RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
Simonds Farsons Cisk plc
The Brewery,
Mdina Road, Mriehel,
Birkirkara BKR 3000

12 July 2023

Dear Sirs,

Simonds Farsons Cisk plc – update to the Financial Analysis Summary (the **"Update FAS"**)

In accordance with your instructions and in line with the requirements of the MFSA Listing Policies, we have compiled the Update FAS set out on the following pages, and which is being forwarded to you together with this letter.

The purpose of the Update FAS is that of summarising key financial data appertaining to Simonds Farsons Cisk p.l.c. (the "**Company**" or "**Issuer**"). The data is derived from various sources or is based on our own computations and analysis of the following:

(a) Historical financial data for the three years ended 31 January 2023 has been extracted from the Issuer's audited statutory financial statements for the three years in question, as and when appropriate.
(b) The forecast data for the financial year ending 31 January 2024 has been provided by management and approved by the Directors of the Issuer.
(c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.
(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Update FAS.
(e) Relevant financial data in respect of the comparative set in Part D has been extracted from public sources such as the web sites of the companies concerned, or financial statements filed with the Registry of Companies.

The Update FAS is provided to assist potential investors by summarising the more important financial data of the Issuer. The Update FAS does not contain all data that is relevant to potential investors and is intended to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Update FAS and no representation or warranty is provided in respect of the reliability of the information contained in the Update FAS. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

Update 2023

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013 and updated on 21 August 2021.

12 July 2023

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Important Information

Purpose of the Document

Simonds Farsons Cisk plc (the "**Company**", "**Group**" or the "**Issuer**") issued €20 million 3.5% Unsecured Bonds 2027 pursuant to a prospectus dated 31 July 2017 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the Listing Policies as issued on 5 March 2013 and updated on 21 August 2021. The purpose of this report is to provide an update to the FAS (the **"Update FAS**") on the performance and on the financial position of the Company.

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (www.farsons.com) and the Company's audited Financial Statements for the years ended 31 January 2021, 2022 and 2023 and forecasts for financial year ending 31 January 2024.

Forecasts that are included in this document have been prepared by management and approved for publication by the directors of the Company, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st February to 31st January. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Previous FAS Issued

The Company has published the following FAS which are available on its website:

FAS dated 31 July 2017 (appended to the prospectus)

FAS dated 16 July 2018

FAS dated 15 July 2019

FAS dated 23 September 2020

FAS dated 21 July 2021

FAS dated 22 July 2022

PART A BUSINESS & MARKET OVERVIEW UPDATE

1 INTRODUCTION

From its origins in 1928, Simonds Farsons Cisk plc (the "**Company**", "**Group**" or "**Issuer**") is the result of the amalgamation of L. Farrugia & Sons Limited, H & G Simonds and The Malta Export Brewery. The construction of the brewery in Mriehel was completed in 1950 under the direction of managing director Mr Lewis V. Farrugia. Further enhancements and additions to the brewery were undertaken over the years, extending the facilities to bottling plants for soft drinks as the Group embarked on an expansionary strategy across various segments of the food and beverage industry.

The Group is made up of three distinct business segments:

i. Brewing, production & sale of branded beers & beverages
ii. Importation, wholesale & retail of food & beverages, including wines & spirits
iii. Operation of franchised food retailing establishments

BREWING, PRODUCTION AND SALE OF BRANDED BEERS & BEVERAGES

The 'brewing, production and sale of branded beers and beverages' segment includes the Company, i.e. Simonds Farsons Cisk plc, EcoPure Limited and the newly established subsidiary, The Brewhouse Co Ltd. This segment remains the core business of the Group and is therefore the segment that is the most material and the largest contributor to Group revenue and profitability. The Company produces and distributes its own brands, strongly led by the flagship brands – Cisk Lager and Kinnie. It is also the exclusive partner in Malta to PepsiCo, Budweiser and Carlsberg, having the rights to produce, bottle, sell and distribute the said products. EcoPure Limited is the company responsible for the marketing, sales and distribution of 18.9 and 10 litre containers of San Michel table water, providing also water dispensers and coolers for rental or purchase. Meanwhile, The Brewhouse Co Ltd is entrusted with the management of the landmark Farsons 1950s brewhouse.

Within this segment, and effective mid-2022, a gradual opening of the landmark old brewhouse building commenced following an extensive investment program. The meticulous rehabilitation project saw the original brewhouse be repurposed into an exceptional mixed-use destination comprising a casual dining café (Kettles), the Farsons Brewery Experience, the rooftop bar (Cisk Tap) paying homage to the Group's flagship brand, the Farsons Brandstore and the Chapels Gastrobrewpub, representing the Group's entry into the craft beer market. A state-of-the-art microbrewery as well as an imposing beer garden provide a unique setting for a variety of events. The Brewhouse project is also complemented by workspace for third party leasing.

