will be assigned to the vendors of the land as part of the purchase consideration of the site. The final deeds of sale for the remaining four terraced houses are expected to be signed in 2025 and 2026.

In addition, the Issuer is currently developing a residential building in **Attard** comprising one maisonette, three apartments, one penthouse, and a number of garages. The project is expected to be completed in the coming months, with sales anticipated to be concluded in 2025 and 2026.

Meanwhile, in **Santa Venera**, the Group owns a plot of land and entered into a promise of sale agreement for the purchase of an adjacent site which is expected to be concluded imminently. Both sites are earmarked for a mixed-use development and the entire project is scheduled to be completed by the end of 2028.

5. THE 2024 BONDS COLLATERAL

In terms of the Prospectus dated 28 June 2024, the Issuer refinanced the redemption of its €30 million 5.00% secured bonds 2024 (the "**2014 Bonds**") through the issuance of €23 million 5.35% secured bonds maturing between 2031 and 2034 (the "**2024 Bonds**"). The remaining €7 million of the 2014 Bonds was refinanced through new bank borrowings.

The 2024 Bonds are secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2024 Bonds:

(1) First-ranking special hypothec for the full nominal value of the 2024 Bonds and interest thereon, over the following property and any developments and constructions thereon:

   (a) Vacant plot of land situated in Mġarr located within development zone and having a total developable area of 855 sqm. Based on schematic designs, the site may be developed into a residential complex. The Group has not yet submitted an application with the Planning Authority for this site to be developed.

   (b) A developed site with a footprint of circa 760 sqm located behind the main Hal Mann showroom in Lija which includes around 1,200 sqm of office space which is rented to independent third parties, and a basement and a ground-floor storage area which are used by the Group for its own operations.

   (c) Plots of land, in aggregate having a total footprint of approximately 18,300 sqm, located in an area within, and adjacent to, the Group's factory and offices in Lija. Around 48% of the property is within an 'Area of Containment' on which existing industrial properties are located (covering a total area of around 6,500 sqm), whilst the remaining part of the land, measuring circa 9,450 sqm, lies outside the 'Area of Containment'.[4]

(2) Second-ranking general hypothec for the full nominal value of the 2024 Bonds and interest thereon, over all the present and future property of the Issuer.

(3) Pledge over insurance policies covering the hypothecated property, insofar as such property is of an insurable nature.

[4] These buildings accommodate the existing tile and marble industrial and manufacturing operations of the Group. The area beyond the 'Area of Containment' currently accommodates various open-air storage facilities in support of the marble and tile industrial operations of the Group.

6. TREND INFORMATION

6.1 ECONOMIC UPDATE[5]

In 2024, the Maltese economy expanded by 6%, exceeding expectations by circa 100 basis points. This robust performance was underpinned by strong domestic demand dynamics, including a 5.7% increase in private consumption and a notable 7.3% growth in government consumption. The positive contribution of net exports further reinforced GDP growth, driven predominantly by the sustained expansion in tourism, professional services, and other service-oriented sectors.

The tourism sector stood out as a key growth driver, with total tourist expenditure rising by just over 23% over the previous year, a period which had already exceeded pre-pandemic benchmarks. Other high-performing segments included financial, IT, and recreational services, all of which benefited from resilient global demand and Malta's competitive positioning. Moreover, Malta's limited exposure to goods trade and its ability to shield itself from external commodity price shocks allowed the economy to remain insulated from international volatility. Investment, having contracted in 2023, returned to growth in 2024, rising by 2.4%, albeit remaining subdued by historical standards.

Looking ahead, real GDP is forecast to expand by 4.1% in 2025 and 4% in 2026, reflecting a normalisation from the exceptional pace recorded in 2023 and 2024. Private consumption is set to remain the dominant engine of growth, with projected increases of 4.1% in 2025 and 3.9% in 2026. Net exports are anticipated to retain a positive contribution, while investment is expected to maintain a modest upward trajectory, growing by 2.5% in 2025 and by 2.1% in 2026. Nonetheless, these investment growth rates remain below Malta's long-term average and reflect a more cautious forward-looking investment sentiment.

The labour market remained very dynamic in 2024, with employment rising by 5.1%, buoyed by continued immigration to address persistent labour shortages. However, employment growth is expected to ease gradually to 3.1% in 2025 and 2.8% in 2026, in line with a return to more typical post-pandemic trends. The unemployment rate is forecast to stabilise at a historically low level of 3.1% in both 2025 and 2026. Nominal wage growth per employee is projected to remain ahead of inflation, with expected increases of 4.1% in 2025 and 3.5% in 2026, highlighting continued pressure on wages amid a tight labour market.

Inflation fell to 2.4% in 2024, compared to 5.6% in 2023 and 6.1% in 2022, and is projected to decline further to 2.2% in 2025 and 2.1% in 2026. While food and services prices are expected to remain the main inflationary drivers, energy prices are anticipated to remain unchanged in nominal terms as government policy continues to maintain administered prices at 2020 levels.

On the fiscal front, the general government deficit narrowed to 3.7% of GDP in 2024, down from 4.7% in 2023. This improvement was primarily supported by higher revenue from income and wealth taxation, particularly driven by one-off transactions and enhanced tax collection efforts. These gains

[5] **Source:** European Commission, '*Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty*', 19 May 2025.

were partially offset by increased current and capital expenditures, including support measures related to the national airline.

Key Economic Indicators	2022 Actual	2023 Actual	2024 Actual	2025 Forecast	2026 Projection
Malta					
Real GDP growth *(%, year-on-year)*	4.30	6.80	6.00	4.10	4.00
Inflation - HICP *(%, year-on-year)*	6.10	5.60	2.40	2.20	2.10
Unemployment (%)	3.50	3.50	3.10	3.10	3.10
Current account balance *(% of GDP)*	(1.80)	4.60	3.60	3.70	3.40
General fiscal balance *(% of GDP)*	(5.20)	(4.70)	(3.70)	(3.20)	(2.80)
Gross public debt *(% of GDP)*	49.50	47.90	47.40	47.60	47.30
Euro area					
Real GDP growth *(%, year-on-year)*	3.50	0.40	0.90	0.90	1.40
Inflation *(%, year-on-year)*	8.40	5.40	2.40	2.10	1.70
Unemployment (%)	6.80	6.60	6.40	6.30	6.10
Current account balance *(% of GDP)*	1.00	2.60	3.30	3.00	3.00
General fiscal balance *(% of GDP)*	(3.50)	(3.50)	(3.10)	(3.20)	(3.30)
Gross public debt *(% of GDP)*	91.20	88.90	88.90	89.90	91.00
EU					
Real GDP growth *(%, year-on-year)*	3.50	0.50	1.00	1.10	1.50
Inflation *(%, year-on-year)*	9.20	6.40	2.60	2.30	1.90
Unemployment (%)	6.20	6.10	5.90	5.90	5.70
Current account balance *(% of GDP)*	0.80	2.60	3.20	3.00	3.00
General fiscal balance *(% of GDP)*	(3.20)	(3.50)	(3.20)	(3.30)	(3.40)
Gross public debt *(% of GDP)*	83.90	82.10	82.20	83.20	84.50

