Calamatta Cuschieri

The Directors
Premier Capital p.l.c.
Nineteen Twenty-Three,
Valletta Road,
Marsa MRS3000,
Malta

Re: Financial Analysis Summary – 2024

4 June 2024

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Premier Capital p.l.c. (the "**Issuer**"). The data is derived from various sources, or is based on our own computations as follows:

a) Historical financial data for the three years ending 31 December 2021, 2022 and 2023 have been extracted from the audited financial statements of the Issuer.

b) The forecast data for the financial year ending 31 December 2024 has been provided by the management.

c) Our commentary on the Issuer's results and financial position is based on the explanations provided by the management.

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

e) The principal relevant market players listed in Part 3 of the document have been identified by the management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising relevant financial data of the Issuer. 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 Issuer and should not be interpreted as a recommendation to invest in any of the Issuer'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 Issuer's securities.

Yours sincerely,

Patrick Mangion
Head of Capital Markets

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FINANCIAL ANALYSIS SUMMARY 2024

premier capital®

Premier Capital p.l.c.

4 June 2024

Prepared by Calamatta Cuschieri

Investment Services Ltd

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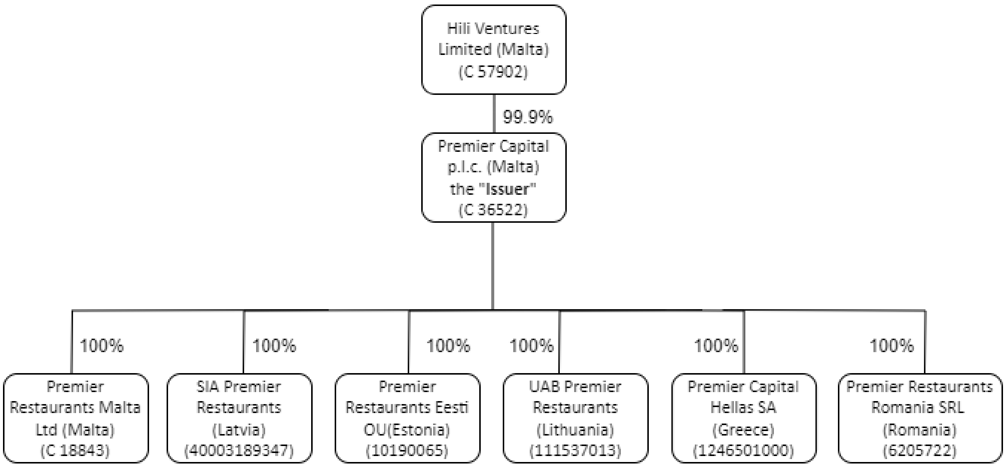
Part 1 - Information about the Group

1.1 Issuer's Key Activities and Structure

The Group's summarised structure is as follows:



Premier Capital p.l.c. (the "**Issuer**") was incorporated on 30 June 2005 as a private limited liability company and on 26 February 2010, it was listed as a public limited liability company. The Issuer has an authorised share capital of €40,000,000 divided into 400,000 ordinary shares of €100 each. The issued share capital is of €33,674,700 divided into 336,747 ordinary shares, each 100% paid up. The Issuer is owned by Hili Ventures Ltd, except for one ordinary share which is held by Carmelo *sive* Melo Hili.

The Issuer is a holding company which has no trading or operating activities of its own. The Issuer's operating and financial performance is therefore directly related to the operating and financial performance of its subsidiary companies. Specifically, the Issuer and its subsidiaries (the "**Group**") are engaged in the operations of McDonald's stores in Estonia, Greece, Latvia, Lithuania, Malta and Romania.

In 2023, the Group continued to grow its footprint, increasing the total number of restaurants to 185, compared to 174 in 2022. Of these, 102 are located in Romania, 42 in the Baltics (Latvia, Lithuania and Estonia), 32 in Greece, and nine in Malta.

Moving forward, the Group is planning to continue the expansion of its restaurant network in all its markets over the short- to medium-term. The Group remains committed to investing in its guest experience, innovation and people, as key enablers and drivers of the business.

1.2 Directors and Key Employees

Board of Directors – Issuer

As at the date of this Analysis, the directors of the Issuer are:

Name	Office designation
Mr. Carmelo *sive* Melo Hili	Chairman and Executive Director
Mr. Valentin-Alexandru Truta	Executive Director
Mr. Dorian Desira	Non-Executive Director
Ms. Karen Pace	Non-Executive Director
Mr. Massimiliano Eugenio Lupica	Independent, Non-Executive Director
Ms. Claudine Cassar	Independent, Non-Executive Director

The senior management team of the Group include:

Name	Office designation
Mr. Carmelo (sive Melo) Hili	Chairman and Chief Executive Officer
Mr. Peter Hili	Chief Commercial Officer & Managing Director, Premier Restaurants Malta
Ms. Simona Mancinelli	Chief Operations Officer & Managing Director, Premier Capital Hellas
Mr. Vladimir Janevski	Managing Director, Premier Restaurants Baltics
Mr. Valentin Truta	Managing Director, Premier Restaurants Romania
Mr. Geoffrey Camilleri	Chief Financial Officer
Mr. Tassos Mervakitis	Chief Development Officer

The business address of all of the directors is the registered office of the Issuer.
Mr. Adrian Mercieca is the company secretary of the Issuer.

The Board is responsible for the Group's strategic direction of the Issuer and oversees the systems of control and financial reporting as well as external communications of the Issuer.

As at December 2023, the Issuer employed 15 people and, in aggregate, the Group employs approximately 11,318 people, with an average ratio of (55:45) between full-time employees and part-time employees.