Importation, Wholesale and Retail of Food & Beverages, Including Wines & Spirits

The 'importation, wholesale and retail of food and beverages, including wines & spirits' is carried out through Farsons Beverage Imports Company Ltd ("**FBIC**") and Quintano Foods Ltd ("**Quintano**"). While the former focuses mostly on wines and spirits and other beverage brands, the latter imports and distributes food-related items. In the beverage sector, FBIC nurtures and continues to increase its representation of renowned international producers and brands. In the food importation segment, Quintano also represents a wide variety of renowned international brands. FBIC also operates Farsonsdirect, through which it retails a selection of these brands.

Operation of Franchised Food Retailing Establishments

In Malta, the internationally renowned franchises KFC, Burger King and Pizza Hut are exclusively operated by Food Chain Ltd ("**Food Chain**"). Since 2022, Food Chain also operates Boost, the Australian smoothie franchise. This segment '*Operation of franchised food retailing establishments'* operated a total of twenty outlets under these franchises during the financial year under review.

2 Governance & Senior Management

The strategic direction of the Company is entrusted to a board of eight directors, the majority of whom act in a non-executive capacity.

Board of Directors	Role
Mr Louis A. Farrugia	Executive Chairman
Mr Marcantonio Stagno d'Alcontres	Non-Executive Vice Chairman
Mr Michael Farrugia	Executive Director
Mr Roderick Chalmers	Non-Executive Director
Dr Max Ganado	Non-Executive Director
Ms Marina Hogg	Non-Executive Director
Marquis Marcus John Scicluna Marshall	Non-Executive Director
Baroness Justine Pergola	Non-Executive Director

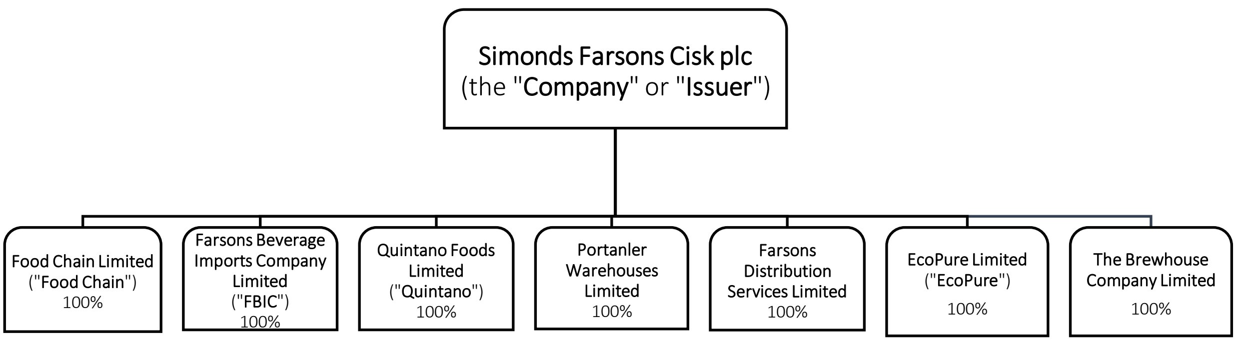
The Company's board is assisted by a complement of senior executive management in the execution of the board's strategic direction.

Senior Management	Position
Mr Norman Aquilina	Group Chief Executive Officer
Mr Michael Farrugia	Deputy Chief Executive (Beverage Business)
Mr John Bonello Ghio	Head of The Brewhouse *(since 1 January 2023)*
Mr Chris Borg Cardona	Head of Logistics & EcoPure Limited
Ms Antoinette Caruana	Group Human Resources Manager *(up to 2 March 2023)*
Mr Joseph Camilleri	Head of Human Resources *(since 4 April 2023)*
Mr Eugenio Caruana	Group Chief Operating Officer
Mr Philip Farrugia	Head of IT & Business Services
Mr Gordon Naudi	General Manager Food Chain Limited
Mr Sean Portelli	General Manager Quintano Foods Limited
Mr Pierre Stafrace	General Manager FBIC
Ms Anne Marie Tabone	Group Chief Financial Officer
Ms Susan Weenink Camilleri	Head of Sales & Marketing

The Group engaged an average staff complement of 910 (full time equivalent) employees during the last financial reporting period (FY2023) across the various group companies, including the operation of the franchised food retailing establishments.

3. Group Structure

The Company is the parent of a group of companies – the Group. Hereunder is the organisation chart showing the parent company and various subsidiaries within the Group:



4. MAJOR ASSETS

Property, plant and equipment (PPE) represents the major component of the Group's assets which now total just over €215 million as at 31 January 2023. This component represents the assets required for the operation of the Group's business, and comprise:

Components of PPE	Net Book Value FY2023
Land and Buildings	€94.7 million
Assets in Course of Construction	€0.5 million
Plant, Machinery & Equipment	€34.9 million
Total	**€130.1 million**

PPE makes up 61% (2022: 63%) of the Group's total asset base. Accumulated assets still in the course of construction reported in the previous year (the restoration of the old Brewhouse is now complete and fully operational after a major capital investment over the past few years) have since been converted to the respective classification of PPE. In fact, assets in the course of construction have now fallen to just €0.5 million compared to over €16 million last year.