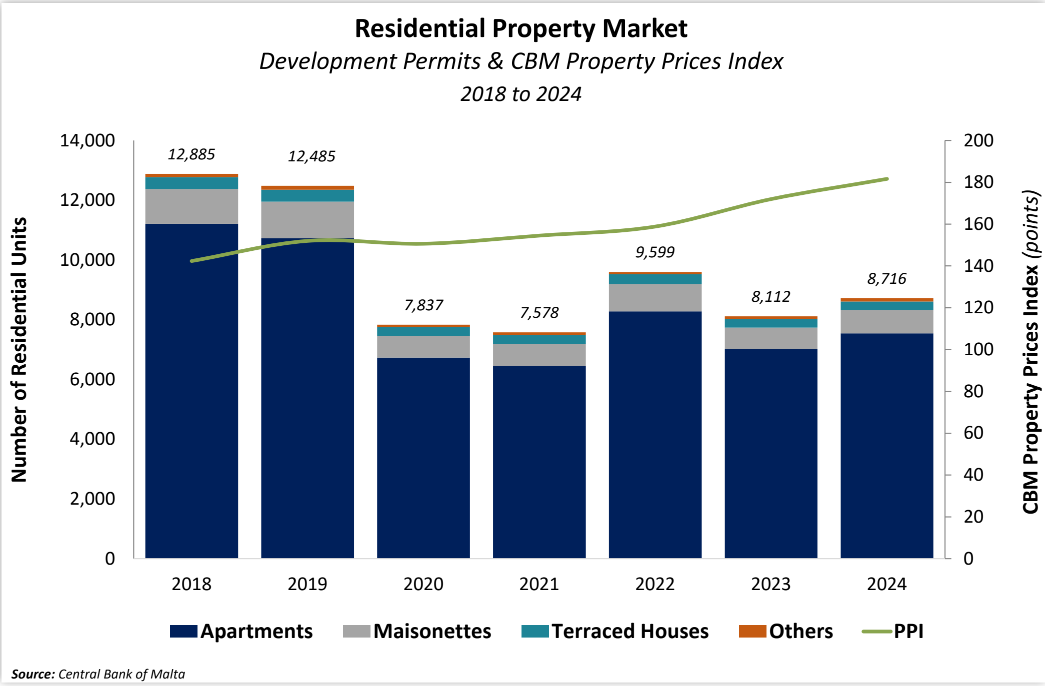
Source: European Commission, *'Spring 2025 Economic Forecast: Moderate Growth Amid Global Economic Uncertainty'*, 19 May 2025.

In 2025, the deficit is expected to decline further to 3.2% of GDP, largely reflecting the cessation of airline-related capital spending and a continued drop in subsidies as a share of GDP. Although social spending and energy-related support measures are set to remain unchanged in nominal terms, their GDP share will fall due to nominal GDP growth. However, the reform of personal income tax brackets is expected to weigh on revenue collection. By 2026, the deficit is forecast to fall further to 2.8% of GDP, primarily driven by lower subsidy levels and the stronger growth of overall revenues relative to nominal GDP. Overall, the general government debt ratio is projected to remain broadly stable to 2026, staying below the 48% of GDP threshold, underscoring Malta's comparatively sound fiscal position within the European context.

6.2 PROPERTY MARKET [6]

DEVELOPMENT PERMITS FOR DWELLINGS

Data provided by the Central Bank of Malta ("**CBM**") and the National Statistics Office ("**NSO**") shows that in 2024, the total number of permits for the construction of new dwellings eased by 3.22% to 1,535 permits compared to 1,586 permits issued in 2023. However, the total number of approved new residential units increased by 7.45% year-on-year to 8,716 units (2023: 8,112 units), mostly comprising apartments which totalled 7,543 units (2023: 7,026 apartments) representing 86.54% of the total number of approved new units in 2024. The sharpest year-on-year percentage increase in the number of approved residential units was for the construction of other type of dwellings including villas, bungalows, and farmhouses, which increased by 30.49% to 107 units (2023: 82 units). These were followed by maisonettes (+9.97% to 783 units compared to 712 units in 2023), and apartments (+7.36%). On the other hand, the total number of approved terraced houses declined by 3.08% in 2024 to 283 units compared to 292 units in 2023.



In the first quarter of 2025, the total number of approved new dwellings declined by 17.42% to 2,143 units when compared to 2,595 units in the corresponding quarter of 2024. The contraction was broad-based across all dwelling types. Apartments remained the predominant residential type, accounting for 1,550 units, but registered a 17.20% drop from 1,872 units in Q1 2024. Penthouses experienced a similar decline, decreasing by 19.11% to 326 units from 403 units in the prior year's comparable period. The number of approved maisonettes declined by 17.89% to 179 units (Q1 2024: 218 units), while

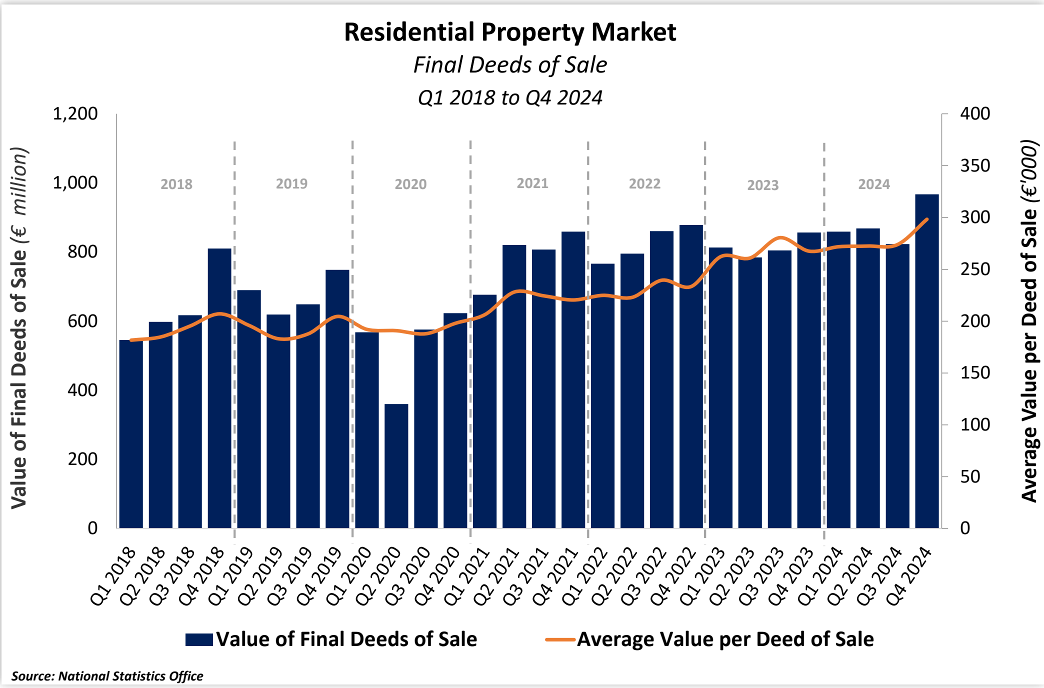
[6] **Sources:** Central Bank of Bank and National Statistics Office.

terraced houses fell by 15.58% to 65 units from 77 a year earlier. Other type of dwellings decreased by 8% to 23 units, down from 25 in Q1 2024.