1.3 Major Assets owned by the Group

The Group's major assets are comprised of the following:

- **Goodwill and intangible assets pertained to acquired assets**

Intangible assets other than goodwill mainly relate to licence agreements and support services licences between the Group and McDonald's Corporation. Goodwill relates to the acquisition of Maltese and Romanian operations in 1995 and 2016 respectively. Intangible assets and goodwill as at December 2023 amounted to €5.2m and €24.9m respectively.

- **PPE and leased premises**

The Group owns some of the restaurant buildings used in its operations, together with kitchen equipment and leasehold improvements. Leased premises refer to the right of use assets under IFRS16 (Leases), which the Group adopted in 2019. As reported in its 2023 results, property, plant and equipment ("PPE") and right of use assets represent approximately 79.7% of the Group's total non-current assets. PPE stood at €140.1m as at December 2023, with the majority being land and buildings in Romania.

In terms of leased assets, as at December 2023, the Group had 173 restaurants under lease agreements from a total of 185. The other 12 restaurants (11 in Romania and one in Latvia) are owned by a sister company. Out of the 173 leased restaurants, 162 are leased from third parties while the remaining 11 are leased from Hili Properties p.l.c.

Right of use assets (€'000s)	
	Dec-23
Buildings	138,077
Motor Vehicles	1,735
Total	**139,812**

Lease liabilities (€'000s)	Within 1 year	Within 2-5 years	After 5 years	Total
Lease payments	17,227	60,874	133,925	**212,026**
Finance charges	(6,083)	(20,265)	(37,812)	**(64,160)**
Net present value	11,144	40,609	96,113	**147,866**

As noted in the above, most of the lease contracts are due to expire after five years.

1.4 Operational Developments

1.4.1 Strategy

a) Increase penetration within existing and new geographical territories

The Group's main objective is the expansion of the McDonald's restaurant network in existing and new markets. The Group's management team believes there is significant potential to continue developing the McDonald's brand in Malta, the Baltics, Romania, Greece and, possibly, other territories (subject to franchisor's approval and granting of the associated licences).

b) Continue to improve revenue and profitability

In the past three financial years (FY21 – FY23), the Group has consistently increased the number of its McDonald's restaurants, including McDrive and McCafé, and remodelled and upgraded the ambience and experience of a number of its existing stores.

c) Commitment to customer satisfaction

The Group prioritizes food quality and is committed to providing efficient and attentive customer service. It plans to continue to invest in new technologies and service platforms, provide ongoing service delivery training for its team, improve the restaurant experience and uphold stringent health and safety standards.

1.4.2 Store development

The ability to position the brand in attractive locations with high traffic and develop new restaurants is crucial to its continued growth. The Group undergoes a detailed and comprehensive process to:

a) Determine key development markets

The markets engage in a thorough analysis to ensure that development is feasible and that new customers can be welcomed. By enabling further penetration of its existing markets, the Group increases brand awareness and improves operating and marketing efficiency.

b) Select and approve new locations

Zeroing in the right geographical positioning is crucial, with the Group devoting substantial effort to evaluating each potential site.

c) Design, construct and manage stores

Upon securing a site, the Group, through its local teams, engages architects to design the restaurant based on interior and exterior themes made available by the brand. They also support the process of obtaining the required permits and oversee the construction process.

1.4.3 Capital expenditure analysis and recent store movement

The Group has increased its footprint by 26 stores in the last three years (FY21 to FY23); 15 in Romania, eight in Greece and three in the Baltics.

Over the last three financial years, the Group has invested a total of €11m in the acquisition of land and buildings and spent €25m on upgrades and refurbishments.

Preventative and corrective maintenance averaged €46k per store over the review period, and represents an average of 1.6% of operating expenditure.

In 2023, the Group opened 11 new restaurants, 6 in Romania, 4 in Greece and 1 in Latvia and there were no closures. 7 existing restaurants were upgraded with McDonald's newest service and digital innovations, such as table service and self-ordering kiosks.

Going forward, the Group's restaurant count is projected to increase by 10 (net 11 additions and 1 closure) in 2024, bringing the total number to 195, with total capital expenditure projected at €47.7m.

Capex (€'000s)	2021A	2022A	2023A	2024F
Romania	12,002	16,001	20,623	32,619
Greece	4,775	6,925	8,179	7,741
Others	2,993	7,389	5,269	7,293
Total	19,770	30,315	34,071	47,653

Store movement	2021A	2022A	2023A	2024F	Total
New stores	8	9	11	11	39
Closed stores	1	1	-	1	3

1.4.4 ESG

The Group, in collaboration with McDonald's, is committed to measuring and communicating its material impacts, in terms of its environmental, social and governance programmes, across geographies. Balancing the interests of all its stakeholders to deliver long-term value is a priority and its environmental and social footprint is managed in line with best-practice guidelines.

Management has prioritized mitigating efforts in areas where it can make a significant impact, such as climate change, resource conservation, and community engagement. The Group is currently in a transitional phase, adapting its processes to comply with the reporting requirements defined in the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards for ESG reporting. Setting and working toward goals is one component of its strategy, in parallel with establishing policies and continuing to build responsible practices into the business.

Furthermore, Premier Capital remains committed to executing its strategy within a defined ESG framework by ensuring compliance with standards and regulations and by reporting its actions, targets and KPIs in the relevant non-financial disclosures.

1.5 Macroeconomic operating environment

1.5.1 Future Outlook

The conflict and humanitarian crises in the Ukraine and the Middle East persist and this brings instability in the current economic climate. The directors consider the going concern assumption, in the preparation of the financial statements, as appropriate as at the date of authorisation and believes that no material uncertainty that may cast significant doubt about the Holding Company's and the Group's ability to continue as a going concern exists as at that date.

1.5.2 Assumptions undertaken in projections utilised for the purpose of this document

Business activity is projected to increase when compared to 2023, particularly due to new store openings. The Group faces uncertainty in macro-economic conditions and the effect of sticky inflation and high interest rates.