Trade and other receivables remain the second most significant category of assets of the Group, at €27.8 million (compared to €23.1 million in FY2022). This represents 13% of total assets. Inventories (at €23.9 million or a further 11% of total assets of the Group) is the third largest component of Group total assets as production output and order management gathered momentum in the wake of the encouraging increase in demand for products offered by the Group throughout the period under review. Cash and Cash equivalent remained elevated at just under €10 million albeit lower than last year's figure of €15.7 million when the Group consciously placed increased efforts on ensuring that receivables are kept within control to the extent possible. Throughout this year, as demand for the Group's products increased, cash was used to add to inventory in view of the elevated demand.

5. FY2023 – Returning Profitability On Sound Business Recovery

While in our report last year we described FY2022 as a year of resilience and recovery confirming the strength of the Group's portfolio of solid brands and the resilience of the entire business model, FY2023 sees the build-up in momentum driving home encouraging profitability on sound business recovery across the Beverages and Importation segments.

Similar to last report, we nevertheless ought to highlight that the business environment remains one influenced by a number of challenges, the most notable of which being the Russia-Ukraine war which broke out at the beginning of the year under review (ie: the last financial year). The timing of this global development added a new dimension to the challenges being faced by the Group as severe dislocation of international supply chains created a series of circumstances that ultimately led to rampant inflationary pressures. These pressures also aggravated an already challenging situation in Malta in so far as labour shortage is concerned.

The timing and speed at which these dislocations unfolded necessitate some swift action by the Company on various fronts, actions which proved to be appropriate and timely.

In light of these developments, the business growth achieved across all business segments throughout the period under review once again demonstrates the resilience of the Group in the face of challenges, a resilience that has been achieved over time through careful and prudent planning and the continued investment in change that is indispensable to cater for ongoing developments as they unfold.

6. SUMMARY OF MAIN OPERATIONAL DEVELOPMENTS & INVESTMENTS

Throughout FY2023, the Group completed its most recent major investment that has been ongoing for a few years now – the restoration and complete transformation of the old Brewhouse. This project is now being managed by a separate management team through a new subsidiary company - The Brewhouse Company Limited. The entire attraction is now open for business and comprises various offerings that should gather pace in terms of footfall and appeal over the coming years.

From an environmental point of view and with sustainability in mind, FY2023 saw the further investment in a number of renewable energy initiatives such as a major extension of PV panels on the Mriehel site. Consideration is also being made on the further investment in changing its motor vehicle fleet to electric, thus contributing further to the reduction of the Group's carbon footprint.

As a founding member of the Malta Beverage Producers Association, Farsons has invested its resources for the successful launch, in 2022, of the BCRS scheme, which got off to an encouraging start and further resources and initiative will be applied to this project in the current year in order to meet the bold targets and objectives that have been established. BCRS Malta Ltd is a not-for-profit private operator that invested €18 million into the construction of Malta's first privately funded Clearing Centre and Sorting Plant in Hal-Far dedicated solely to beverage containers as well as reverse vending machines equipped with smart technology.

In the report last year, we mentioned that the Group recognised the potential for further growth in the food segment. In this regard, the Board approved an investment in the development of a site owned by the Group into a dedicated food distribution centre which will also house the administration of both Quintano and Food Chain. Further advanced preparation is underway for what is set to be a major investment in the next couple of years in developing new warehousing, offices and an advanced logistics centre for the entire food segment. The site in Handaq on which this investment will be taking formed part of the Group's property portfolio. Specifically, within the franchised food segment and as indicated in the FAS last year, the Group opened six new outlets after further investment in this business line was completed.

In an important company announcement a few weeks ago, the Group notified the market that a detailed strategic review is currently underway for further expansion of the food business. Based on the success achieved a few years ago where the operations of Trident Estates plc were successfully spun off into a separate listed entity, the Group is reviewing the possibility of going down the same path in the food business. This review is still at initial stage and no doubt, further detailed information will be forthcoming in time.

7. Market Trends and Overview

The European food and beverage industry represents the leading manufacturing sector in the European Union (EU) and therefore is a major contributor to Europe's economy with a turnover of €1,121 billion in 2022. It contributes approximately 1.9% to Europe's gross value added. It is estimated that the average household in Europe spends 21.5% of its income on food and beverage, making it the second largest household expenditure.

This sector is also generally competitive on a global scale as it produces superior quality food and beverage items. Indeed, the EU is also the largest exporter of food and drink products in the world, which amounted to €156 billion in 2022, leaving a trade balance of €73 billion.[1]

The European Market for Beverages

The European beverage market has experienced sustainable growth in the past few years before being disrupted by the COVID pandemic although the sector has been recovering since the lifting of restrictions. The high quality of European products is widely recognised across the globe and is supporting the recovery for European beverage products both in developed and emerging countries.