The highest number of approved new residential units in a single year since Malta adopted the euro was recorded in 2018, with 2,363 permits issued for the construction of a total of 12,885 residential units. In 2019, although the number of permits had increased by 6.69% to 2,521 permits, these were for the construction of 12,485 units which represented a year-on-year decline of 3.10%. Between 2018 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.

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 – increased by 5.62% in 2024 to 181.68 points compared to 172.01 points for 2023. The sharpest year-on-year percentage increase took place in the prices of 'other property', comprising townhouses, houses of character, and villas, which advanced by 9.45%. The advertised prices of terraced houses and apartments increased by over 8%, whilst maisonettes saw their advertised prices increase by 7.49%.



In Q1 2025, the CBM Property Prices Index rose further to 187.50 points, representing a year-on-year increase of 2.22%. Although this marks a deceleration compared to the average growth observed throughout 2024, price momentum remained positive across all categories. Maisonettes registered the strongest growth, increasing by 7.70% year-on-year. Terraced houses and 'other property' followed, with annual increases of 5.75% and 5.78% respectively. In contrast, apartments recorded marginal year-on-year growth of just 0.35% following the very strong year-on-year growth of 12.90% registered in the final quarter of 2024.

The NSO Property Price Index – which is based on actual transactions involving apartments, maisonettes, and terraced houses – reached an all-time high of 163.31 points in 2024 – representing a year-on-year increase of 6.44% in nominal terms. Apartment prices rose by 6.32%, while the year-on-year increase in maisonette prices stood at 6.10%.

A total of 12,597 final deeds of sale relating to residential property were registered in 2024 compared to 12,180 deeds in 2023 and 14,331 deeds in 2022. The total value of final deeds of sale increased by 7.98% in 2024 to a new record of €3.52 billion compared to €3.26 billion in 2023 and €3.30 billion in 2022. Furthermore, the average value per deed of sale increased to €279,162 compared to €267,504 in 2023 and €230,242 million in 2022. Meanwhile, the total number of promise of sale agreements for residential property in 2024 increased by 3.03% year-on-year to 13,585 compared to 13,185 in 2023.

During the first quarter of 2025, 3,143 final deeds of sale were registered, slightly lower than the 3,161 deeds recorded in the corresponding quarter of 2024. However, the total value of final deeds of sale rose to €897.80 million compared to €858.80 million in Q1 2024, marking an increase of 4.54% on a quarter-on-quarter basis. This led to a 5.14% increase in the average value per deed, which climbed to €285,651 in Q1 2025 from €271,686 a year earlier, reflecting continued resilience in transaction values despite a stable volume of concluded deals. Meanwhile, the number of POSA in Q1 2025 amounted to 3,468, slightly below the 3,496 agreements recorded in Q1 2024.

PART 2 – FINANCIAL REVIEW

7. FINANCIAL ANALYSIS

The historical information is extracted from the audited consolidated annual financial statements of HMVG for the years ended 31 December 2022, 31 December 2023, and 31 December 2024.

The forecast information has been provided by the Issuer and is based on future events and assumptions which the Group believes to be reasonable. Accordingly, actual outcomes may be adversely affected by unforeseen circumstances, and the variation between forecasts and actual results could be material.

The estimates also include the assumption that the carrying values of the Group's investment properties will neither be revalued upwards nor impaired. Accordingly, no adjustments have been made for potential uplifts or impairments in asset values that could materially impact the Income Statement and the Statement of Financial Position.

Hal Mann Vella Group p.l.c. **Income Statement** **for the financial year 31 December**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Forecast** **€'000**
Manufacturing and general contracting services	*18,215*	*19,438*	*22,471*	*25,435*
Property development	*3,163*	*3,119*	*2,011*	*3,569*
Rental activities	*2,468*	*2,526*	*2,566*	*2,755*
Total revenue	**23,846**	**25,083**	**27,048**	**31,759**
Cost of sales	(15,557)	(15,655)	(17,874)	(20,705)
Gross profit	**8,289**	**9,428**	**9,174**	**11,054**
Other operating income	620	663	1,156	-
Profit on sale of investment property	-	-	1,144	-
Other operating expenses	(3,187)	(4,307)	(4,614)	(4,850)
EBITDA	**5,722**	**5,784**	**6,860**	**6,204**
Depreciation	(1,270)	(1,410)	(1,758)	(1,510)
Operating profit	**4,452**	**4,374**	**5,102**	**4,694**
Change in fair value of investment property	1,520	386	1,388	-
Share of results of joint ventures	(17)	-	110	-
Dividends income	-	1,310	-	-
Net finance costs	(2,365)	(2,611)	(2,548)	(2,455)
Profit before tax	**3,590**	**3,459**	**4,052**	**2,239**
Taxation	(1,909)	(2,181)	(1,757)	(1,009)
Profit after tax	**1,681**	**1,278**	**2,295**	**1,230**
Other comprehensive income:				
Revaluation on property, plant and equipment, net of deferred tax	114	-	(500)	-
Other comprehensive income / (expense)	3	-	(64)	-
Total comprehensive income	**1,798**	**1,278**	**1,731**	**1,230**
EBITDA Analysis:				
Manufacturing and general contracting services	*3,182*	*3,133*	*3,106*	*3,561*
Property development and letting	*2,540*	*2,651*	*3,754*	*2,643*

Hal Mann Vella Group p.l.c. Key Financial Ratios	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast
Gross profit margin (%) *(Gross profit / revenue)*	34.76	37.59	33.92	34.81
EBITDA margin (%) *(EBITDA / revenue)*	24.00	23.06	25.36	19.53
Operating profit margin (%) *(Operating profit / revenue)*	18.67	17.44	18.86	14.78
Net profit margin (%) *(Profit after tax / revenue)*	7.05	5.10	8.48	3.87
Return on equity (%) *(Profit after tax / average equity)*	3.40	2.51	4.35	2.26
Return on assets (%) *(Profit after tax / average assets)*	1.35	1.00	1.71	0.92
Return on invested capital (%) *(Operating profit / average equity and net debt)*	4.29	4.15	4.88	4.40
Interest cover (times) *(EBITDA / net finance costs)*	2.42	2.22	2.69	2.53

INCOME STATEMENT

In **FY2022**, revenues dropped by 5.60% to €23.85 million amid lower level of property sales (-15.65% to €3.16 million) and manufacturing activity (-5.72% to €18.22 million). In contrast, rental income rose considerably to €2.47 million (+12.75%) reflecting the termination of the concessions provided to tenants during the COVID-19 pandemic. Furthermore, the rental income in FY2022 included a twelve-month contribution from the lease of the office building located in Old Bakery Street, Valletta, compared to just five months in the prior year.