Nevertheless, the Group's projections continue to show stable performance and it remains vigilant in monitoring restrictions on the conduct of business with sanctioned entities and individuals.

1.6 Related Party Securities

Premier Capital p.l.c. is a subsidiary of Hili Ventures. Within the same group, 1923 Investments p.l.c., Hili Properties p.l.c., Hili Finance Company p.l.c. and Harvest Technology p.l.c. have the following listed securities. The below table also includes Premier Capital p.l.c.'s current outstanding securities.

Security	ISIN	Amount
3.75% Premier Capital plc Unsecured € 2026	MT0000511213	€65,000,000
5.1% 1923 Investments plc Unsecured € 2024	MT0000841206	€36,000,000
Harvest Technology p.l.c. Ord €0.50	MT0002370105	22,780,636 Shares
4% Hili Finance Company plc Unsecured € 2027	MT0001891226	€50,000,000
3.85% Hili Finance Company plc Unsecured € 2028	MT0001891200	€40,000,000
3.8% Hili Finance Company plc Unsecured € 2029	MT0001891218	€80,000,000
4.5% Hili Properties plc Unsecured € 2025	MT0000941204	€37,000,000
Hili Properties p.l.c. Ord €0.20	MT0000940107	400,892,700 Shares

Part 2 - Historical Performance and Forecasts

The financial information below is extracted from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2021, 2022 and 2023. The projected financial information for the year ending 31 December 2024 has been provided by the management.

The projected financial information relates to events in the future and is based on assumptions which the 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.

2.1 Issuer's Statement of Comprehensive Income

Income Statement	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Revenue	405,408	533,605	645,565	714,645
Net operating expenses	(336,454)	(455,983)	(556,472)	(610,948)
EBITDA	**68,954**	**77,622**	**89,093**	**103,697**
Depreciation and amortisation	(24,551)	(26,241)	(30,267)	(36,884)
EBIT	**44,403**	**51,381**	**58,826**	**66,813**
Net finance costs	(5,894)	(6,901)	(8,181)	(10,288)
Profit before tax	**38,509**	**44,480**	**50,645**	**56,525**
Income tax	(4,206)	(3,693)	(9,881)	(12,468)
Profit after tax	**34,303**	**40,787**	**40,764**	**44,057**
Other comprehensive income				
Gain on revaluation of tangible assets		10,811	-	-
Movement in fair value of financial assets	(5)	(371)	639	-
Reversal of fair value upon disposal of financial assets at fair value through other comprehensive income	-	-	92	-
Exchange differences - foreign operations	(742)	(163)	(273)	-
	(747)	**10,277**	**458**	**-**
Total Comprehensive income	**33,556**	**51,064**	**41,222**	**44,057**

Ratio Analysis	2021A	2022A	2023A	2024F
Profitability				
Growth in Revenue (YoY Revenue Growth)	27.1%	31.6%	21.0%	10.7%
EBITDA Margin (EBITDA / Revenue)	17.0%	14.5%	13.8%	14.5%
Operating (EBIT) Margin (EBIT / Revenue)	11.0%	9.6%	9.1%	9.3%
Net Margin (Profit for the year / Revenue)	8.5%	7.6%	6.3%	6.2%
Return on Common Equity (Net Income / Average Equity)	56.4%	48.1%	40.0%	40.6%
Return on Assets (Net Income / Average Assets)	11.5%	11.9%	10.3%	10.0%

Segment Information	FY21A	FY22A	FY23A	FY24F	CAGR FY21-23	CAGR FY21-24
Estonia						
Revenue (€'000)	26,476	31,870	40,156	44,757	23.15%	19.12%
Profit (loss) before tax (€'000)	3,156	2,602	3,671	4,854	7.85%	15.43%
Average number of restaurants	10	11	11	11		
Average revenue per restaurant (€'000)	2,648	2,897	3,651	4,069	17.42%	15.40%
Growth in average revenue per restaurant	10.5%	9.4%	26.0%	11.5%		
Pre-tax profit margin	12%	8%	9%	11%	-12.43%	-3.10%
Greece						
Revenue (€'000)	51,883	81,498	102,392	124,963	40.48%	34.05%
Profit (loss) before tax (€'000)	3,124	3,615	4,286	6,187	17.13%	25.58%
Average number of restaurants	25	28	32	35		
Average revenue per restaurant (€'000)	2,075	2,911	3,200	3,570	24.17%	19.82%
Growth in average revenue per restaurant	32.8%	40.3%	9.9%	11.6%		
Pre-tax profit margin	6%	4%	4%	5%	-16.62%	-6.31%
Latvia						
Revenue (€'000)	28,669	37,440	44,067	49,259	23.98%	19.77%
Profit (loss) before tax (€'000)	2,669	3,530	5,155	5,910	38.98%	30.34%
Average number of restaurants	13	13	14	14		
Average revenue per restaurant (€'000)	2,205	2,880	3,148	3,519	19.47%	16.85%
Growth in average revenue per restaurant	8.7%	30.6%	9.3%	11.8%		
Pre-tax profit margin	9%	9%	12%	12%	12.10%	8.82%
Lithuania						
Revenue (€'000)	40,482	51,502	64,554	64,321	26.28%	16.69%
Profit (loss) before tax (€'000)	4,691	6,410	10,855	8,074	52.12%	19.84%
Average number of restaurants	17	17	17	18		
Average revenue per restaurant (€'000)	2,381	3,030	3,797	3,573	26.28%	14.49%
Growth in average revenue per restaurant	25.9%	27.2%	25.3%	-5.9%		
Pre-tax profit margin	12%	12%	17%	13%		
Malta						
Revenue (€'000)	26,418	34,465	44,788	48,114	30.21%	22.12%
Profit (loss) before tax (€'000)	2,032	2,360	4,529	4,439	49.29%	29.75%
Average number of restaurants	9	9	9	9		
Average revenue per restaurant (€'000)	2,935	3,829	4,976	5,346	30.21%	22.12%
Growth in average revenue per restaurant	18.9%	30.5%	30.0%	7.4%		
Pre-tax profit margin	8%	7%	10%	9%		
Romania						
Revenue (€'000)	231,481	296,830	349,608	383,231	22.89%	18.30%
Profit (loss) before tax (€'000)	29,701	35,203	31,383	36,361	2.79%	6.98%
Average number of restaurants	92	96	102	108		
Average revenue per restaurant (€'000)	2,516	3,092	3,428	3,548	16.72%	12.14%
Growth in average revenue per restaurant	22.5%	22.9%	10.9%	3.5%		
Pre-tax profit margin	13%	12%	9%	9%		
Total						
Revenue (€'000)	405,409	533,605	645,565	714,645	26.19%	20.80%
Profit (loss) before tax (€'000)[1]	45,373	53,720	59,879	65,825	14.88%	13.20%
Average number of restaurants	166	174	185	195		
Average revenue per restaurant (€'000)	2,442	3,067	3,490	3,665	19.53%	14.49%
Growth in average revenue per restaurant	21.7%	25.6%	13.8%	5.0%		
Total revenue growth	27.1%	31.6%	21.0%	10.7%		
Pre-tax profit margin	11.2%	10.1%	9.3%	9.2%		