Moreover, population and income growth will continue to drive additional demand although sustainable production is becoming more important due to decreasing availability of resources such as freshwater supply and loss of environmental and eco systems.

Innovation is another important factor in the sector with soft drinks ranking as the most innovative product type within the beverage sector. In this respect, 'pleasure' and 'health' remain the two foremost drivers of innovation whilst 'ethics and 'convenience' also being important considerations.

The consumption of regular 'Soft Drinks' as well as 'Juices & Nectars' across Europe has declined in recent years reflecting a shift in favour of beverages having a lower sugar content. In fact, no or low-calorie 'Soft Drinks' now account for up to 30% of sales Europe.[2]

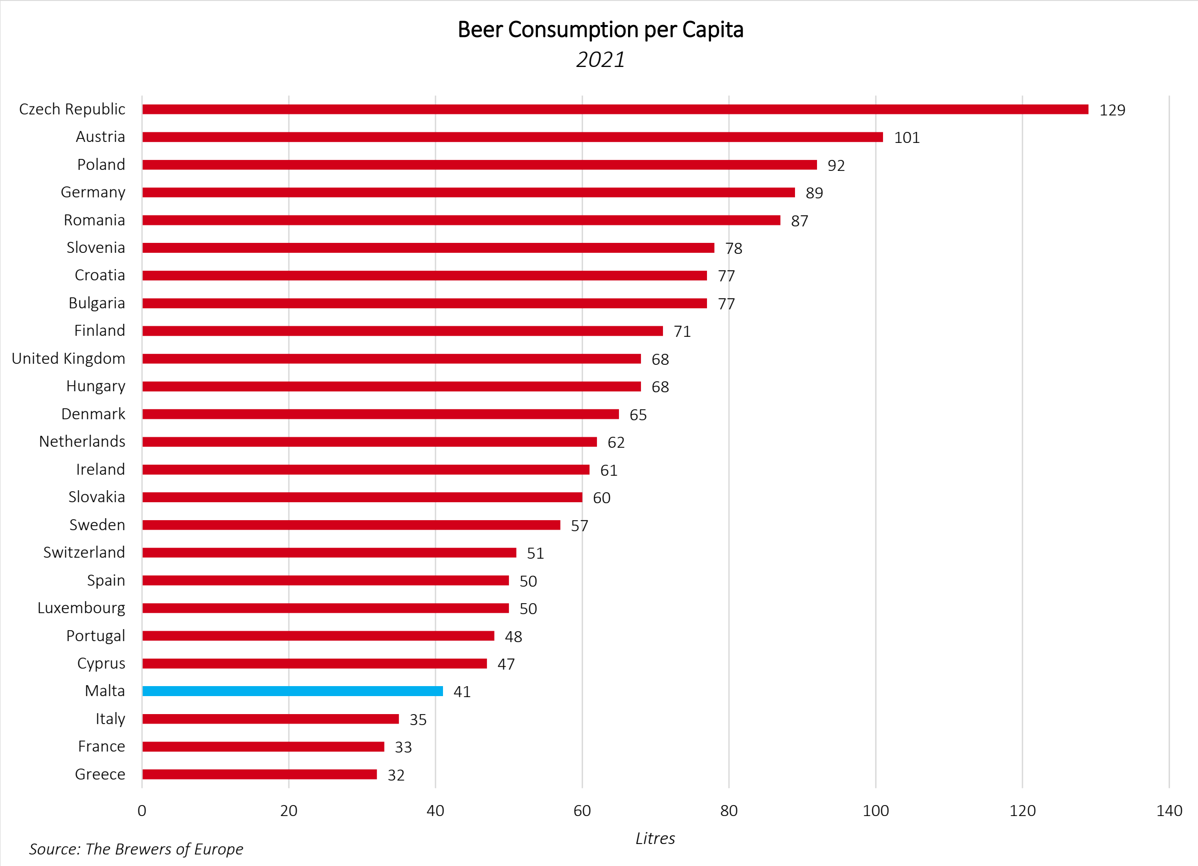
The European Beer Market

[1] *FoodDrinkEurope 2022, Data & Trends - EU Food and Drink Industry – 2022 Edition, https://www.fooddrinkeurope.eu/wp-content/uploads/2023/01/FoodDrinkEurope-Data-Trends-2022-digital.pdf*

[2] *UNESDA, Sales and Consumption: https://www.unesda.eu/wp-content/uploads/2023/01/EU-UNESDA-2022-external.xlsx*

Latest figures reported by the Brewers of Europe show that the production and consumption of beer in the European Union, the United Kingdom, Switzerland, Norway, and Turkey have grown considerably over the past years and peaked in 2018. However, both production and consumption figures registered a marginal reduction in 2019 and slid to an over 6-year low in 2020, largely affected by the pandemic but have started to recover in 2021.