Despite the year-on-year reduction in revenues, gross profit increased to €8.29 million reflecting efficiency gains in the manufacturing and general contracting services segment which filtered into lower cost of sales (-8.61% to €15.56 million). As a result, the gross profit margin trended higher to 34.76%. On the other hand, the Issuer incurred a higher level of other operating expenses (net of other operating income) which amounted to €2.57 million. Thus, EBITDA dropped by 6.33% to €5.72 million albeit the relative margin remained virtually unchanged year-on-year at 24%.

The depreciation charge stood at €1.27 million, thus leading to an operating profit of €4.45 million which, in turn, translated into a margin of 18.67% and a return on invested capital (“**ROIC**”) of 4.29%. Meanwhile, the interest cover trended lower to 2.42 times as net finance costs edged marginally higher to €2.37 million.

The financial performance of the Group was boosted by a €1.52 million gain in the fair value of investment property. As a result, the profit before tax surged to €3.59 million whilst the net profit for the year amounted to €1.68 million. The latter translated into a return on equity (“**ROE**”) of 3.40% and a return on assets (“**ROA**”) of 1.35%.

Total revenues increased by 5.19% in **FY2023** to €25.08 million. Income from manufacturing and general contracting services grew by 6.71% to €19.44 million – representing 77.49% of the Group’s total revenues. On the other hand, income from property development and letting remained stable year-on-year and in aggregate amounted to €5.65 million.

Despite the increase in revenues, cost of sales edged higher by just 0.63% to €15.66 million, thus resulting in an upsurge of 13.74% in the gross profit to €9.43 million whilst the relative margin rose by almost 300 basis points to 37.59%. In contrast, net other operating costs increased substantially year-on-year to €3.64 million largely due to an increase in indirect wages to €2.34 million compared to €1.58 million in the prior year. Accordingly, EBITDA only grew by 1.08% to €5.78 million whilst the EBITDA margin retracted to 23.06%. Furthermore, given the higher level of net finance costs of €2.61 million, the interest cover eased to 2.22 times.

Depreciation charges increased by 11.02% to €1.41 million as during the year the Group implemented a new and comprehensive Enterprise Resource Planning system (‘SAP Business ByDesign’) with a view of further consolidating its market positioning and improve operational efficiencies. Furthermore, the Group continued to invest considerably in its machinery and equipment related to its core manufacturing activities. As a result, operating profit contracted by 1.75% to €4.37 million which, in turn, translated into a margin of 17.44% and a ROIC of 4.15%.

Meanwhile, the Group’s financial performance was positively impacted by a €0.39 million uplift in the fair value of investment property, as well as by a one-off dividend income of €1.31 million received from an associate company. After accounting for a tax charge of €2.18 million, the net profit for the year amounted to €1.28 million which translated into a margin of 5.10% (FY2022: 7.05%). Moreover, the ROE and the ROA also drifted lower to 2.51% and 1% respectively.

In **FY2024**, the Group reported total revenue of €27.05 million, representing an increase of 7.83% over the prior year. This growth was predominantly driven by a 15.60% rise (or +€3.03 million) in revenue from the manufacturing and general contracting segment to €22.47 million as HMVG was active in several landmark customer projects and contracts. On the other hand, income from property development declined to €2.01 million (FY2023: €3.12 million) amid lower level of available stock for sale, while rental income posted a modest increase of 1.58% to €2.57 million.

Cost of sales rose by 14.17% to €17.87 million, resulting in a marginal contraction of 2.69% in the gross profit to €9.17 million and a drop of 367 basis points in the relative margin to 33.92%. Wage inflation persisted further throughout the year, while the Group continued to invest in its workforce reflecting its expanding operations. Moreover, the increase in cost of goods sold was also due to the higher proportion of revenue generated from manufacturing and general contracting services, which accounted for 83.08% of total income in FY2024 compared to 77.49% in the prior year. Additionally, the type and nature of the contracting projects undertaken during the year had a negative impact on margins. This was further compounded by prevailing market trends and supply-side constraints.

EBITDA for the year amounted to €6.86 million, up by 18.60% from the prior year, while the EBITDA margin improved to 25.36%. This growth was largely underpinned by a notable gain of €1.14 million on the sale of the Mavina Holiday Complex. In tandem, net operating expenses declined by 5.10% to €3.46 million, despite a higher year-on-year provisioning charge in line with the Group's prudent financial approach, as HMVG maintained its focus on cost management and operational efficiency.

In terms of EBITDA segment performance, manufacturing and general contracting services contributed €3.11 million (FY2023: €3.13 million), while property development and letting generated a higher EBITDA of €3.75 million (FY2023: €2.65 million), reflecting the sale of the Mavina Holiday Complex. Excluding this transaction, the EBITDA contribution from property development and letting remained broadly stable year-on-year.

After accounting for depreciation of €1.76 million, the Group reported an operating profit of €5.10 million, translating into a 16.64% increase over the prior year and yielding an operating profit margin of 18.86% and a ROIC of 4.88%.

In FY2024, the Group recognised a revaluation gain of €1.39 million on investment property, which virtually offset the non-recurrence of the one-off dividend income of €1.31 million received in FY2023. Net finance costs remained relatively stable at €2.55 million, thus resulting in an increase in the interest cover to 2.69 times given the growth in EBITDA.

Overall, profit after tax increased notably to €2.30 million after accounting for a tax charge of €1.76 million. The net profit margin advanced to 8.48%. Similarly, the ROE rose to 4.35% while the ROA increased to 1.71%.

In **FY2025**, revenue is projected to increase by a further 17.42% to €31.76 million. This growth is expected to be driven by a 13.19% rise in revenue from manufacturing and general contracting to €25.44 million, supported by a robust order book, as well as a marked increase in property development revenue to €3.57 million, reflecting the sale of real estate forming part of various projects that are either under development or already completed. Rental income is also forecast to increase, albeit slightly in nominal terms, reaching €2.76 million.

The revised revenue forecasts are stronger than those provided at the time of the issuance of the 2024 Bonds, reflecting the Group's strong client relationships and growing penetration in a stable market. However, HMVG now expects higher cost of sales and operating expenses, in aggregate amounting to €25.56 million compared to the previous projection of €24.25 million, driven by continued wage-induced inflation and adverse sector-wide dynamics. As a result, the revised EBITDA target of €6.20 million is 3.98% lower than the earlier projection of €6.46 million, with the EBITDA margin revised downward to 19.53% from 21.04%.

Segmental EBITDA is forecast at €3.56 million for manufacturing and general contracting services and €2.64 million for real estate activity. Depreciation is forecast at €1.51 million, and operating profit is expected at €4.69 million, translating to an operating margin of 14.78% and a ROIC of 4.40%.

Net finance costs are expected to ease to €2.46 million. However, in view of the sharper drop in the EBITDA target, the interest cover is projected to decrease slightly to 2.53 times. Moreover, profit after tax is forecast to decline to €1.23 million after accounting for tax charges of €1.01 million, reflecting the non-recurrence of dividend income and gains related to the sale and fair value movements of investment property. As a result, the net profit margin is projected to contract to 3.87%, with the ROE and the ROA falling to 2.26% and 0.92% respectively.