[1]The profit figure as reported excludes results of the holding company.

As can be noted from the above financial data, the Group's revenue increased by 59.2% from FY21 to FY23. This growth was driven by both an increase in revenue per restaurant and a net increase in the number of restaurants which went from 166 stores in the beginning of FY21 to 185 as at the end of FY23.

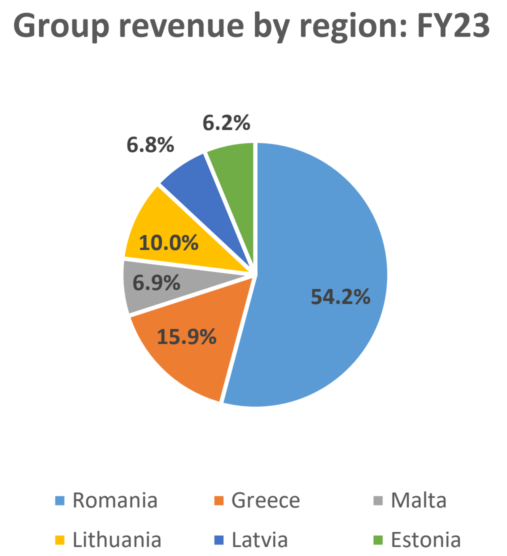
In 2023, the Group registered a revenue improvement of 21.0%, reaching €645.6m (FY22: €533.6m).

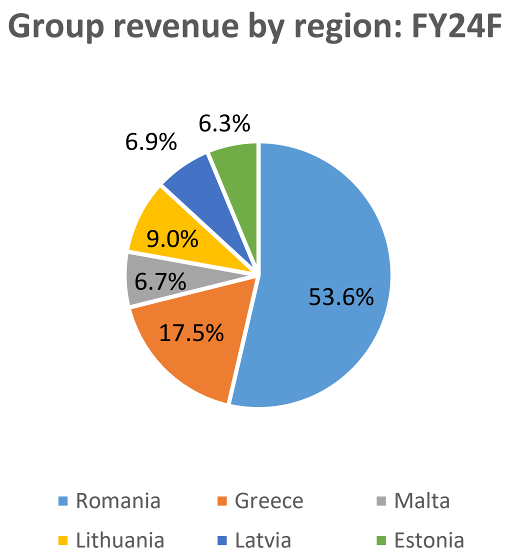
All operating markets within the Group experienced a significant improvement in FY23. The region reporting the strongest improvement during the year was Malta, which recorded a year-on-year increase of 30.0%. Meanwhile, Romania, Greece, Latvia and Lithuania all reported an average increase in revenue in the region of 22.5%.

In line with previous years, the largest contributor towards the Group's revenue was Romania, representing €349.6m (54.2%) of the Group's total revenue as at December 2023.

FY24 projections are based on the actual performance for the first quarter of the year, which notwithstanding the current uncertain macroeconomic environment, continues to reflect a stable performance. In view of this, the Group anticipates that it will generate €714.6m in revenues during FY24 (FY23: €645.6m), equating to an overall increase of 10.7% over the prior year.

Sales by region (€'000s)	2021A	2022A	2023A	2024F
Romania	231,481	296,830	349,608	383,231
Greece	51,883	81,498	102,392	124,963
Malta	26,417	34,465	44,788	48,114
Lithuania	40,482	51,502	64,554	64,321
Latvia	28,669	37,440	44,067	49,259
Estonia	26,476	31,870	40,156	44,757
Total revenue	**405,408**	**533,605**	**645,565**	**714,645**
Total number of stores	166	174	185	195
Sales per store	**2,442**	**3,067**	**3,490**	**3,665**





Meanwhile, the Group's EBITDA has also improved over the previous year. This was not only because of its network expansion, but also due to organic growth as a result of successful marketing campaigns aimed at strengthening its industry leadership position, driving loyalty and maintaining the brand's image and trust. This investment and effort contributed to marked increases in guest counts, capacity and efficiency leading to a record-breaking number of daily guests served reaching 337.2k on 1st June 2023. These factors led to an improved EBITDA of €89.1m in FY23 from €77.6m in FY22. Increased investment in advertising led to operating expenses outpacing the increase in revenue, and led to an EBITDA margin of 13.8% (FY22: 14.5%). Operating expenses represent costs directly related to the business activity of each restaurant, apart from raw materials. They mainly include staff costs, advertising, utilities and other administrative expenses.