The graph below shows beer consumption per capita in Europe by country. Malta ranked 22nd (from amongst the 25 European countries for which data is available) with 41 litres of beer consumed per capita in 2021.[3]



Meanwhile, in absolute terms, the top five countries in terms of beer consumption in 2021 were Germany (76.3 million hectolitres), UK (46.1 million hectolitres), Spain (40.0 million hectolitres), Poland (33.4 million hectolitres), and France (22.2 million hectolitres).

Historically, on-trade sales accounted for most beer sales in Mediterranean countries including Spain, Greece, Cyprus and Malta. COVID-19 measures implemented by governments across Europe had a significantly adverse impact on the share of on-trade sales particularly in 2020, which reductions were

[3] *The Brewers of Europe, European Beer Trends: Statistics Report – 2022 Edition* https://brewersofeurope.org/uploads/mycms-files/documents/publications/2022/european-beer-trends-2022.pdf

only partly offset by the increase in off-trade sales. As restrictions were gradually eased in 2021, on-trade sales started to recover accordingly, reflective also of beer consumption, which however, remains approximately 6% below pre-pandemic levels (2019).[4]

The Food and Beverage Market in Malta

The overall growth experienced in the food and beverage market in Malta has been driven by the growth in Maltese GDP as the population became more affluent. The latest European Commission economic data shows that the Maltese economy continued to rebound by 6.9% in 2022 and is expected to grow by a further 3.9% in 2023 and an additional 4.1% in 2024.[5]

Over the past years, the market conditions were also positively affected by the substantial growth in inbound tourism and an increasing population of foreign nationals. This trend was halted with the onset of the COVID-19 global pandemic, but going forward, the recovery in the tourism sector registered to date is expected to be sustained further and coupled with the forecasted economic growth should contribute to the food and beverage market resuming its growth trend.

Nonetheless, the continuously changing consumption patterns including the shift towards healthier beverages continues to mould the trends in this sector. Awareness of the harms caused by excess sugar beverages has influenced consumer demands over the recent years, and this trend is expected to subsist in the future. Environmental consciousness also plays a key role in the shift in trends, as producers are seeking to make the packaging for their beverages using recyclable material and embark on enhanced waste management practices. As such, innovation remains a key factor in a highly competitive market.

[4] *The Brewers of Europe, European Beer Trends: Statistics Report – 2022 Edition* https://brewersofeurope.org/uploads/mycms-files/documents/publications/2022/european-beer-trends-2022.pdf

[5] *European Commission, Spring 2022 Economic Forecast, available from:* https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/malta/economic-forecast-malta_en

PART B FINANCIAL REVIEW

The Company's financial year extends from 1 February to 31 January. The forecasts for FY2024 have been prepared and provided by management and approved by the Board of Directors following a thorough assessment of the current state of play and the best information available at the time of preparation.

Consideration was given to various factors, both of a macro as well as a micro nature, that are expected to shape the year with the notable positive development being the pickup of business in the *on-premise* category relative to the previous couple of years.

Turnover across all business lines is once again expected to improve during FY2024, particularly as tourism numbers climb further throughout summer 2023, which is promising to be a very positive season. As such, the forecasts assume that all activities that Malta is renowned for, especially during these peak months where a packed events calendar is shaping up, will pave the way for another strong year.

This notwithstanding, and as already highlighted in this report, other factors such as elevated inflation, continued supply chain issues and a very tight labour market are pressures that will continue to shape FY2024 and beyond and, therefore form the backbone for the prudence adopted once again by the Board in the preparation of these forecasts. In fact, margin pressure is a notable consequence of these dynamics. The forecasts include the actual results generated by the Group for the period February 2023 to April 2023.

8. INCOME STATEMENT

The table below presents the Group's income statement for the periods ending 31 January 2021, 2022 and 2023, along with the forecasts for financial year 2024.

as at 31 January	*Actual* *2021* *€'000*	*Actual* *2022* *€'000*	*Actual* *2023* *€'000*	*Forecast* *2024* *€'000*
Revenue	73,016	91,768	118,238	129,079
Cost of Sales	(47,004)	(57,359)	(74,029)	(81,045)
Gross Profit	**26,012**	**34,409**	**44,209**	**48,034**
Selling & Distribution Costs	(8,912)	(10,655)	(13,277)	(15,237)
Administrative Expenses	(9,640)	(10,974)	(14,315)	(16,015)
Net impairment movement of financial assets	(1,787)	666	66	150
Operating Profit	**5,673**	**13,446**	**16,683**	**16,933**
Depreciation & Amortisation & One-off Adjustments	*9,276*	*9,251*	9,680	*10,743*
EBITDA	***14,949***	***22,697***	***26,363***	***27,676***
Finance Costs	(1,246)	(1,282)	(1,367)	(1,371)
Profit before Tax	**4,427**	**12,164**	**15,316**	**15,562**
Tax Income/(Expense)	(1,094)	264	156	(30)
Profit for the Year	**3,333**	**12,428**	**15,472**	**15,532**
EPS – Earnings Per Share (€)[6]	**0.093**	**0.345**	**0.429**	**0.431**

