Calamatta Cuschieri

The Directors
ClearFlowPlus p.l.c
Water Services Corporation
Triq Hal-Qormi
Luqa, LQA 9043
Malta

Re: Financial Analysis Summary – 2025

16 June 2025

Dear Board Members,

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 ClearFlowPlus p.l.c. (the "**Issuer**") and Water Services Corporation (the "**Guarantor**"), where the latter is the parent company of the "**Group**". The data is derived from various sources or is based on our own computations as follows:

a) Historical financial data for the three years ending 31 December 2022, 2023 and 2024 has been extracted from the audited financial statements of the Issuer and the Guarantor.

b) The forecast data for the financial years ending 31 December 2025 has been provided by management.

c) Our commentary on the Issuer and Guarantor's results and financial position is based on the explanations provided by 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 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 the more important 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,

P. M

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Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS SUMMARY 2025

ClearFlowPlus p.l.c

16 June 2025

Prepared by Calamatta Cuschieri Investment Services Limited

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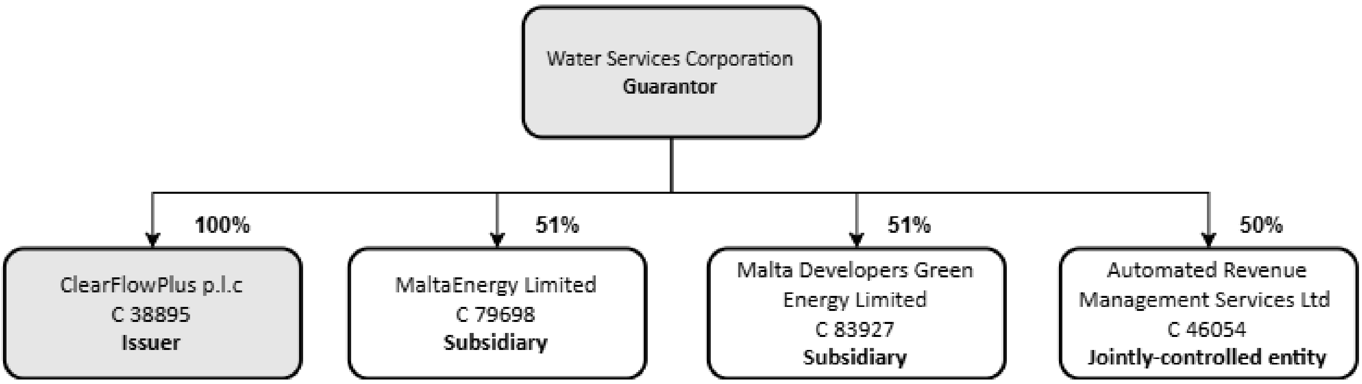
Part 1 - Information about the Group

1.1 Group's key activities and Group structure

The Group's complete organisation chart is set out below:



ClearFlowPlus p.l.c. ("**CFP**" or the "**Issuer**") was incorporated on 9 June 2006 as a private limited liability company with company registration number C 38895, under the name Desalination Services Marketing Ltd. Since then, in 2018 it changed its name to ClearFlowPlus Limited and on 19 July 2023 was converted to a public limited company in anticipation of the bond issue. As at the date of this Analysis, the Issuer has an authorised and issued share capital of €250,002 made up of 107,326 ordinary shares of €2.329373 each all fully paid up. The Issuer is a fully owned subsidiary of Water Services Corporation except for one share, which is held by Malta Government Investments Limited (C 10175).

The Issuer's main activities are the provision of technical consultancy services related to the distribution, conservation, and treatment of water. The Issuer also offers consultancy services and supplies in connection with reverse osmosis plants, wastewater treatment facilities, laboratory analysis, and information technology. The Issuer markets and provides its consultancy services both locally and abroad.

The Issuer's initial intention was to restrict its activities to those of a finance company and transfer its operations to another subsidiary, however, CFP's strategic direction evolved to embrace a dual role, continuing its legacy as a premier provider in its field, while expanding its horizons to become a financing vehicle for the group.

Water Services Corporation (the" **Guarantor**" or "**WSC**" or the "**Group**") was founded on 20 January 1992 by Act of Parliament No. XXIII of 1991, to take over the responsibilities of the former Water Works Department. This strategic move meant that, rather than remaining the responsibility of a government department, water had become the responsibility of a dedicated corporation established by statute with a certain level of autonomy and increased accountability. The average number of employees employed by the Guarantor in 2024 was 1,039 (2023: 1,053). The Guarantor is responsible for managing potable water and wastewater services in the Maltese islands. Its principal activities are:

- Water production and distribution - to acquire, produce, distribute and sell water for domestic, industrial and commercial use;
- Wastewater collection and treatment - to treat and dispose or re-use wastewater; and
- Renewable energy generation - to further reduce the energy costs related to its operations using renewable energy sources.

WSC International Limited ("WSCI")

WSCI was incorporated on 9 December 2016 with registration number C 78356 and has since been liquidated.

MaltaEnergy Limited ("MEL")

MEL was incorporated on 4 May 2017 with registration number C 79698. MEL leases the Qrendi and Ta' Cenc reservoirs from the Guarantor. It was set up as a joint venture vehicle between the Guarantor and the General Retailers and Traders Union.

Malta Developers Green Energy Ltd ("MDGE")

MDGE was incorporated on 21 March 2018 with registration number C 83927. MDGE leases the solar panels which are installed on the property of the Guarantor. The company was set up as a joint venture vehicle between the Guarantor and the Malta Developers Association.

Automated Revenue Management Services Ltd ("ARMS")

ARMS was incorporated on 19 January 2009 with registration number C 46054. This private limited liability company was set up as a joint venture between WSC and Enemalta plc. The scope of this agreement was to carry out meter to cash functions for both entities. ARMS must transfer all revenues collected to the respective party within 24 hours of receipt.

1.2 Directors and Employees

Board of Directors - Issuer

The Board of Directors of the Issuer is composed of the following persons:

Name	Designation
Mr Karl Cilia	Chairman and executive Director
Mr Matthew Costa	Executive Director
Ing David Sacco	Executive Director
Ms Angela Azzopardi	Independent non-executive Director
Mr Luke Cann	Independent non-executive Director
Ing Abigail Cutajar	Independent non-executive Director
Ms Katrina Cuschieri	Independent non-executive Director

Dr Vincent Micallef resigned as Chairman of the Issuer on 29 October 2024 and was replaced with Mr Karl Cilia on 10 December 2024. Mr Karl Cilia, Mr Matthew Costa and Ing David Sacco are executive Directors and occupy senior executive positions within the Group, namely CEO, Chief Officer – Finance and Administration and Chief Officer – Production and Treatment within the Group, respectively.