Operating expenses are expected to increase to €610.9m in FY24 in line with the forecasted increase in revenue. This increase in costs is also in line with the Group's continuous investments in quality of services and ordinary inflationary pressures.

The Group's finance costs are made up mostly of interest on bank borrowings, interest on bonds, and interest expense for leasing arrangements. In line with previous expectations, net finance costs increased to €8.2m during FY23 mainly due to higher interest expense on leasing arrangements and higher interest on bank borrowings. Net finance costs are expected to increase further and reach €10.3m during FY24, predominantly due to new bank borrowings to part finance the capital expenditure, along with increased lease liabilities.

The Group reported a profit after tax figure of €40.8m during FY23 (FY22: €40.8m). In terms of forward-looking expectations, after accounting for a further anticipated improvement in revenue in FY24, the Group is projecting a net profit figure of €44.1m.

2.1.1 Variance Analysis

Statement of Comprehensive Income	Dec-23	Dec-23	Variance
	Forecast	Audited	
	€'000s	€'000s	€'000s
Revenue	643,131	645,565	2,434
Net operating expenses	(552,171)	(556,472)	(4,301)
EBITDA	**90,960**	**89,093**	**(1,867)**
Depreciation and amortisation	(31,629)	(30,267)	1,362
EBIT	**59,331**	**58,826**	**(505)**
Acquisition related costs	-	-	-
Net finance costs	(8,090)	(8,181)	(91)
Profit before tax	**51,241**	**50,645**	**(596)**
Income tax	(9,286)	(9,881)	(595)
Profit after tax	**41,955**	**40,764**	**(1,191)**

Revenue for FY23 came in at €645.6m which was €2.4M higher than forecasted in last year's Analysis. Net operating expenses however outpaced this increase in view of continued inflationary, cost and wage pressures. This led to an EBITDA of €89.1m which was €1.9m lower than forecasted.

The drop in EBITDA was nearly entirely recovered at EBIT level, in view of the favourable impact from depreciation and amortisation due to the timing of new store openings and remodelling projects. Lastly, tax charges were higher predominantly due to new tax regimes in Romania which were introduced in Q4.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Goodwill and other intangibles	31,753	30,694	30,109	29,743
Property, plant and equipment	98,757	124,758	140,139	167,388
Right-of-use assets	105,720	119,697	139,813	152,150
Financial assets	153	371	167	167
Financial assets at fair value through other comprehensive income	1,050	15,673	17,910	17,882
Loans and receivables	11,346	11,346	18,346	19,000
Deferred tax asset	1,464	1,778	2,292	2,483
Prepayments	2,285	2,304	2,339	2,332
Total non-current assets	**252,528**	**306,621**	**351,115**	**391,145**
Current assets				
Inventory	7,374	9,709	10,061	11,187
Trade and other receivables	7,682	9,501	11,873	14,949
Other current assets	21,713	232	2,165	12,721
Cash and cash equivalents	28,377	43,974	49,930	30,058
Total current assets	**65,146**	**63,416**	**74,029**	**68,915**
Total assets	**317,674**	**370,037**	**425,144**	**460,060**
Equity				
Equity and reserves	68,710	100,773	102,997	114,054
Total equity	**68,710**	**100,773**	**102,997**	**114,054**
Liabilities				
Non-current liabilities				
Borrowings and bonds	84,042	75,421	86,828	88,424
Lease liabilities	103,210	117,750	136,721	151,234
Other non-current liabilities	1,595	1,105	2,917	3,568
Total non-current liabilities	**188,847**	**194,276**	**226,466**	**243,226**
Current liabilities				
Borrowings	5,589	3,357	7,667	10,505
Lease liabilities	8,663	9,601	11,144	12,047
Other current liabilities	45,865	62,030	76,870	80,228
Total current liabilities	**60,117**	**74,988**	**95,681**	**102,780**
Total liabilities	**248,964**	**269,264**	**322,147**	**346,006**
Total equity and liabilities	**317,674**	**370,037**	**425,144**	**460,060**

Ratio Analysis	2021A	2022A	2023A	2024F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	71.6%	61.7%	65.1%	67.1%
Gearing 2 (Total Liabilities / Total Assets)	78.4%	72.8%	75.8%	75.2%
Gearing 2 (Net Debt / Total Equity)	252.0%	160.9%	186.8%	203.5%
Net Debt / EBITDA	2.5x	2.1x	2.2x	2.2x
Current Ratio (Current Assets / Current Liabilities)	1.1x	0.8x	0.8x	0.7x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	1.0x	0.7x	0.7x	0.6x
Interest Coverage level 1 (EBITDA / Cash interest paid)	9.1x	9.6x	9.1x	9.3x
Interest Coverage level 2 (EBITDA / Finance costs)	11.7x	11.2x	10.9x	10.1x

The Group's assets are mainly composed of goodwill and other intangibles, property, plant and equipment, and right-of-use assets, collectively representing 88.3% of the Group's total non-current assets as at December 2023.

Goodwill and intangible assets amounted to €30.1m as at FY23 (FY22: €30.7m), in line with the projections set out in the previous Analysis. These are expected to decrease to €29.7m in FY24.

The Group's PPE mainly consists of land and buildings, improvements to premises and restaurant equipment. PPE during FY23 amounted to €140.1m, signifying a 12.3% increase when compared to FY22, mainly because of the opening of new restaurants that occurred during the year and revaluations of property undertaken in line with Group's policy. Total PPE is expected to increase further to €167.4m during FY24, mainly due to the opening of new restaurants and other investments.