Hal Mann Vella Group p.l.c. **Statement of Cash Flows** **for the financial year 31 December**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Forecast** **€'000**
Net cash from operating activities	6,653	4,477	5,975	5,455
Net cash used in investing activities	(3,584)	(2,874)	(7,365)	(7,626)
Net cash from / (used in) financing activities	(4,317)	(2,084)	6,816	(269)
Effect of ECL on cash in banks	(1)	1	(10)	-
Net movement in cash and cash equivalents	**(1,249)**	**(480)**	**5,416**	**(2,440)**
Cash and cash equivalents at beginning of year	(29)	(1,278)	(1,758)	3,658
Cash and cash equivalents at end of year	**(1,278)**	**(1,758)**	**3,658**	**1,218**
Capital expenditure	3,783	4,184	7,675	7,626
Free cash flow	**2,870**	**293**	**(1,700)**	**(2,171)**

STATEMENT OF CASH FLOWS

In **FY2022**, net cash from operating activities increased substantially to €6.65 million largely on account of favourable movements in working capital which amounted to €2.03 million. Conversely, the Group used higher amounts of cash for its investing (€3.58 million) and financing activities (€4.32 million), reflecting increased levels of outflows towards the purchase of PPE and investment property (€3.78 million), as well as repayments of bank borrowings (€2.21 million). Consequently, HMVG recorded an adverse movement of €1.25 million in its cash balances, thus ending the year with a negative position of €1.28 million.

Net cash generated from operating activities contracted by €2.18 million to €4.48 million in **FY2023** mostly on account of an adverse movement in working capital of €0.78 million. In contrast, the amount of net cash used in investing activities dropped by €0.72 million to €2.87 million despite the one-off dividend income of €1.31 million received from an associate company. On the other hand, the amount of cash used for the acquisition of PPE and investment property increased by 10.44% to €4.18 million.

In terms of financing activities, during FY2023, the Group used €2.08 million mainly for payments to related companies (€1.16 million), interest (€2.18 million), and leases (€0.43 million). These were partly offset by inflows from bank loans amounting to €1.69 million. As a result, given the adverse movement of €0.48 million in cash and cash equivalents, HMVG ended the year with a higher negative cash balance of €1.76 million.

In **FY2024**, the Group generated net cash from operating activities amounting to €5.98 million. The increase was primarily driven by the higher profitability and a notable €2.07 million positive swing in working capital movements which amounted to €1.29 million. On the downside, the amount of tax paid doubled to €1.38 million compared to €0.68 million in FY2023.

Investing activities absorbed €7.37 million in net cash, driven by higher capital expenditure which rose to €7.68 million, reflecting the Group's intensified capital investment programme. Furthermore, unlike in FY2023, the Issuer did not receive any dividend income.

In contrast, the Group recorded a net cash inflow of €6.82 million from financing activities in FY2024. The primary driver of this movement was the inflow of €10.04 million from bank borrowings. On the other hand, lease and interest payments remained stable at around €0.42 million and €2.20 million respectively, whilst cash outflows to related parties were substantially lower year-on-year at €0.61 million.

Overall, the net movement in cash and cash equivalents stood at €5.42 million, thus lifting year-end balances to €3.66 million.

In **FY2025**, net cash from operating activities is projected to ease slightly to €5.46 million. Despite a reduction in profitability, cash generation is expected to be supported by further working capital inflows of €0.78 million, a reduced tax charge of €1.11 million, and marginally lower interest payment of €2.46 million.

Net cash used in investing activities is forecast to remain elevated at €7.63 million, reflecting sustained capital expenditure commitments. This level of outlay is expected to extend the Group's negative free cash flow to €2.17 million compared to €1.70 million in FY2024.

Financing activities are projected to contribute a marginal net outflow of €0.27 million as proceeds from bank borrowings (€1.55 million) and related parties (€0.60 million) are offset by €2.42 million in interest payments.

In aggregate, the Group is forecasting a net decrease in cash and cash equivalents of €2.44 million in FY2025, bringing the year-end cash balance to €1.22 million.

Hal Mann Vella Group p.l.c. **Statement of Financial Position** **as at 31 December**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Forecast** **€'000**
ASSETS				
Non-current assets				
Intangible assets	63	63	63	63
Investment properties	53,537	54,046	51,779	57,947
Property, plant and equipment	34,196	37,109	37,705	38,008
Investments in joint ventures	1,715	1,567	1,678	1,678
Financial assets	482	411	15	18
Finance lease receivables	175	-	-	-
Right-of-use assets	7,499	7,234	6,970	6,705
Deferred taxation	1,200	1,889	2,982	158
Other non-current assets	-	-	124	124
	98,867	**102,319**	**101,316**	**104,701**
Current assets				
Inventories	4,115	4,195	4,356	4,292
Property held-for-sale	4,746	5,334	5,200	4,088
Trade and other receivables	16,175	17,844	18,429	16,246
Cash and cash equivalents	572	1,097	8,772	1,320
Bank term deposit	91	91	91	-
	25,699	**28,561**	**36,848**	**25,946**
Total assets	**124,566**	**130,880**	**138,164**	**130,647**
EQUITY				
Called up share capital	5,000	5,000	5,000	5,000
Other reserves	32,928	33,284	29,357	29,357
Retained earnings	12,382	13,305	19,525	20,755
	50,310	**51,589**	**53,882**	**55,112**
LIABILITIES				
Non-current liabilities				
Bonds	29,860	-	22,387	22,530
Bank borrowings	6,774	8,558	14,886	16,654
Finance lease liability	7,961	8,084	8,100	8,039
Other financial liabilities	2,217	2,218	2,218	2,218
Other non-current liabilities	5,291	6,826	7,842	5,612
	52,103	**25,686**	**55,433**	**55,053**
Current liabilities				
Bonds	-	29,935	343	343
Bank borrowings	3,969	4,628	7,652	4,018
Finance lease liability	330	139	22	181
Other financial liabilities	3,625	2,395	2,180	2,767
Other current liabilities	14,229	16,508	18,652	13,173
	22,153	**53,605**	**28,849**	**20,482**
Total liabilities	**74,256**	**79,291**	**84,282**	**75,535**
Total equity and liabilities	**124,566**	**130,880**	**138,164**	**130,647**
Total debt (including finance lease and other financial liabilities)	*54,736*	*55,957*	*57,788*	*56,750*
Net debt	*54,073*	*54,769*	*48,925*	*55,430*
Invested capital (total equity plus net debt)	*104,383*	*106,358*	*102,807*	*110,542*

Hal Mann Vella Group p.l.c. Key Financial Ratios	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	9.45	9.47	7.13	8.93
Net debt-to-equity (times) *(Net debt / total equity)*	1.07	1.06	0.91	1.01
Net gearing (%) *(Net debt / net debt and total equity)*	51.80	51.49	47.59	50.14
Debt-to-assets (times) *(Total debt / total assets)*	0.44	0.43	0.42	0.43
Leverage (times) *(Total assets / total equity)*	2.48	2.54	2.56	2.37
Current ratio (times) *(Current assets / current liabilities)*	1.16	0.53	1.28	1.27

STATEMENT OF FINANCIAL POSITION

During **FY2022**, total assets increased by 0.66% to €124.57 million as the increase in the value of investment properties (+€3.36 million to €53.54 million) and PPE (+€1.06 million to €34.20 million) marginally offset the drop in property held-for-sale (-€1.56 million to €4.75 million) and cash balances (-€1.25 million to €0.57 million).