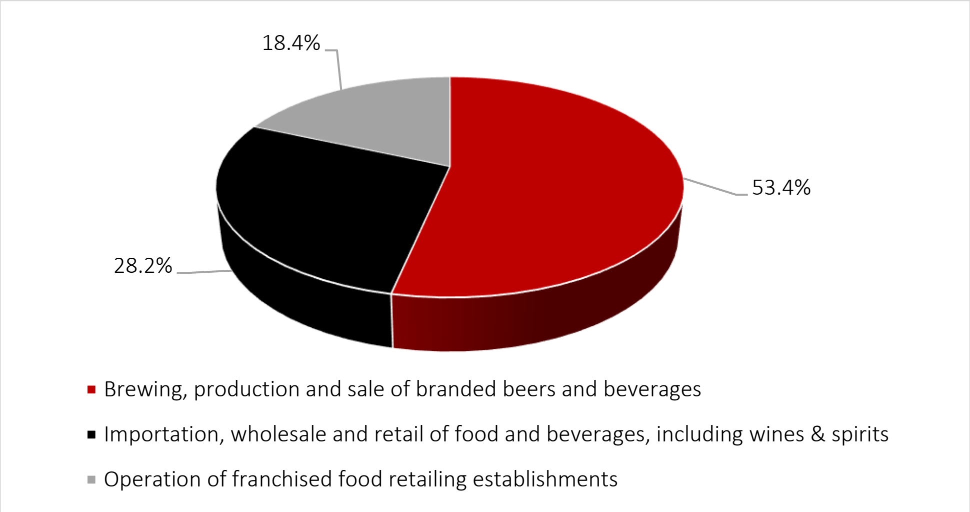
FY2023 REVIEW

FY2023 saw an encouraging 29% recovery in total revenues compared to FY2022 following a 26% improvement between FY2022 and FY2021. All business units generated marked improvements in turnover compared to the previous year as the domestic tourist and leisure sectors recovered gradually but strongly as the year progressed. Turnover in the brewing and beverage production segment increased from €51.3 million in FY2022 to €65.6 million in the year under review (+28%). More importantly, profitability of this segment witnessed a very strong recovery (+32%) to reach €13.2 million compared to €9.9 million in FY2022. Turnover in the importation of food and beverages business segment increased from €31.9 million in FY2022 to €42.2 million in FY2023. Here too, profitability maintained its growth trajectory nicely in this segment increasing from €1.9 million in FY2022 to €2.8 million in FY2023. Lastly, turnover in the franchised food retailing operations increased from €15.7 million to €21.7 million, however, profits decreased to €0.7 million compared to €1.6 million in FY2022. This was the business segment most impacted by significant cost increases and the removal of the

[6] *Adjusted to reflect the 1-for-5 bonus share issue effective 3 June 2022.*

Covid-19 wage supplement which resulted in subdued margins. However, one also ought to bear in mind that a number of new outlets opened for business during FY2023 and these startups need some time to ramp up.

FY2023 - Revenue by Segment



Brewing, production and sale of branded beers and beverages segment

Beer

The Group's beer brands reached consumption levels almost equivalent to pre-Covid levels. The beer portfolio continues to be dominated by the flagship brand – Cisk Lager, closely followed by the sister brand - Cisk Excel, the only local low carbohydrate lager available on the market. During the year under review, Cisk Excel remained the fastest growing brand on the local market. In just its first year since launch, Cisk 0.0%, an alcohol-free lager targeted at the growing base of beer consumers who wish to limit their alcohol consumption, quickly took a significant market position in this segment, auguring very well for the success of this variant over time.

Other classic brews, led by Blue Label as well as the more recent additions to the portfolio – Double Red and Green Hop IPA, also made significant progress in the increasing important 'speciality' segment.

Beverages

The year under review was a busy and positive one also for all the soft drinks brands. Brand visibility in store has been a key driver of improved performance. Kinnie, the Group's flagship soft drink celebrated its 70th year during the financial year under review and a significant nation-wide campaign ran through most of the year to celebrate the success of this iconic brand. Kinnie Spritz also did well as a seasonal beverage, it being only in its second year. While Pepsi, 7-Up and Mirinda together with their sugar free variants also made further progress in consumption and consumer preferences. All key brands and products reported good performance as sales increased across the brand portfolio by high double-digit percentages.