The Group also saw a large increase in its right of use assets from €119.7m in FY22 to €139.8m in FY24. Loans and receivables also increased to €18.4m in FY23. These loans bear interest at the rate of 4.5% per annum and are repayable after more than 12 months.

As noted in the table below, the Group's net working capital is analysed in terms of debtors and creditors who are directly associated with the everyday operations of the business. The management explained that product sales are mostly executed on a cash basis, whilst inventory levels are kept relatively low, to ensure food is at its freshest. In comparison, the Group enjoys favourable credit terms from most suppliers. Net trade working capital remained negative throughout the historical period from FY21 to FY23.

More importantly, the Group retains cash reserves in excess of its negative working capital position.

Trade working capital (€'000s)	FY21	FY22	FY23	FY24
Inventories	7,374	9,709	10,061	11,187
Trade debtors	829	3,613	4,969	7,133
Trade creditors	- 19,212	- 24,378	- 30,096	- 27,131
Net working capital	**- 11,009**	**- 11,056**	**- 20,035**	**- 8,811**

Trade and other receivables mainly consist of trade receivables, royalties, rent prepayments, and other receivables not relating to day-to-day operations, along with a small portion of interest income receivable from related parties.

Trade and other receivables during FY23 increased to €11.9m, which was €4.2m higher than what was projected. This was mainly due to higher-than-expected current prepayments and accrued income. Trade and other receivables are expected to increase further to €15.0m during FY24.

Meanwhile, other current assets increased to €2.2m in FY23 mainly due to higher current tax assets of €2.1m. These are expected to remain at these levels in FY24.

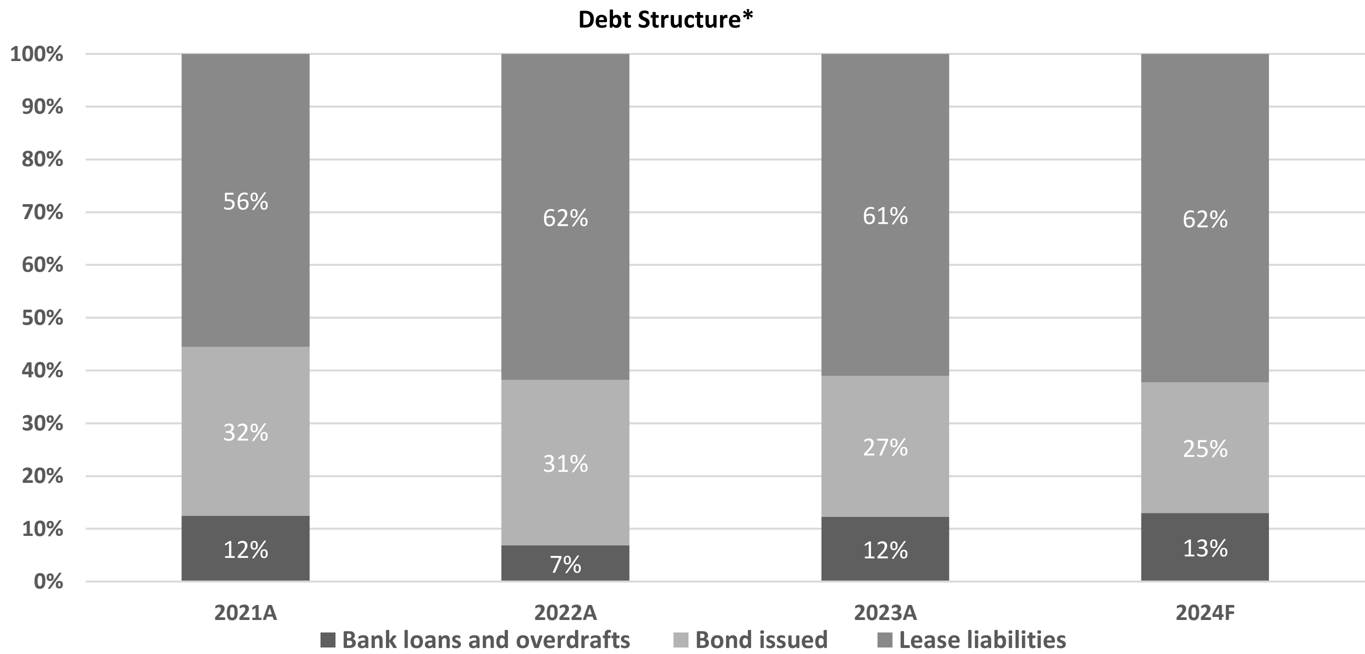
The Group's equity and reserves increased to €103.0m during FY23, attributable to the improved financial performance recorded by the Group throughout the year. In line with the Group's FY24 financial performance, which is expected to be positive, total equity is forecasted to increase to €114.1m.

Moving to the Group's debt analysis, total financial debt increased to €242.1m during FY23 (FY22: €206.1m). Meanwhile, the Group's total bank loans and overdrafts increase to €29.8m in FY23 (FY22: €14.1m), with this being due to increase bank borrowings of €27.8m and a bank overdraft of €2.0m. In terms of lease liabilities, the relative increases occurring during the year mainly relate to additional lease commitments concerning new store openings.

In terms of forward-looking expectations, total financial debt is projected to be higher at €262.2m. Bank loans and overdrafts are expected to increase to €34.1m whilst lease liabilities are forecasted to grow to €163.3m in line with more store openings.

Trade and other payables mainly relate to trade payables and capital expenditure creditors. These also include corporate tax, national insurance (NI), value added tax (VAT), McDonald's related expenses, distribution centre suppliers, and other payables.

Apart from corporate tax payable, credit terms usually range between 14 to 30 days. Trade payables in FY23 increase to €73.2m, mainly due to higher trade payables of €30.1m and higher accruals and deferred income of €24.0m.