The other four Directors, Ms Angela Azzopardi, Mr Luke Cann, Ing Abigail Cutajar and Ms Katrina Cuschieri serve on the Board of the Issuer in a non-executive capacity. Ms Angela Azzopardi, Mr Luke Cann, Ing Abigail Cutajar and Ms Katrina Cuschieri are considered as independent directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement.

The business address of the directors of the Issuer is the registered office of the Issuer.

Board of Directors - Guarantor

The Board of Directors of the Guarantor consists of the following persons:

Name	Designation
Mr Joseph Vella	Chairman
Mr Louis Gatt	Deputy Chairman
Ing Raymond Azzopardi	Member
Mr Ethelbert Schembri	Member
Ms Sylvana Mifsud	Member
Ms Marion Parnis	Member
Ms Mirana Agius Silvio	Member
Dr Juanita Agius Galea	Member

Dr Vincent Micallef resigned from his post as a member of the Guarantor on 15 October 2024.

The business address of the directors of the Guarantor is the Head Office of the Guarantor, namely Water Services Corporation, Triq Hal Qormi, Luqa LQA 9043, Malta.

1.3 Major Assets owned by the Group

The Group's largest asset as at year end of FY24 was related to property, plant and equipment ("**PPE**") and amounted to €424.6m. PPE principally comprises assets related to water infrastructure (€150.0m), wastewater infrastructure (€129.1m), land and buildings (€44.6m), and assets under construction (€84.9m). Water and wastewater infrastructure include:

- four reverse osmosis plants in Pembroke, Ċirkewwa, Għar Lapsi and Hondoq ir-Rummien;
- 24 reservoirs and various pumping stations;
- four wastewater treatment plants in Sant' Antin Marsascala, Ras il-Hobz in Gozo, Ic-Cumnija, limits of Mellieha and Ta' Barkat Xghajra; and
- a network of over 2,200 kilometres of pipes and a tunnel between Pembroke and Ta' Qali.

Assets under construction represent water and wastewater infrastructure assets which are still in the course of construction. During the year, assets which are no longer in the course of construction are reclassified to other components of PPE.

1.4 Operational Developments

During the year, the Group successfully advanced its strategy of maximizing operational efficiency by maintaining strict cost control and strengthening margins across the board, all while expanding its range of service offerings. In 2024 the Group continued its progress in enhanced billing accuracy, driven by the smart meter replacement programme. Further growth was also attributed to a new revenue stream launched by the Group linked to the treatment of farm waste, which generated €3.6m in billed revenue by year-end. The Group also continued its investment in its workforce through talent retention initiatives and human capital development.

During the year, CFP advanced an additional €5.8m from the bond proceeds to the Guarantor. This brought the total disbursement of bond proceeds to €7.5m, or 30% of the bond funds. These disbursements included refinancing of Hondoq reverse osmosis plant, the implementation of a new aeration system at the Ta' Barkat sewage treatment plant, the overhaul of the non-revenue water billing algorithm and continued investment in the corporation's water infrastructure. In 2025, WSC also made notable progress on its multi-site solar energy project, which is expected to be completed by the end of 2025.

Throughout 2024, the Group also sustained its capital expenditure momentum which covered major infrastructure upgrades particularly related to waste water (*circa* €38.0m investments in waste water infrastructure), and also included expanded reverse osmosis capacity, digitised water infrastructure and the Bulebel warehouse complex. This also includes investments which were aimed at replacing aging and degraded pipelines to enhance the quality and reliability of water supply and treatment, ensuring that all residents across Malta benefit from consistent access to clean, safe drinking water.

Part 2 - Historical Performance and Forecasts

The financial information in sections 2.1 to 2.6 is extracted from the audited financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2022, 2023 and 2024.

The projected financial information for the year ending 31 December 2025 has been provided by management. This financial information relates to events in the future and are based on assumptions which the Issuer 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.

As per last year's FAS dated 24 June 2024, FY22 figures were restated following certain prior period corrections.

2.1 Issuer's Income Statement

Income Statement	2022A (R)	2023A	2024A	2025P
	€000s	**€000s**	**€000s**	**€000s**
Revenue	2,097	1,983	2,088	2,129
Cost of sales	(1,055)	(980)	(888)	(905)
Gross Profit	**1,042**	**1,003**	**1,200**	**1,224**
Administrative expenses	(163)	(417)	(468)	(530)
Other income	1	1	-	-
EBITDA	**880**	**587**	**732**	**694**
Depreciation	(3)	(8)	(11)	(15)
EBIT	**877**	**579**	**721**	**679**
Finance income	239	800	1,847	1,598
Finance costs	-	(434)	(1,111)	(1,111)
Profit before tax	**1,116**	**945**	**1,457**	**1,166**
Tax expense	(404)	(323)	(449)	(408)
Profit for the year	**712**	**622**	**1,008**	**758**

Ratio Analysis	2022A (R)	2023A	2024A	2025P
Profitability				
Growth in Revenue (YoY Revenue Growth)	59.7%	-5.4%	5.3%	2.0%
Gross Profit Margin (Gross Profit / Revenue)	49.7%	50.6%	57.5%	57.5%
EBITDA Margin (EBITDA / Revenue)	42.0%	29.6%	35.1%	32.6%
Operating (EBIT) Margin (EBIT / Revenue)	41.8%	29.2%	34.5%	31.9%
Net Margin (Profit for the year / Revenue)	34.0%	31.4%	48.3%	35.6%
Return on Common Equity (Net Income / Average Equity)	44.4%	27.3%	32.5%	19.0%
Return on Assets (Net Income / Average Assets)	16.8%	3.8%	3.5%	2.6%

In FY24, the Group's revenue increased by 5.3% to €2.1m (FY23: €2.0m), reflecting a year of steady operational growth in line with a more streamlined portfolio of products focused mainly on sustainable business activity. This marks a positive turnaround from the previous year's 5.4% revenue decline. The Issuers revenue was predominantly generated from the provision of services linked to reverse osmosis plants and associated after-sales support, desalination solutions, sewage treatment operations, laboratory testing, IT services, and the sale of spare parts. Waste management activities remained the principal contributor to income, accounting for 39% of total revenue (FY23: 42%). Revenue for FY25 is forecast at remain stable at €2.1m.

Cost of sales which are largely driven by expenses directly attributable to the production and servicing of reverse osmosis and dispenser systems offered by the Issuer decreased by 9.4% to €888k in FY24 (FY23: €980k), a notable improvement that boosted the gross profit margin to 57.5% in FY24 (FY23: 50.6%), reflecting better cost control. Cost of sales for FY25 is projected at €905k, in line with the anticipated higher revenue levels. As a result, gross profit rose to €1.2m in FY24 (FY23: €1.0m), with FY25 gross profit and margins forecast to come in at €1.2m and 57.5% respectively.