Exports

Exports successfully maintained positive sales and volume momentum. Now present in more than 20 markets, the Group's exported brands headed as to 50% to Europe and 50% to Middle East, Asia and Africa. Cisk 0.0% made a debut in India in the year under review and the Company aims to roll out to a wider market throughout this year in an effort to better gauge its potential. The Arabian Gulf remains a key driver of growth in exports, while specifically in so far as Kinnie is concerned, Australia continued to show steady growth. In this regard, the Company is considering wider agency representation in the country. In mainland Europe, Italy remains an important market as distribution now extends to 20 regional distributors.

IMPORTATION, WHOLESALE AND RETAIL OF FOOD AND BEVERAGES, INCLUDING WINES & SPIRITS SEGMENT

FBIC had a successful year despite the significant challenges principally supply-side driven. Brand diversity and quality remains a key determinant of success and FY2023 saw turnover and profitability coming in higher than originally anticipated.

Product shortages became evident as the year unfolded and shipping difficulties exacerbated the already challenging situation. As a result, there were instances where stock levels could not match demand and this situation coupled with the escalation of cost of raw materials, led to some severe price pressures for certain key brands in this portfolio. The inevitable result was increased selling prices on the market.

Farsonsdirect also had a positive year. E-commerce sales showed some encouraging progress with business-to-business sale growing as smaller outlets made increasing use of online ordering and delivery system.

Ecopure also performed well, significantly increasing turnover and profitability. Interesting to note that in this instance, the Company reported that performance well exceeded pre-Covid levels. A substantial increase in new customers was the primary driver of this improvement.

Quintano Foods registered some good progress too although several challenges prevented this segment from achieving a better set of results. While solid year on year growth was achieved in both the retail as well as the HoReCa sectors, a surge in costs across the board as well as supply chain shortages in various raw materials and products, prevented Quintano from registering higher growth in both turnover and profitability. A mitigator to this challenge was an increase in inventory (stockholding), however, this also presented another challenge, space. In this regard, and in order to prepare to meet expected future demand for the company's growing brands, a significant investment in a dedicated food distribution centre was commissioned with works expected to commence imminently. The project is targeted for completion in early 2026.

Operation of franchised food retailing establishments segment

The Food Chain business registered strong sales growth over the previous year, for the second year in succession. Such growth was consistent across all three main brands – Burger King, Pizza Hut and KFC. However, while growth in sales was evident and encouraging, profitability suffered, due to significant increases in operational costs which could not be passed on to consumers in their entirety. The University Campus Hub welcomed a Burger King outlet, the eight restaurants on the island, while the sixth Pizza Hut restaurant also opened at University Campus Hub. KFC remains the strongest of the three brands in terms of sales growth. Boost, the newest addition to the brand family of Food Chain, opened three new stores during this first year of operation.

FY2023 Performance

Overall, the strong performance described above resulted in a 28% improvement in gross profit (from €34.4 million in FY2022 to €44.2 million in FY2023). Despite the severe challenges on the costs front brought about principally by strong inflationary pressures almost across the board, it is worth highlighting that, as a percentage of revenues, overall costs (comprising selling, distribution and administration expenses) at a combined €27.6 million compared to €21.6 million in FY2022, work out at 23.3% in FY2023 compared to 23.6% in FY2022.

The return to almost pre-pandemic levels of profitability registered in FY2022, accelerated further in FY2023 which was the first financial year in three years that was entirely "pandemic free". EBITDA improved to €26.4 million to exceed the previous record of €23.2 million registered in FY2019. With finance costs marginally up (immaterial in absolute terms) at €1.4 million, Group profits before tax jumped to €15.3 million compared to €12.2 million in FY2022. Group profit for the year amounted to €15.5 million, an improvement of 25%. The Group's tax income (as opposed to a charge) for the second consecutive year is the result of the recognition of a deferred tax asset. It is to be noted that, as at year end of FY2023, the Group had unrecognised investment tax and other credits with no expiry date amounting to €15.3 million (FY2022: €20.6 million).

FORECAST FY2024

The FY2024 forecasts included in this FAS project that total revenue for the year should increase to a new record of €129 million compared to €118 million in FY2023 (+9%). Cost of sales is also expected to increase by just over 9% to €81 million as the level of activity across all business lines consolidates. Gross profits are expected to improve to reach a new all-time high of €48 million. This change is not only the result of a material pickup in business activity across all lines but also from the effectiveness of all operational and cost efficiency measures that were put in place over the years that have led to the creation of a more resilient, effective, and profitable group. Increased initiatives in this regard are ongoing in an effort to continue to extract further operational efficiency and increased productivity.

Operating profits are forecast to increase more modestly, from €16.7 million to €16.9 million, as management expects some further operating profit margin contraction – 13.1% in FY2024 compared to 14.1% in FY2023. This decline reflects the impact of higher selling and distribution costs as well as increased general administrative expenses. EBITDA is forecast to increase by 4.7% to €27.7 million, while depreciation is also expected to increase following the additional investment in PPE over the past few years including last year. The EBITDA margin is however anticipated to contract to 21.4% in FY2024 compared to 22.3% in FY2023.