2.3 Issuer's Statement of Cash Flows

Cash Flows Statement	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Cash flows from operating activities	76,718	88,645	101,926	102,290
Interest paid	(7,569)	(8,059)	(9,765)	(11,130)
Income tax paid	(3,714)	(3,124)	(9,723)	(10,318)
Net cash flows generated from operating activities	**65,435**	**77,462**	**82,438**	**80,842**
Net cash flows generated from/(used in) investing activities	**(32,582)**	**(23,539)**	**(40,798)**	**(60,125)**
Net cash flows generated from / (used in) financing activities	**(33,391)**	**(38,237)**	**(37,652)**	**(38,615)**
Movement in cash and cash equivalents	**(538)**	**15,686**	**3,988**	**(17,898)**
Cash and cash equivalents at start of year	28,342	28,377	43,974	47,930
Foreign exchange adjustment	573	(89)	(32)	26
Cash and cash equivalents at end of year	**28,377**	**43,974**	**47,930**	**30,058**

Ratio Analysis	2021A	2022A	2023A	2024F
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	€53,234	€55,192	€57,845	€44,319

In view of the positive financial performance registered by the Group during FY23, net cash flows generated from operating activities improved to €82.4m from €77.5m in the prior year. The Group's operations are expected to continue on a strong growth path with EBITDA expected to increase by 16.4% to €103.7m in FY24. After adjusting for interest paid of €11.1m and tax paid of €10.3m, management expects net cash flows generated from operating activities to come in at €80.8m in FY24.

Cash flows from investing activities mainly reflects the capital expenditure incurred in relation to new restaurants and maintenance and remodelling of existing ones along with the purchase of licences and computer software.

In view of the continued investment towards the opening of new stores, cash flows used in investing activities during FY23 amounted to €40.8m (FY22: €23.5m). The increased outflow over FY22 is due to two main reasons. The first being €20.8m which was included as an inflow in FY22 and related to monies received from the parent company Hili Ventures Ltd as a repayment of a temporary loan granted in 2021. The second is increased investment in property, plant and equipment of €33.6m in FY23 compared to €29.9m in FY22.

As guided by the management, the table in section 1.4.3 reflects the historic and projected capital expenditure analysis of the Group. In line with the heavy capital expenditure forecasted, cash flows used in investing activities are expected to increase to €60.1m in FY24.

Cash flow from financing activities relate to payments and proceeds from bank loans, payment of dividends and the unwinding of lease liabilities as per IFRS16 (Leases). In FY23, cash flows used in financing activities amounted to €37.7m. This included repayments of bank borrowings of €3.8m and repayments of lease liabilities of €11.7m. The Group also paid out a dividend of €40m in FY23. In FY23 the Groups financing activities were partly funded by a drawdown of €17.6m coming from bank facilities.

Part 3 - Key Market and Competitor Data

3.1 Economic Update [1]

The EU economy staged a comeback at the start of the year, following a prolonged period of stagnation. Though the growth rate of 0.3% estimated for the first quarter of 2024 is still below estimated potential, it exceeded expectations. Activity in the euro area expanded at the same pace, marking the end of the mild recession experienced in the second half of last year. Meanwhile, inflation across the EU cooled further in the first quarter.

This Spring Forecast projects gross domestic product (GDP) growth in 2024 at 1.0% in the EU and 0.8% in the euro area. This is a slight uptick from the Winter 2024 interim forecast for the EU, but remained unchanged for the euro area. EU GDP growth is forecasted to improve to 1.6% in 2025, a downward revision of 0.1 percentage points ("**pps.**") from winter. In the euro area, GDP growth in 2025 is projected to be slightly lower, at 1.4% - also marginally revised down. Importantly, almost all Member States are expected to return to growth in 2024. With economic expansion in the southern rim of the EU still outpacing growth in north and western Europe, economic convergence within the EU is set to progress further.

Economic activity broadly stagnated in 2023. Private consumption only grew by 0.4%. Despite robust employment and wage growth, labour incomes barely outpaced inflation. Moreover, households put aside a larger share of their disposable incomes than in 2022, as high interest rates kept the opportunity cost of consumption elevated, while high uncertainty, the erosion of the real value of wealth by inflation and the fall in real estate prices sustained precautionary savings. Investment grew by 1.5% in 2023, but was largely driven by a sizeable carry-over from 2022.

Especially towards the end of the year, weakness in investment was widespread across Member States and asset types, with a pronounced downsizing of the interest-rate-sensitive construction sector. External demand did not provide much support either, weighed down by a sharp slowdown in global merchandise trade. Still, with domestic demand stagnating, imports contracted more than exports. Meanwhile, Harmonised Index of Consumer Prices ("**HICP**") inflation has continued declining. From a peak of 10.6% in October 2022, inflation in the euro area is estimated to have reached 2.4% in April 2024. Inflation in the EU followed a similar path, with the March reading coming in at 2.6%. A rapid fall in retail energy prices throughout 2023 was the main driver of the inflation decline, but underlying inflationary pressures started easing too in the second half of 2023, amidst the weak growth momentum.

Expectations for imminent and decisive rate cuts across the world have been pared back in recent weeks, as underlying inflationary pressures - especially in the US – have proved more persistent than previously expected. In the euro area, where the European Central Bank last hiked its policy interest rates in September 2023, markets now expect a more gradual pace of policy rate cuts than in winter. Euribor-3 months futures suggest that euro area short-term nominal interest rates will decrease from 4% to 3.2% by the end of the year and to 2.6% by the end of 2025.

3.2 Comparative Analysis

The table below compares the securities of the Issuer to other debt instruments listed on the Malta Stock Exchange. We believe there is no directly comparable company related to the Issuer and, as such, we included a variety of securities with different maturities. One must note that, given the material differences in profiles and industries, the risks associated with the Issuer's business and that of other issuers are different.