Administrative expenses increased to €468k in FY24 (FY23: €417k), with the increase coming mainly from higher directors' emoluments. These are forecasted to reach 530k in FY25, reflecting ongoing corporate requirements.

EBITDA for the year amounted to €732k in FY24 (FY23: €587k), resulting in an EBITDA margin of 35.1% (FY23: 29.6%). The EBITDA margin increase reflects better operating leverage. FY25 EBITDA is forecasted at 694k with a margin of 32.6%.

Depreciation remained low at €11k in FY24 (FY23: €8k), consistent with the Group's relatively light asset base. EBIT rose to €721k in FY24 (FY23: €579k), with operating margin improving to 34.5% in FY24 from 29.2% in FY23. The forecast for FY25 EBIT is 679k.

Finance income more than doubled to €1.9m in FY24 (FY23: €800k), driven by higher interest income from loans receivable from the parent company and higher interest income on a term deposit. FY25 finance income is expected to normalise at €1.6m. On the other hand, finance costs increased significantly to €1.1m in FY24 (FY23: €434k), largely reflecting higher Bond interest. Finance costs are forecast to remain at these levels in FY25.

This led to a strong profit before tax of €1.5m in FY24 (FY23: €945k), with tax expense increasing to €449k (FY23: €323k), largely in line with higher profitability. FY25 forecasts for profit before tax are estimated at €1.2m

Overall, net profit for the year reached €1.0m in FY24, up from €622k in FY23. This translated to a net profit margin of 48.3% (FY23: 31.4%). Management is projecting a net profit of €758k in FY25, with a corresponding margin of 35.6%. Additionally, the Group's Return on Common Equity (ROE) increased to 32.5% in FY24 from 27.3% in FY23, further highlighting the Group's improved return on shareholders' equity. The Return on Assets (ROA) slightly decreased to 3.5% in FY24 from 3.8% in FY23, due to the increased asset base in FY23 when compared to FY22 (average asset figures of the current and past year are used in the calculation of ROA).

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	2022A (R)	2023A	2024A	2025P
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Property, plant and equipment	24	75	69	60
Finance lease receivable	823	794	739	685
Loan receivable	422	2,008	7,687	17,627
Total non-current assets	**1,269**	**2,877**	**8,495**	**18,372**
Current assets				
Inventories	533	535	526	563
Finance lease receivable	39	48	58	54
Loan receivable	64	42	47	107
Trade and other receivables	862	1,089	1,357	899
Cash and cash equivalents	932	24,106	18,588	9,872
Current tax assets	-	-	30	-
Total current assets	**2,430**	**25,820**	**20,606**	**11,495**
Total assets	**3,699**	**28,697**	**29,101**	**29,866**
Equity and liabilities				
Capital and reserves				
Share capital	5	250	250	250
Retained earnings	1,954	2,350	3,358	4,115
Total equity	**1,959**	**2,600**	**3,608**	**4,365**
Non-current liabilities				
Interest bearing borrowings	-	24,529	24,578	24,627
Trade and other payables	264	235	209	238
Total non-current liabilities	**264**	**24,764**	**24,787**	**24,865**
Current liabilities				
Trade and other payables	1,238	1,203	706	636
Current tax liabilities	238	130	-	-
Total current liabilities	**1,476**	**1,333**	**706**	**636**
Total liabilities	**1,740**	**26,097**	**25,493**	**25,501**
Total equity and liabilities	**3,699**	**28,697**	**29,101**	**29,866**

Ratio Analysis	2022A (R)	2023P	2024A	2025P
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	N/A	14.0%	62.4%	77.2%
Gearing 2 (Total Liabilities / Total Assets)	47.0%	91.0%	87.6%	85.4%
Gearing 3 (Net Debt / Total Equity)	N/A	16.3%	166.0%	338.0%
Net Debt / EBITDA	N/A	0.7x	8.2x	21.3x
Current Ratio (Current Assets / Current Liabilities)	1.7x	19.4x	29.2x	18.1x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	1.3x	19.0x	28.4x	17.2x
Interest Coverage level (EBITDA / Finance costs)	N/A	1.4x	0.7x	0.6x

The Issuer's total non-current assets stood at €8.5m as at 31 December 2024, increasing from €2.9m in FY23. The main movement was in the loan receivable balance which more than doubled to €7.7m in FY24 (FY23: €2.0m), now accounting for 90.6% of non-current assets (FY23: 69%). This loan represents the advancement of Bond proceeds to the Guarantor to finance eligible green projects undertaken by WSC. The loan is unsecured, bears interest at 4.75% per annum and is to be paid in full, including the agreed interest by the year 2033. Non-current asset values are forecast at €18.4m in FY25 as the Issuer continues to flows funds to the Guarantor.

On the other hand, current assets declined to €20.6m in FY24 (FY23: €25.8m), driven by a reduction in cash and cash equivalents, which fell to €18.6m (FY23: €24.1m) as funds were advanced to the Guarantor. Trade and other receivables increased to €1.4m (FY23: €1.1m), and inventories remained broadly stable at €526k. A new current tax asset of €30k was recorded in FY24. FY25 forecasts for current assets amount to €11.5m inline with the increase in loans receivable.

Total equity rose to €3.6m in FY24 (FY23: €2.6m), reflecting the €1.0m increase in retained earnings reflecting the Issuers profitability for the year. Share capital remained unchanged at €250k. Equity for FY25 is forecasted at €4.4m, with retained earnings increasing to €4.1m in line with the profits that are expected.

Total liabilities decreased slightly to €25.5m in FY24 (FY23: €26.1m), primarily due to a drop in current liabilities, which fell to €706k (FY23: €1.3m), as current trade payables declined. The non-current liabilities remained stable at €24.8m. Total liabilities to total assets ratio (Gearing 2) improved to 87.6% in FY24 from 91% in FY23, reflecting a slight decrease in leverage. Total liabilities are expected to remain stable in FY25 reaching €29.9m.

The Group's gearing ratio increased substantially to 62.4% in FY24 (FY23: 14.0%) due to the deployment of cash into long-term loan assets, resulting in a higher level of net debt. Net Debt / EBITDA increased significantly to 8.2x in FY24 (FY23: 0.7x), for the same reasons.

The Group continues to maintain a robust short-term liquidity position, with the current ratio improving to 29.2x in FY24 (FY23: 19.4x). The quick ratio also improved to 28.4x (FY23: 19.0x), reflecting the Group's ability to cover its short-term liabilities with liquid assets, excluding inventory.