Total liabilities contracted by 1.31% to €74.26 million reflecting the 3.37% reduction in total debt to €54.74 million. Nonetheless, in view of the drop in EBITDA, the net debt-to-EBITDA multiple deteriorated to 9.45 times. Conversely, the net debt-to-equity ratio eased to 1.07 times, while the net gearing ratio and the debt-to-assets ratio trended lower to 51.80% and 0.44 times respectively.

The Group's asset base expanded by 5.07% (or +€6.31 million) in **FY2023** to €130.88 million mostly due to the increase in the value of PPE (+€2.91 million to €37.11 million) and trade and other receivables (+€1.67 million to €17.84 million).

Similarly, total liabilities increased by 6.78% (or +€5.04 million) to €79.29 million. During the year, the Group added €1.22 million in total debt to €55.96 million reflecting the increase of €2.44 million in bank borrowings to €13.19 million (31 December 2022: €10.74 million) which outweighed the drop of €1.23 million in other financial liabilities to €4.61 million (31 December 2022: €5.84 million). Nonetheless, as total equity trended higher to €51.59 million (31 December 2022: €50.31 million), the net debt-to-equity ratio and net gearing ratio eased slightly to 1.06 times and 51.49% respectively. On the other hand, the net debt-to-EBITDA multiple and the debt-to-assets ratio remained virtually unchanged year-on-year at 9.47 times and 0.43 times respectively.

In **FY2024**, the Group's asset base expanded by €7.28 million to €138.16 million. The most material increase took place in cash and cash equivalents, which rose by €7.68 million to €8.77 million. Similarly, the amount in deferred taxation increased notably to €2.98 million from €1.89 million as at the end of FY2023. Meanwhile, trade and other receivables and PPE grew by circa €0.60 million to €18.43 million and €37.71 million respectively. In contrast the value of investment properties declined by €2.27 million to €51.78 million, while financial assets contracts by €0.40 million to less than €0.02 million.

Total equity increased by €2.29 million to €53.88 million, primarily driven by a €6.22 million rise in retained earnings to €19.53 million. This was partially offset by a €3.93 million decrease in other reserves – mainly comprising revaluation reserves – which declined to €29.36 million from €33.28 million as at 31 December 2023.

Total liabilities increased by €4.99 million to €84.28 million. Bank borrowings rose by €9.35 million to €22.54 million, with most of this increase used for the reduction in outstanding bonds. Net debt declined significantly by €5.84 million to €48.93 million (31 December 2023: €54.77 million), owing to the improved cash position. As a result, the net debt-to-EBITDA multiple improved to 7.13 times while the net gearing ratio fell to 47.59%. Similarly, the net debt-to-equity ratio and the debt-to-assets ratio strengthened year-on-year to 0.91 times and 0.42 times respectively. The current ratio also improved year-on-year to 1.28 times, reflecting the refinancing of the 2014 Bonds.

In **FY2025**, total assets are forecast to decline by €7.52 million to €130.65 million, primarily due to a projected €7.45 million reduction in cash and cash equivalents which are expected to fall to €1.32 million. Trade and other receivables are anticipated to decrease by €2.18 million to €16.25 million, while property held-for-sale and deferred tax assets are projected to contract by a combined €3.94 million to €4.25 million. These declines are expected to be partially offset by a €6.17 million increase in investment properties, which are forecast to reach €57.95 million and account for 44.35% of the Group's total asset base.

Equity is projected to increase by €1.23 million to €55.11 million, reflecting further retained earnings growth to €20.76 million.

Total liabilities are forecast to contract by €8.75 million to €75.54 million. The most significant decrease relates to other current liabilities alongside lower bank borrowings which are projected to decrease by €1.87 million to €20.67 million. However, in view of the contraction in cash balances, net debt is forecast to rise by €6.51 million to €55.43 million. Accordingly, the net debt-to-EBITDA multiple is expected to increase to 8.93 times, while the net gearing ratio is projected to edge higher to 50.14%. Nonetheless, the debt-to-assets ratio and the current ratio are forecast to remain stable at 0.43 times and 1.27 times respectively.

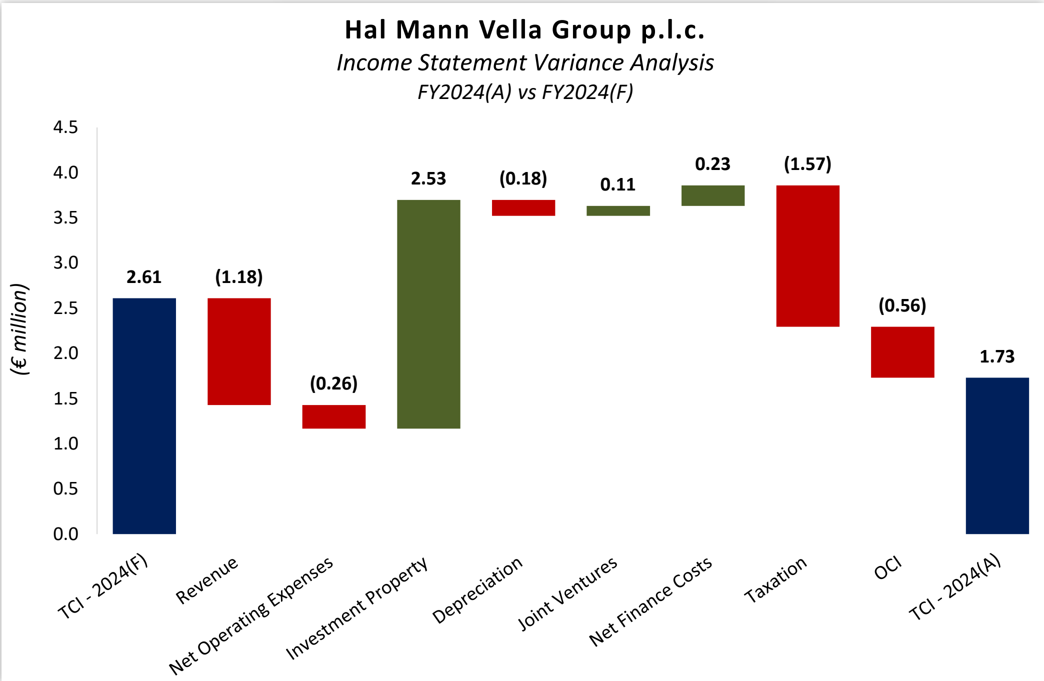
8. VARIANCE ANALYSIS

The following is an analysis of the major variances between the forecast financial information for the year ended 31 December 2024, as included in the Analysis dated 28 June 2024, and the audited annual financial statements for the same period, published on 16 April 2025.