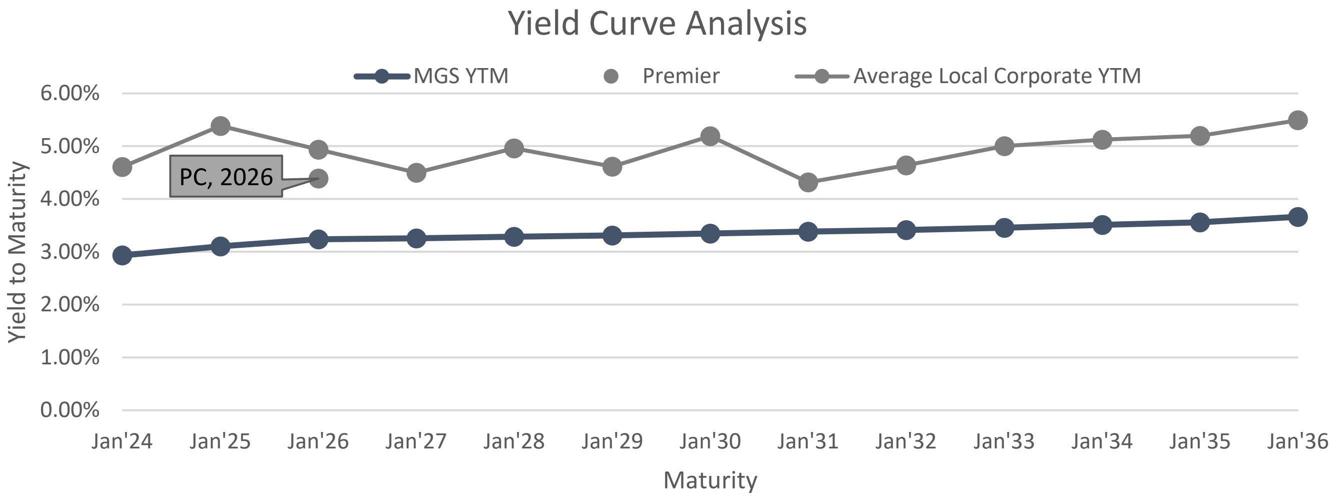
[1] European Economic Forecast – Spring 2024

Security	Nom Value €000's	Yield to Maturity (%)	Interest coverage (EBITDA) (times)	Total Assets (€'millions)	Total Equity (€'millions)	Total Liabilities / Total Assets (%)	Net Debt / Net Debt and Total Equity (%)	Net Debt / EBITDA (times)	Current Ratio (times)	Return on Common Equity (%)	Net Margin (%)	Revenue Growth (YoY) (%)
5.75% International Hotel Investments plc Unsecured € 2025	45,000	4.93%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
4.5% Hili Properties plc Unsecured € 2025	37,000	4.48%	1.8x	255.6	127.1	50.3%	46.2%	9.0x	1.4x	5.1%	39.5%	32.8%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	2,974	5.25%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
4.35% Hudson Malta plc Unsecured € 2026	12,000	4.63%	7.7x	78.3	12.9	83.6%	76.4%	8.1x	1.2x	0.9%	0.2%	8.9%
5.9% Together Gaming Solutions plc Unsec Call Bds €2024-2026	14,762	5.39%	(.0)x	24.4	8.6	64.9%	38.2%	(1,119.3)x	16.2x	-29.8%	-163.1%	-10.4%
4% MIDI plc Secured € 2026	50,000	4.96%	(.5)x	236.3	74.7	68.4%	40.8%	(46.9)x	3.2x	-1.7%	-37.3%	19.2%
4% International Hotel Investments plc Secured € 2026	55,000	3.99%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
3.9% Plaza Centres plc Unsecured € 2026	5,150	4.63%	7.2x	37.0	27.2	26.4%	14.6%	2.2x	1.2x	4.1%	35.9%	7.7%
3.75% Premier Capital plc Unsecured € 2026	65,000	4.39%	9.1x	425.1	103.0	75.8%	65.1%	2.2x	0.8x	40.0%	6.3%	21.0%
4% International Hotel Investments plc Unsecured € 2026	60,000	5.37%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.66%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.80%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4% Eden Finance plc Unsecured € 2027	40,000	4.04%	5.7x	223.3	136.7	38.8%	27.1%	4.3x	0.2x	2.8%	8.4%	36.6%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	4.40%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
3.75% Tumas Investments plc Unsecured € 2027	25,000	4.09%	7.2x	240.7	146.9	39.0%	22.5%	2.1x	1.8x	6.6%	18.1%	20.0%
4% Stivala Group Finance plc Secured € 2027	45,000	3.99%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%	208.5%	14.5%
3.75% Bortex Group Finance plc Unsecured € 2027	12,750	5.67%	4.2x	80.7	41.8	48.2%	39.8%	5.0x	2.8x	6.3%	10.6%	-4.7%
	Average*	4.58%										

Source: Latest available audited financial statements

Last closing price as at 20/05/2024

*Average figures do not capture the financial analysis of the Issuer



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Estimates

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph also illustrates the yield of the Issuer's securities on a stand-alone basis.

As at 20 May 2024, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 1 to 3 years (2025-2027) was 136 basis points. The current 2026 Premier Capital bond is trading at a YTM of 4.39%, translating into a spread of 115 basis points over the corresponding MGS. This means that this bond is trading at a discount of 21 basis in comparison to the market.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's earnings purely from operations.
EBIT (Operating Profit)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Profit After Taxation	The profit made by the Group during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).

Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the 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.
Capex	Represents the capital expenditure incurred by the Group in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

Cash and Cash Equivalents	Cash and cash equivalents are Group assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group less any cash and cash equivalents.

Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity 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 current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group to refinance its debt by looking at the EBITDA.

Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Calamatta Cuschieri

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