Interest coverage, however, decreased to 0.7x in FY24 (FY23: 1.4x), indicating a lower ability to cover finance costs with EBITDA due to the higher levels of finance costs incurred in FY24. This reflects the impact of higher interest payments on the 2023 Bond issue which covered the full year in FY24 unlike in FY23.

The Group's financial position remains solid, with stable funding, expanding asset deployment, and strengthening equity through retained earnings.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement	2022A (R)	2023A	2024A	2025P
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
EBIT	877	579	721	679
Adjustments	32	(18)	38	550
Cash generated from operations	**909**	**561**	**759**	**1,229**
Changes in working capital	(1,733)	(285)	(829)	266
Cash flow from operations	**(824)**	**276**	**(70)**	**1,495**
Finance income	239	800	1,847	1,176
Finance costs	-	(416)	(1,111)	(1,062)
Tax paid	(544)	(415)	(539)	(378)
Net cash from operating activities	**(1,129)**	**244**	**127**	**1,231**
Cash flows used in investing activities				
Disposal/(Purchase) of property, plant and equipment	(11)	(59)	(5)	(5)
Movements in long-term finance lease receivable	(148)	40	48	58
Loan provided to related party	-	(21)	(4)	-
Net cashflows used in investing activities	**(159)**	**(39)**	**39**	**53**
Cash flow used in financing activities				
Loan advanced to related company	(150)	(1,681)	(5,789)	(10,000)
Repayment of loan from related party	12	119	105	-
Bond proceeds	-	25,000	-	-
Bond issue costs	-	(488)	-	-
Increase in paid up share capital	-	19	-	-
Net cashflows from financing activities	**(138)**	**22,969**	**(5,684)**	**(10,000)**
Cash and cash equivalents at start of year	**2,358**	**932**	**24,106**	**18,588**
Movement in cash and cash equivalent	(1,426)	23,174	(5,518)	(8,716)
Cash and cash equivalents at end of year	**932**	**24,106**	**18,588**	**9,872**

Ratio Analysis	2022A (R)	2023P	2024A	2025P
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	-€1,140	€602	€1,233	€2,288

The Group generated net cash from operating activities of €127k in FY24, down from €244k in FY23, reflecting the impact of a larger working capital outflow and higher interest payments. Tax paid also increased to €539k (FY23: €415k). FY25 operating cash flows are forecasted at €1.2m, with expectations of continued income from loans, higher adjustments and favourable working capital movements.

Cash flows from investing activities reversed from an outflow of €39k in FY23 to an inflow of €39k in FY24. This shift was mainly due to minimal outflows for new property acquisitions. FY25 investing cash flows are expected to remain minimal at €53k.

Financing activities in FY24 resulted in a net outflow of €5.7m, compared to a large inflow of €23.0m in FY23, which had been driven by the €25.0m bond issuance. The main outflow in FY24 was a €5.8m loan advanced to the Guarantor with the Issuer expecting to advance another €10.0m in FY25 in line with the Issuers lending strategy.

These cash flow movements led to a €5.5m reduction in cash and cash equivalents in FY24, bringing year-end cash down to €18.6m (FY23: €24.1m). Despite this decline, the Group retains significant liquidity to support its ongoing operations and lending strategy. FY25 closing cash balances are forecasted at €9.9m.

2.4 Guarantor's Income Statement

Income Statement	2022A (R)	2023A	2024A	2025P
	€	€	€	€
Revenue	82,097	91,460	101,591	108,407
Government subsidies	32,530	32,984	35,449	36,291
Operating and administrative expenses	(81,753)	(85,112)	(92,283)	(98,206)
Cost of service pensions due to Government	1,290	49	185	185
EBITDA	**34,164**	**39,381**	**44,942**	**46,676**
Depreciation	(22,355)	(20,824)	(22,672)	(25,683)
EBIT	**11,809**	**18,557**	**22,270**	**20,993**
Share of results of jointly-controlled entity	64	80	41	41
Finance income	1,615	1,532	2,129	1,784
Finance costs	(1,590)	(2,368)	(2,223)	(2,024)
Profit before taxation	**11,898**	**17,801**	**22,217**	**20,794**
Tax expense	(404)	(324)	(450)	(408)
Profit for the year	**11,494**	**17,477**	**21,767**	**20,386**
Remeasurements of post-employment benefit obligations	(429)	(371)	(508)	-
Total comprehensive income for the year	**11,065**	**17,106**	**21,259**	**20,386**

Ratio Analysis	2022A (R)	2023A	2024A	2025P
Profitability				
Growth in Revenue (YoY Revenue Growth)	11.4%	11.1%	11.1%	6.7%
EBITDA Margin (EBITDA / Revenue)	41.6%	43.1%	44.2%	43.1%
Operating (EBIT) Margin (EBIT / Revenue)	14.4%	20.3%	21.9%	19.4%
Net Margin (Profit for the year / Revenue)	13.5%	18.7%	20.9%	18.8%
Return on Common Equity (Net Income / Average Equity)	7.6%	10.5%	11.6%	10.0%
Return on Assets (Net Income / Average Assets)	2.4%	3.0%	3.5%	3.3%

The Group's main source of revenue continues to be derived from the acquisition, production, distribution, and sale of water for domestic, industrial, and commercial use. Additionally, revenue is also generated from the treatment of sewage, ancillary fees related to new potable water services and temporary meters.

Total revenue in FY24 increased to €101.6m, reflecting an 11.1% growth compared to €91.5m in FY23. This growth is driven by the continued implementation of the smart metering replacement programme, alongside an increase in consumption by the population. Of the €101.6m in revenue, €89.6m relates to the sale of water, while the remaining €12.0m pertains to ancillary services and other income. Revenue for FY25 is forecast at €108.4m, reflecting continued demand and the ongoing rollout of smart metering.

The treatment and re-use of wastewater is fully subsidised by the Government under deferred government grants, amounting to €35.5m in FY24, slightly higher than the €33.0m in FY23. Government subsidies for FY25 are forecasted at €36.3m, in line with expectations of continued government funding for green initiatives.

Operating and administrative costs in FY24 increased to €92.3m from €85.1m in FY23, representing a rise of €7.2m. This increase was driven by higher staff costs (FY24: €35.8M, FY23: €34.1m), electricity expenses (FY24: €19.5M, FY23: €17.4m), waste disposal fees (FY24: €4.3M, FY23: €2.5m) and other expenses (FY24: €6.4M, FY23: €3.6m). Repairs and maintenance fees remained steady at *circa* €15.3m whilst costs related to materials consumed dropped to €6.0m in FY24 compared to €7.5m in FY23. Operating and administrative expenses for FY25 are projected at €98.2m, in line with the increase in revenue.