Hal Mann Vella Group p.l.c. **Income Statement** **for the financial year 31 December**	**2024** **Actual** **€'000**	**2024** **Forecast** **€'000**
Manufacturing and general contracting services	*22,471*	*21,710*
Property development	*2,011*	*3,734*
Rental activities	*2,566*	*2,787*
Total revenue	**27,048**	**28,231**
Cost of sales	(17,874)	(17,905)
Gross profit	**9,174**	**10,326**
Other operating income	1,156	1,111
Profit on sale of investment property	1,144	-
Other operating expenses	(4,614)	(4,277)
EBITDA	**6,860**	**7,160**
Depreciation	(1,758)	(1,582)
Operating Profit	**5,102**	**5,578**
Change in fair value of investment property	1,388	-
Share of results of joint ventures	110	-
Net finance costs	(2,548)	(2,775)
Profit before tax	**4,052**	**2,803**
Taxation	(1,757)	(192)
Profit after tax	**2,295**	**2,611**
Other comprehensive income:		
Revaluation on property, plant and equipment, net of deferred tax	(500)	-
Other comprehensive income / (expense)	(64)	-
Total comprehensive income	**1,731**	**2,611**
EBITDA Analysis:		
Manufacturing and general contracting services	*3,106*	*3,264*
Property development and letting	*3,754*	*3,896*

INCOME STATEMENT

In FY2024, total revenue reached €27.05 million, representing a slight variance of €1.18 million (or 4.19%) below the forecast figure of €28.23 million. This outcome mainly reflected a more modest contribution from the property development segment, which generated €2.01 million in revenue compared to a forecast of €3.73 million. Rental income was also marginally below expectations at €2.57 million compared to the forecast of €2.79 million. These variances were nevertheless partly counterbalanced by the stronger performance of the manufacturing and general contracting services segment, which exceeded revenue projections by €0.76 million, reaching €22.47 million and marking a positive variance of 3.51%.



Total operating expenses (net of other operating income) were broadly in line with expectations, ending the year just €0.26 million above forecast. This variance was primarily driven by higher payroll costs. However, the overall impact of the softer revenue and higher net operating costs was substantially mitigated by a gain of €1.14 million arising from the sale of investment property which had not been anticipated in the forecast. As a result, EBITDA for the year stood at €6.86 million, only €0.30 million below the target of €7.16 million.

Depreciation charges amounted to €1.76 million, slightly exceeding the forecast of €1.58 million. Accordingly, operating profit reached €5.10 million compared to the target of €5.58 million. During the year, the Group also recognised a fair value gain of €1.39 million on investment property that had not been forecast. Together with a positive contribution from joint ventures and a lower-than-expected incidence of net finance costs, the Group registered a higher profit before tax of €4.05 million – €1.25 million ahead of the forecast figure of €2.80 million.

The tax charge for the year was materially higher at €1.76 million, compared to the projected €0.19 million, resulting in a profit after tax of €2.30 million, marginally below the forecast of €2.61 million.

Total comprehensive income for FY2024 stood at €1.73 million. while slightly below the projection of €2.61 million, this variance reflected the impact of a €0.50 million downward revaluation of PPE, as well as other comprehensive expenses of €0.06 million, both of which were not anticipated in the forecast.

Hal Mann Vella Group p.l.c. **Statement of Cash Flows** **for the financial year 31 December**	**2024** **Actual** **€'000**	**2024** **Forecast** **€'000**
Net cash from operating activities	5,975	5,496
Net cash from / (used in) investing activities	(7,365)	6,410
Net cash from / (used in) financing activities	6,816	(2,132)
Effect on ECL on cash in banks	(10)	-
Net movement in cash and cash equivalents	**5,416**	**9,774**
Cash and cash equivalents at beginning of year	(1,758)	(1,758)
Cash and cash equivalents at end of year	**3,658**	**8,016**
Capital expenditure	7,675	(6,410)
Free cash flow	**(1,700)**	**11,906**

STATEMENT OF CASH FLOWS

In FY2024, net cash generated from operating activities amounted to €5.98 million, slightly exceeding the forecast figure of €5.50 million. This positive variance was primarily driven by lower-than-anticipated tax paid during the year.

Investing activities registered a net outflow of €7.37 million compared to a projected inflow of €6.41 million, mainly reflecting higher capital expenditure. Financing activities, however, provided a notable boost to overall liquidity. The Group reported a net inflow of €6.82 million, contrasting favourably with the anticipated net outflow of €2.13 million, and resulting in a positive variance of €8.95 million. This was largely attributable to the drawdown of €10.04 million in bank borrowings, most of which were allocated towards the part redemption of the 2014 Bonds. In the meantime, the Group successfully rolled over €23 million into new debt securities which are redeemable between 2031 and 2034.

Overall, the net increase in cash and cash equivalents for the year stood at €5.42 million, below the forecasted increase of €9.77 million. Consequently, year-end cash and cash equivalents closed at €3.66 million, representing a variance of €4.36 million compared to the projected €8.02 million.

Hal Mann Vella Group p.l.c. Statement of Financial Position as at 31 December	2024 Actual €'000	2024 Forecast €'000
ASSETS		
Non-current assets		
Intangible assets	63	63
Investment properties	51,779	45,746
Property, plant and equipment	37,705	38,808
Investments in joint ventures	1,678	1,567
Financial assets	15	411
Right-of-use assets	6,970	6,966
Deferred taxation	2,982	1,499
Other non-current assets	124	-
	101,316	**95,060**
Current assets		
Inventories	4,356	5,129
Property held-for-sale	5,200	3,704
Trade and other receivables	18,429	14,753
Cash and cash equivalents	8,772	8,513
Bank term deposit	91	91
	36,848	**32,190**
Total assets	**138,164**	**127,250**
EQUITY		
Called up share capital	5,000	5,000
Other reserves	29,357	33,284
Retained earnings	19,525	15,916
	53,882	**54,200**
LIABILITIES		
Non-current liabilities		
Bonds	22,387	22,418
Bank borrowings	14,886	12,696
Finance lease liability	8,100	8,065
Other financial liabilities	2,218	2,218
Other non-current liabilities	7,842	4,696
	55,433	**50,093**
Current liabilities		
Bonds	343	-
Bank borrowings	7,652	6,162
Finance lease liability	22	83
Other financial liabilities	2,180	2,395
Other current liabilities	18,652	14,317
	28,849	**22,957**
Total liabilities	**84,282**	**73,050**
Total equity and liabilities	**138,164**	**127,250**
Total debt (including finance lease and other financial liabilities)	*57,788*	*54,037*
Net debt	*48,925*	*45,433*
Invested capital (total equity plus net debt)	*102,807*	*99,633*

STATEMENT OF FINANCIAL POSITION

In FY2024, total assets amounted to €138.16 million, surpassing the forecasted €127.25 million by €10.91 million. This outperformance was mainly driven by non-current assets, where the value of investment properties closed the year at €51.78 million, exceeding projections by €6.03 million. Deferred tax assets also contributed positively, ending at €2.98 million – €1.48 million above forecast. These favourable movements offset a combined variance of €1.50 million in PPE and financial assets, which closed marginally below expectations.