Despite the rise in operating costs, EBITDA increased to €44.9m in FY24, up from €39.4m in FY23, marking a solid 13.9% increase. EBITDA margin for FY24 stood at 44.2%, up from 43.1% in FY23, indicating improved operational leverage. EBITDA for FY25 is forecasted at €46.7m, with an expected margin of 43.1%.

Depreciation also increased, reaching €22.7m in FY24, up from €20.8m in FY23, primarily driven by the increased capital expenditures in wastewater infrastructure. Depreciation for FY25 is forecasted at €25.7m.

Foreign exchange gains led to higher finance income of €2.1m in FY24 (FY23: €1.5m) whilst finance costs came in lower at €2.2m (FY23: €2.4m) due to decreased bank interest payments. The Group generated a profit before tax of €22.2m in FY24, up from €17.8m in FY23. This reflects a 24.7% growth in profitability. Profit before tax for FY25 is forecasted at €20.8m due to the lower EBITDA margin and higher depreciation costs. Tax charges for FY24 increased to €450k, up from €324k in FY23, in line with the higher profit before tax.

As a result, profit for the year reached €21.8m in FY24, an increase of 24.7% compared to €17.5m in FY23. Net margin for FY24 stands at 20.9%, up from 18.7% in FY23. Net profit for FY25 is forecasted at €20.4m, with a corresponding net margin of 18.8%. This led to total comprehensive income for the year of €21.3m in FY24 compared to €17.1m in FY23, driven by the higher profit for the year and a slight increase in post-employment benefit obligations.

2.4.1 Variance Analysis

Income Statement	2024P	2024A	Variance
Revenue	94,143	101,591	7,448
Government subsidies	34,374	35,449	1,075
Operating and administrative expenses	(90,782)	(92,283)	(1,501)
Cost of service pensions due to Government	-	185	185
EBITDA	**37,735**	**44,942**	**7,207**
Depreciation	(21,550)	(22,672)	(1,122)
EBIT	**16,186**	**22,270**	**6,084**
Share of results of jointly-controlled entity	-	41	41
Finance income	1,184	2,129	945
Finance costs	(2,262)	(2,223)	39
Profit before taxation	**15,108**	**22,217**	**7,109**
Tax expense	-	(450)	(450)
Profit for the year	**15,108**	**21,767**	**6,659**

The Guarantor managed to generate revenue which was €7.5m higher than forecast in last year's Analysis. This was due to increased billing efficiency. This increase in the efficiency in metering also led to higher-than-expected EBITDA and EBIT. New services such as the treatment of farm waste and other charges issued by ARMS also explain the higher profitability.

The company also reported Finance income which was €1.0m higher than initially forecast. All this led to a profit for the year of €21.8m which was €6.7m higher than the €15.1m which was forecast in last year's Analysis.

2.5 Guarantor's Statement of Financial Position

Statement of Financial Position	2022A (R)	2023A	2024A	2025P
	€	€	€	€
ASSETS				
Non-current assets				
Property, plant and equipment	365,679	381,715	424,560	480,464
Finance lease receivables	823	794	739	685
Investments in subsidiaries	1	1	1	1
Investments in jointly-controlled entity	887	967	1,008	1,049
Loan receivable	422	327	217	-
Right of use asset	2,011	3,970	8,907	5,435
Trade and other receivables	21,887	20,564	18,661	19,175
Total non-current assets	**391,710**	**408,338**	**454,093**	**506,809**
Current assets				
Inventories	24,321	23,514	24,339	22,483
Finance lease receivables	39	48	58	54
Loan receivable	64	42	47	-
Trade and other receivables	38,286	46,497	68,827	62,926
Current tax assets	-	-	66	-
Financial assets at fair value through profit or loss	-	-	12,313	12,313
Cash and cash equivalents	1,550	90,949	54,420	9,010
Total current assets	64,260	161,050	160,070	106,786
Total assets	**455,970**	**569,388**	**614,163**	**613,595**
EQUITY AND LIABILITIES				
Capital and reserves				
Government contribution	73,142	73,142	73,142	73,369
Revenue reserve	77,304	94,553	116,318	136,705
Pension contributions reserve	(5,248)	(5,619)	(6,127)	(6,635)
Other reserve	-	227	227	-
Non-controlling interest	5	7	9	9
Total equity	**145,204**	**162,310**	**183,569**	**203,448**
Non-current liabilities				
Bond	-	24,529	24,578	24,627
Bank borrowings	34,237	29,613	12,325	9,671
Other borrowings	3,008	2,806	2,601	2,351
Deferred government grants	195,382	244,355	253,738	238,202
Provision for other liabilities and charges	8,102	6,449	4,484	4,484
Lease liability	1,493	2,197	5,618	3,396
Trade and other payables	264	235	209	(26)
Total non-current liabilities	**242,486**	**310,184**	**303,553**	**282,705**
Current liabilities				
Trade and other payables	46,485	75,307	102,031	107,730
Bank borrowings	11,256	6,255	6,649	2,654
Other borrowings	198	202	205	250

Deferred government grants	9,596	13,210	14,747	14,747
Lease liability	543	1,827	3,409	2,061
Current tax liabilities	202	93	-	-
Total current liabilities	68,280	96,894	127,041	127,442
Total liabilities	310,766	407,078	430,594	410,146
Total equity & liabilities	**455,970**	**569,388**	**614,163**	**613,595**

Ratio Analysis	2022A (R)	2023A	2024A	2025P
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	25.3%	-17.0%	0.5%	15.0%
Gearing 2 (Total Liabilities / Total Assets)	68.2%	71.5%	70.1%	66.8%
Gearing 3 (Net Debt / Total Equity)	33.9%	-14.5%	0.5%	17.7%
Net Debt / EBITDA	1.4x	-0.6x	0.0x	0.8x
Current Ratio (Current Assets / Current Liabilities)	0.9x	1.7x	1.3x	0.8x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.6x	1.4x	1.1x	0.7x
Interest Coverage level (EBITDA / Finance costs)	21.5x	16.6x	20.2x	23.1x

In FY24, total assets increased to €614.2m, compared to €569.4m in FY23, reflecting a 7.9% increase. This growth was primarily driven by the Group's investment in property, plant, and equipment (PPE), which rose from €381.7m in FY23 to €424.6m in FY24 which corresponds with the Group's ongoing strategic capital investment programme. Non-current assets are forecasted to reach €506.8m by the end of FY25, driven by additional capital expenditures.

Short-term trade and other receivables showed a significant increase in FY24, reaching €68.8m, compared to €46.5m in FY23. This increase was driven by higher accrued income and amounts due from a jointly controlled entity. €20.4m of the accrued income represents water units and service charges supplied to customers not yet billed at the year end, following an upgrade to the revenue system. The transition to the new revenue system introduced additional reliance on estimates for end-of-year consumption, resulting in the accrued revenue representing 23% of total water sales (FY23: 17%). Trade and other receivables are expected to come down to €62.9m in FY25.

Inventories, mainly consisting of mains, pipes, and spare parts, rose from €23.5m in FY23 to €24.3m in FY24 and are projected to come down to €22.5m in FY25. The Group's cash and cash equivalents decreased significantly to €54.4m in FY24 from €90.9m in FY23. This decrease is mainly due to the deployment of cash reserves for capital expenditures and portfolio investments. Cash and cash equivalents are forecasted to decrease again in FY25, down to €9.0m as the Group continues to make significant investments in its property, plant and equipment.

On the equity side, the Group's equity rose to €183.6m in FY24, up from €162.3m in FY23, due to a €21.8m increase in the revenue reserve, reflecting solid profits. This increase in equity underpins the Group's robust financial position and is a key driver for the increase in the Group's profitability ratios, such as the net margin which improved from 18.7% in FY23 to 20.9% in FY24. Equity is expected to continue growing, with a forecast of €203.5m by FY25, driven by further profit generation and retained earnings.

Non-current liabilities saw a slight decrease, falling from €310.2m in FY23 to €303.6m in FY24. The decrease was mainly attributed to lower bank borrowings, which fell from €29.6m in FY23 to €12.3m in FY24, following the repayment of loans and prudent debt management. This was slightly offset by increased deferred government grants to €253.7m from €244.4m in FY23. The Group's gearing ratio stood at a healthy 0.5% in FY24, reflecting the strong equity base. Non-current liabilities are forecast to drop to €282.7m in FY25 due to lower deferred government grants.

Current liabilities increased to €127.0m in FY24 from €96.9m in FY23, mainly due to higher trade and other payables, which grew from €75.3m in FY23 to €102.0m in FY24. This increase is mainly due to higher accruals resulting from a change in the electricity billing methodology by the jointly controlled entity, which led to a delay in the issuance of actual invoices as at year-end.

The current ratio declined from 1.7x in FY23 to 1.3x in FY24 but remains at satisfactory levels and demonstrates that the Group can comfortably meet its short-term obligations. The quick ratio also saw a decline from 1.4x to 1.1x and reflects a slight decrease in liquidity. Liabilities are projected to remain stable at €127.4 in FY25.

2.6 Guarantor's Statement of Cash Flows

Cash Flows Statement	2022A (R)	2023A	2024A	2025P
	€	€	€	€
Cash flows from operating activities				
EBITDA	34,164	39,381	44,942	46,676
Share of results of jointly-controlled entity	64	80	41	41
Movement in provision for ECL	117	(842)	(617)	642
Movement in provision for other liabilities and charges	(1,177)	(1,247)	(1,516)	-
Movement in post-employment benefits obligations	(429)	(371)	(508)	(508)
Movement in lease obligations Impairment of investment	(295)	(548)	(1,706)	(3,571)
Impairment of investment	6	-	-	-
Working capital changes	(2,069)	23,148	5,612	12,585
Cash generated from operations	**30,381**	**59,601**	**46,248**	**55,866**
Finance income	1,615	1,532	2,129	1,784
Finance costs	(1,590)	(2,368)	(2,223)	(2,024)
Interest paid	110	127	271	
Tax paid	(324)	(433)	(610)	(342)
Net cash from operating activities	**30,192**	**58,459**	**45,815**	**55,284**
Cash flows used in investing activities				
Disposal/(acquisition) of property, plant and equipment	(36,774)	(36,553)	(63,915)	(77,566)
Movements in investment in subsidiaries & joint-venture	(64)	(80)	(41)	(41)
Write-off of property, plant and equipment	9	212	-	-
Acquisition of right of use assets	(2,276)	(2,460)	-	(500)
Acquisition of portfolio investments	-	-	(12,313)	-
Additions to finance lease receivables	(181)	(21)	(4)	54
Repayments from lessees	32	40	49	-
Loan advanced to related party	(150)	-	-	-
Net cashflows used in investing activities	**(39,404)**	**(38,862)**	**(76,224)**	**(78,053)**
Cash flow used in financing activities				
Net cash movement in bank and other borrowings	(16,803)	(4,835)	(19,549)	(7,104)
Bond issue proceeds	-	25,000	-	-
Movements in lease liabilities	2,276	2,460	-	-
Bond issue cost	-	(488)	-	-
Loans advanced to related parties	12	117	105	-
Grants received	3,380	52,587	10,920	(15,536)
Net cashflows from financing activities	**(11,135)**	**74,841**	**(8,524)**	**(22,640)**

Cash and cash equivalents as at 1 January	**15,226**	**(5,121)**	**89,317**	**50,384**
Net (decrease)/increase in cash	(20,347)	94,438	(38,933)	(45,410)
Cash and cash equivalents as at 31 December	**(5,121)**	**89,317**	**50,384**	**4,974**

Ratio Analysis	**2022A (R)**	**2023A**	**2024A**	**2025P**
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	-€1,020	€5,196	-€16,750	-€28,865

In FY24, the Group's EBITDA increased by €5.6m over FY23, reaching €44.9m. Despite the EBITDA growth, movements in working capital were less favourable compared to the prior year, with a €5.6m positive adjustment compared to a €23.1m increase in FY23. This led to a decline in cash generated from operations to €46.2m in FY24 (FY23: €59.6m. After adjusting for finance and tax movements, net cash from operating activities stood at €45.8m, a decrease of €12.6m compared to FY23. For FY25, net cash from operating activities is projected at €55.3m, with performance again dependent on working capital dynamics and operational profitability.

Capital expenditure in FY24 rose significantly to €63.9m, compared to €36.6m in FY23, reflecting the Group's ongoing infrastructure investments mainly in water infrastructure (*circa* €38.0m) and also included expanded reverse osmosis capacity, digitised water infrastructure and the Bulebel warehouse complex. Additional investments were also made in portfolio investments, leading to a net cash outflow from investing activities of €76.2m, doubling the €38.9m outflow recorded in FY23. The Group expects net cash used in investing activities in FY25 to amount to €78.1m as it continues to enhance its asset base and expand operational capacity.

In FY24, the Group recorded a net cash outflow from financing activities of €8.5m, compared to an inflow of €74.8m in FY23. The prior year included €25.0m in bond proceeds and €52.6m in grants received, while FY24 saw grants fall to €10.9m, alongside a €19.5m net repayment of bank and other borrowings. For FY25, the Group anticipates net cash outflows from financing activities to total €22.6m.