Current assets also performed ahead of projections, reaching €36.85 million compared to the forecast of €32.19 million. This outcome was primarily underpinned by higher trade and other receivables, which amounted to €18.43 million, exceeding the forecast by €3.68 million. Additionally, property held-for-sale recorded a favourable variance of €1.50 million, closing at €5.20 million. Meanwhile, inventories and cash and cash equivalents (after including bank overdraft balances) were largely in line with expectations at €13.13 million compared to a forecast of €13.64 million.

On the equity side, total equity stood at €53.88 million, marginally below the projected €54.20 million. The movement was mainly attributable to a €3.93 million variance in other reserves, which ended at €29.36 million versus the anticipated €33.28 million. This was largely offset by stronger retained earnings, which reached €19.53 million – €3.61 million ahead of forecast.

Total liabilities amounted to €84.28 million, which was €11.23 million above the projected level of €73.05 million. Non-current liabilities closed at €55.43 million, higher than the forecast of €50.09 million. This reflected increases in bank borrowings of €2.19 million and other non-current liabilities of €3.15 million, while debt securities and lease liabilities were broadly in line with expectations.

Current liabilities totalled €28.85 million, exceeding the forecast of €22.96 million by €5.89 million. The difference stemmed mainly from higher bank borrowings, which were €1.49 million above forecast, and a €4.34 million variance in other current liabilities, which ended the year at €18.65 million. Debt securities, finance lease liabilities, and other financial liabilities within current liabilities remained closely aligned with forecast figures.

As at year-end, the Group’s total debt stood at €57.79 million compared to the projected €54.04 million. Net debt reached €48.93 million, slightly higher than the forecast of €45.43 million, reflecting the increased level of borrowings and a modestly better-than-expected cash position (inclusive of bank overdrafts).

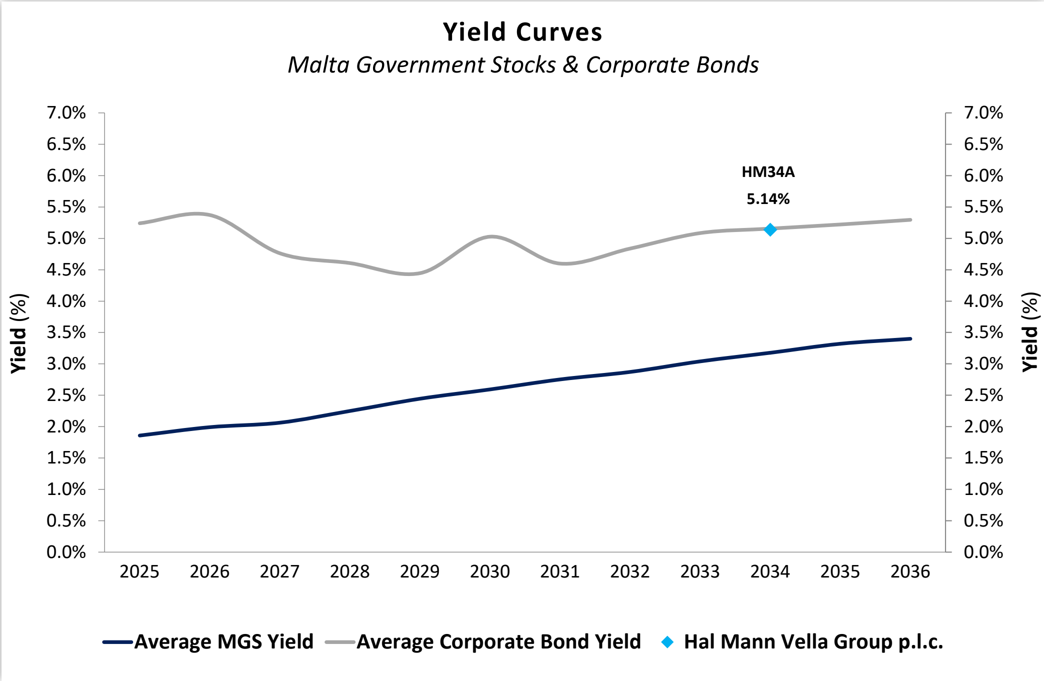
PART 3 – COMPARATIVE ANALYSIS

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)*
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.32	4.93	4.63	73.87	0.55
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	5.44	1.35	11.96	43.62	0.40
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.46	11.17	43.36	0.40
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	6.57	1.96	9.84	84.18	0.55
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	3.88	12.23	2.16	69.41	0.59
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	4.95	1.46	11.17	43.36	0.40
3.25% AX Group p.l.c. Unsecured 2026	15,000	4.43	3.09	7.54	42.13	0.37
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	5.20	4.88	4.34	67.75	0.57
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.35	5.86	2.93	30.32	0.34
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.02	4.55	6.93	28.64	0.26
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.81	2.45	20.10	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	4.01	4.46	5.18	21.99	0.20
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	14,438	4.74	110.36	8.31	74.19	0.73
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.74	n/a	1.04	26.65	0.33
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.19	4.88	4.34	67.75	0.57
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.14	5.81	2.45	20.10	0.19
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	5.10	2.48	14.28	51.39	0.46
5.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2027-2029	15,000	5.16	110.36	8.31	74.19	0.73
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	5.00	4.88	4.34	67.75	0.57
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	4.18	4.46	5.18	21.99	0.20
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.59	4.88	4.34	67.75	0.57
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	3.09	7.54	42.13	0.37
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	5.51	1.81	6.89	96.76	0.83
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	5.09	1.46	11.17	43.36	0.40
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	4.47	2.87	8.01	51.84	0.47
5.35% Best Deal Properties Holding p.l.c. Unsecured 2032	7,000	5.00	110.36	8.31	74.19	0.73
5.80% GPH Malta Finance plc Unsecured & Guaranteed 2032	15,000	5.39	1.81	6.89	96.76	0.83
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.67	4.00	5.48	45.91	0.45
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.10	3.09	7.54	42.13	0.37
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.32	1.46	11.17	43.36	0.40
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.50	2.35	12.72	77.11	0.69
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	5.14	2.69	7.13	47.59	0.42
5.30% International Hotel Investments p.l.c. Unsecured 2035	35,000	5.13	1.46	11.17	43.36	0.40
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.17	15.06	23.23	58.68	0.48
5.80% Agora Estates p.l.c. Secured 2036 S1 T1	12,000	5.34	0.99	21.21	35.45	0.33
5.50% Agora Estates p.l.c. Secured 2036 S1 T2	9,000	5.26	0.99	21.21	35.45	0.33

**As at 30 May 2025*

Sources: *Malta Stock Exchange, M.Z. Investment Services Limited, and most recent audited annual financial statements of respective Issuers and, or Guarantors.*



The closing market price as at 30 May 2025 for the **5.35% Hal Mann Vella Group p.l.c. secured bonds 2031-2034** (HM34A) was 101.50%. This translated into a yield-to-maturity of 5.14% which was 2 basis points below the average YTM of 5.16% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity stood at 196 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.