In FY24, the Group's cash and cash equivalents declined to €50.4m, down from €89.3m in FY23, reflecting reduced operating inflows, higher investment outflows, and lower financing receipts. The Group expects its cash position in FY25 to be €5.0m, again influenced by heavy capital expenditures. The Group also makes use of an overdraft facility which in FY24 amounted to €4.0m and is expected to remain at this level in FY25. Adding this bank overdraft to the closing balance in the cash and cash equivalents in the Statement of Cash Flows gives you the reported amount for Cash in the Statement of Financial Position.

Part 3 - Key Market and Competitor Data

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2023. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.1. Economic Update[1]

The Bank's Business Conditions Index (BCI) suggests that in April, annual growth in activity rose slightly, and continued to stand moderately above its long-term average estimated since January 2000.

The European Commission's confidence surveys show that sentiment in Malta decreased in April but remained above its long-term average, estimated since November 2002. In month-on-month terms, the largest deterioration was recorded in the services sector.

Meanwhile, the Bank's Economic Policy Uncertainty Index (EPU) rose further above its historical average estimated since 2004, indicating higher economic policy uncertainty. However, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased compared with March, indicating lower uncertainty to make business decisions. The largest decrease was recorded in industry.

In March, industrial production rose at a faster pace compared to February, while annual growth in retail trade turned positive. In February, services production contracted on a year earlier for the first time since 2022.

In March, the unemployment rate remained the same at 2.8% as in the previous month but stood below that of 3.4% in March 2024.

In March, commercial building permits rose compared with February, as did residential permits. They were also higher on a year earlier. In April, the number of residential promise-of-sale agreements increased on a year earlier, while the number of final deeds of sale was lower.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) rose to 2.6% in April, from 2.1% in the previous month. HICP excluding energy and food in Malta stood at 2.5%. The latter stood below the euro area average. Inflation based on the Retail Price Index (RPI) rose to 2.4% in April, from 2.1% in March.

In March, the Consolidated Fund registered a larger deficit than that registered a year earlier. This was due to a rise in government expenditure which offset a smaller increase in government revenue.

The annual rate of change of Maltese residents' deposits edged up compared to February, while the annual growth of credit remained unchanged.

3.2. Economic Outlook[2]

According to the Bank's latest forecasts, Malta's real GDP growth should ease from 6.0% in 2024, to 4.0% in 2025. Growth is set to moderate further in the following two years, reaching 3.3% in 2027. Compared to the Bank's previous projections, GDP growth is being revised up by 0.1 p.p.in 2025 and is revised down by 0.1 p.p. in 2027. The marginal upward revision in GDP growth in 2025 reflects a higher contribution from both domestic demand and net exports.

The downward revision in 2027 is driven by net exports. Growth over the projection horizon is expected to be driven by domestic demand, reflecting continued brisk growth in private consumption, in part driven by a reduction in the income tax burden, and a gradual recovery in private investment. The contribution of net exports is also expected to be positive but smaller than that of domestic demand.

Employment growth is set to moderate, albeit from high rates, driven by the projected easing in economic growth and an assumed recovery in productivity. The unemployment rate is projected to converge to 3% by the end of the projection horizon.

As tightness in the labour maket is projected to dissipate over time and inflation continues to moderate, this should dampen upward pressure on wages. Wage growth is thus expected to moderate from almost 6% in 2024 to 3.6% in 2025 and 2026, and further to 3.5% in 2027.

[1] Central Bank of Malta – Economic update – 05/2025

[2] Central Bank of Malta – Economic projections – 2025 - 2027

Annual inflation based on the Harmonised Index of Consumer Prices is, in fact, projected to drop further in the projection horizon, from 2.4% in 2024, before falling gradually to 2.0% by 2027. Compared to the Bank's previous forecast publication, overall HICP inflation is being revised down by 0.1 percentage point in 2025, while it remains unchanged in 2026 and 2027. The downward revision for this year reflects recent negative surprises in unprocessed food inflation and NEIG inflation.

The general government deficit-to-GDP ratio is set to narrow to 3.4% in 2025, and to decline below 3.0% of GDP in subsequent years. By 2027, the deficit is forecast to reach 2.6% of GDP. The government debt-to-GDP ratio is set to increase, reaching 50.1% by 2026 before levelling off in 2027. The forecast deficit-to-GDP ratio between 2025 and 2027 is mostly unchanged compared with the Bank's December projections. Meanwhile, the debt-to-GDP ratio was revised slightly downwards, largely due to revisions in national accounts data.

Risks to activity are broadly balanced. Downside risks largely emanate from possible adverse effects on foreign demand related to geopolitical tensions, higher new US tariffs beyond those included in the baseline, and the possibility of retaliatory measures. A prolongation of the current elevated economic and geopolitical uncertainty could also dampen activity. On the other hand, the labour market could exhibit even stronger dynamics than envisaged in this projection round, both in terms of employment and wages. This could then result in stronger private consumption growth and thus stronger output growth than envisaged. Investment could also grow faster than projected. Another upside risk could stem from a stronger consumption response to the widening of the income tax bands.

Risks to inflation are balanced over the projection horizon. Upside risks to inflation could stem from renewed supply-side bottlenecks that could be triggered by ongoing geopolitical conflicts as well as higher input costs arising from changes in global trade policy, especially in the event of retaliation to higher US tariffs. Having said that, such risks could also be counterbalanced by the subsequent monetary policy response and heightened competitive pressures in markets targeted by tariffs. Furthermore, from the domestic side, there is a risk that higher fees charged to producers and importers with respect to beverages' containers could be passed on to consumers. On the downside, imported inflation could fall more rapidly than expected if economic growth in the euro area is weaker than expected due to the adverse effects of barriers to trade on global growth.

On the fiscal side, risks are mostly tilted to the downside (deficit-increasing). These mainly reflect the likelihood of slippages in current expenditure, including higher-than-expected outlays on energy support measures if commodity prices are higher than assumed. They also reflect the likelihood of additional increases in pensions and wages in the outer years.

3.3. Demand for Water[3]

The demand for water is driven by a multitude of factors. These factors include population growth, economic development, agriculture, climate patterns, industrial demands, lifestyle choices, water management, and conservation efforts. Global freshwater use has increased by a factor of six over the past 100 years and continues to grow at a rate of roughly 1% per year since the 1980s. Much of this growth can be attributed to a combination of the aforementioned factors. Unfortunately, the overall increase in the demand for water is putting a strain on available supplies.

The population of the Maltese islands has seen a continued increased, registering an increase of around 20% over the last decade. This recent change has occurred due to an expanding economy which has resulted in an increase in the foreign workforce. This provides added challenges from a water management perspective, not just due to the actual increase in population numbers but also due to the different water use practices.

External factors such as climate change also need to be considered when assessing the development of the national water demand. Climate change is expected to result in a reduced rainfall depth as well as a change in the rainfall patterns favouring more high intensity rain events, two factors which are expected to result in a reduction in the mean annual recharge to groundwater. Furthermore, increased temperatures will be expected to result in increased water demands whilst also entailing increased natural losses from evapotranspiration. Overall, climate change is expected to result in exacerbating the current

[3] https://era.org.mt/wp-content/uploads/2023/09/3rd-River-Basin-Management-Plan-MALTA-Chapter-1-Introduction-Final.pdf

water scarcity conditions prevailing in the Maltese Islands which compounds the need for increased efficiency when handling wastewater within our local water supply.

Over the last decade, the residential sector in Malta has been the primary consumer of water, making up 69% to 71% of the total water usage. The service sector, which includes hotels, restaurants, and shops, is the second-largest consumer, accounting for an average of 21% of total water consumption over the last 12 years, peaking at 24% right before the pandemic.

According to the European Environment Agency (EEA)[4], In Europe, annual renewable freshwater resources are relatively abundant, amounting to a long-term average 4,560 m3 per person. However, climatic variations cause considerable differences across Europe, ranging from 120 m3 per person per year in Malta, to 70,000m^3 per person per year in Norway.

3.4. Comparative Analysis

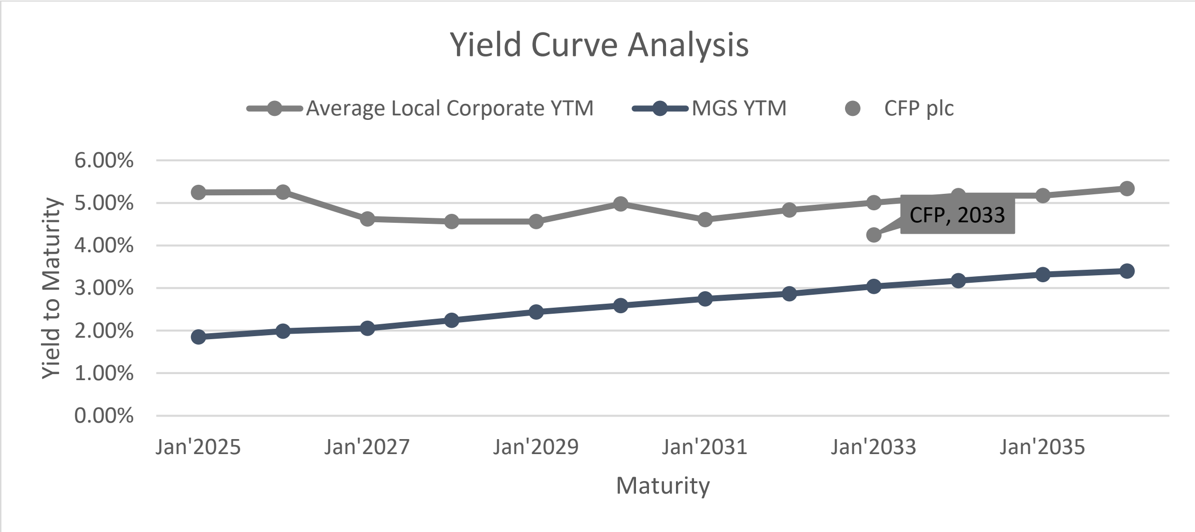
The purpose of the table below compares the Bond issued by the Issuer to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

[4]https://water.europa.eu/freshwater/europe-freshwater/freshwater-themes/water-resources-europe

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) (%)	Last Closing Price *
5% CF Estates Finance plc Secured € 2028-2033	30,000	5.00%	0.0x	37.1	0.3	99.2%	99.1%	145.6x	1.2x	56.6%	6.7%	4.4%	100.00
6% Pharmacare Finance plc Unsecured € 2033	17,000	5.58%	(1.2)x	46.4	11.4	75.4%	66.2%	11.6x	1.6x	-13.5%	-14.0%	41.3%	102.50
5.25% Bonnici Bros Properties plc Unsecured € 2033 S1 T1	12,000	4.93%	2.1x	39.8	17.9	54.9%	43.3%	10.0x	0.4x	5.1%	61.4%	26.4%	102.00
6.25% AST Group plc Secured Bonds 2033 (xd)	8,500	5.46%	1.2x	14.9	1.1	92.9%	88.3%	(7.7)x	0.5x	-129.5%	-18.4%	-48.9%	105.00
6% JD Capital plc Secured Bonds 2033 S2 T1	11,000	5.24%	5.8x	0.1	0.0	73.2%	99.5%	564.4x	1.7x	19.4%	40.5%	26.0%	104.90
4.25% ClearflowPlus plc Unsecured € Bonds 2033	25,000	4.25%	477.5x	0.6	0.2	70.1%	0.5%	0.0x	1.3x	11.9%	21.4%	11.1%	100.00
5.85% AX Group plc Unsecured € 2033	40,000	5.10%	2.6x	513.1	248.8	51.5%	41.6%	8.5x	1.3x	2.1%	6.1%	67.1%	105.00
4% Central Business Centres plc Unsecured € 2027-2033	21,000	4.28%	(1.6)x	77.6	27.3	64.8%	57.7%	18.2x	0.1x	13.6%	146.7%	35.2%	98.00
6% International Hotel Investments plc 2033	60,000	5.36%	1.7x	1,795.3	910.4	57.5%	42.2%	8.8x	0.8x	-0.1%	-0.4%	6.6%	104.20
4.75% Dino Fino Finance plc Secured € 2033	7,800	4.82%	(1.4)x	14.8	1.6	88.9%	83.2%	(15.7)x	0.4x	-38.2%	-19.4%	-3.1%	99.50
5.75% Phoenicia Finance Company plc Unsec Bonds 2028-2033	50,000	5.16%	2.2x	160.3	77.2	51.8%	46.2%	10.6x	0.7x	-0.5%	-1.7%	23.3%	104.00
	Average*	5.09%											

Source: Latest Available Audited Financial Statements

Last price as at 04/06/2025
*Average figures do not capture the financial analysis of the Group



Source: Central Bank of Malta and Malta Stock Exchange (MSE)

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 illustrates on a stand-alone basis, the yield of the ClearFlowPlus plc bond.

As at 4 June 2025, the average spread over the Malta Government Stocks (MGS) for issuers with a maturity range of 8 years (2033) was 205 basis points. The ClearFlowPlus plc bond is currently trading at a YTM of 425 basis points, meaning a spread of 121 basis points over the equivalent MGS, and therefore at a discount to the average on the market of 85 basis points. It is pertinent to note that this analysis was done based on a maturity matching principle with the Issuers' industry differing significantly to the corporates identified and as such its risks also differ to that of other issuers.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company'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/Company 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/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company 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/Company 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/Company 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/Company 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/Company 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/Company'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 finance costs 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/Company 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.

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