Finance costs are expected to remain unchanged at €1.4 million. Notwithstanding the sharp increase in interest rates, bank loans at variable rates (as opposed to the bond at a fixed rate of interest) have now reduced to very low levels such that the increase in interest cost is offset by the lower level of overall bank borrowings.

Profit before tax is forecast to rise marginally to €15.6 million compared to the €15.3 million achieved in FY2023, while the Group's profit after tax for FY2024 is expected to broadly maintain the same level achieved in FY 2023 at €15.5 million as the tax charge for the year should be marginal.

9. CASH FLOW STATEMENT

as at 31 January	*Actual* ***2021*** *€'000*	*Actual* ***2022*** *€'000*	*Actual* ***2023*** *€'000*	*Forecast* ***2024*** *€'000*
Net cash generated from operating activities	24,544	25,883	13,764	18,691
Net cash used in investing activities	(7,516)	(13,160)	(10,975)	(9,109)
Free Cash Flow	**17,028**	**12,723**	**2,789**	**9,582**
Net cash generated used in financing activities	(1,676)	(14,504)	(8,842)	(7,310)
Net movement in cash & cash equivalents	**15,352**	**(1,781)**	**(6,053)**	**2,272**
Cash & cash equivalents at beginning of year	1,796	17,148	15,367	9,314
Cash & cash equivalents at end year	**17,148**	**15,367**	**9,314**	**11,586**

FY2023 REVIEW

Net cash generated from operating activities registered a drop during FY2023 on account of material changes to working capital movements impacted by the increases in inventories and receivables and a drop in payables. All of this is indicative of the improved business activity experienced in FY2023. However, notwithstanding the need to boost inventories and increase stock of materials and products, net cash flow remained materially positive.

Following a substantial increase in FY2022, net cash used in investing activities contracted to just under €11 million from €13 million last year on the back of the final capital expenditure needed (additions to PPE) principally in connection with the old brewhouse project. Capital expenditure accelerated again in FY2022 in line with original plans following a drop in FY2020 and especially FY2021 were the main objective at the time given the pandemic induced challenges was to preserve cash.

On the basis of all the above, free cash flow, nevertheless, remained positive at just under €2.8 million.

Net cash used in financing activities reduced materially throughout the period under review. Contrary to FY2022, when the combination of an improvement in business as well as strong accumulated cash balances permitted the Group to reduce bank borrowings by €10 million, in FY2023 the reduction in bank borrowings was much less as the level of borrowings is now very small. Although dividend payments increased from €3 million to €5.6 million, this increase was lower than the marked reduction in repayment of bank loans compared to the previous year. The above developments created and overall negative net movement in cash which however still remained material as at year end in the sum of €9.3 million.

Forecast FY2024

The Company's net cash position for the year is forecast to improve to €11.6 million notwithstanding that the level of investing and financing activity settled from existing cash flows remains close to the level of FY2023. This is the result of the expected continued improved business performance in FY2024 following the traction gained in FY2023.

Net cash generated from operating activities is forecast to reach €18.7 million in FY2024, a very healthy result and higher than that of €13.8 million achieved in the previous year. This increase in forecast net cash generation arises principally from improved business expected this year principally on the back of the robustness in the tourism and leisure sectors that are quickly returning to pre pandemic levels which is also necessitating an increase in inventory levels as noted also for FY2023. This will result in higher working capital requirements.

At €9.1 million, cash used in investing activities is forecast to slow down marginally compared to the amount registered in FY2023 and includes the initiation of new investments and projects across logistics and operations as well as food distribution. Reference was made to these new investments earlier in the report. As a result of the above, free cash flow is expected to increase materially to €9.5 million.

Net cash used in financing activities is expected to drop to €7.3 million compared to €8.8 million in FY2023 as the bulk of bank borrowings were paid down in FY2022 leaving very little further debt reduction possible as gearing reaches new record lows. The bulk of the cash used in financing activities is attributed to the expected dividend payment/s over FY2024.

The Group expects to end FY2024 with a positive overall net movement in cash of €2.3 million resulting in a year end cash figure of €11.6 million compared to €9.3 million last year.

10. Statement of Financial Position

as at 31 January	*Actual* *2021* *€'000*	*Actual* *2022* *€'000*	*Actual* *2023* *€'000*	*Forecast* *2024* *€'000*
Assets				
Non-Current Assets				
Property, Plant & Equipment	127,470	135,193	138,818	138,254
Intangible Assets	604	2,352	2,323	2,221
Deferred Tax Assets	7,565	7,486	8,938	10,238
Trade & Other Receivables	865	696	3,372	3,439
Derivative Financial Instruments	-	-	4	53
Total Non-Current Assets	**136,504**	**145,727**	**153,455**	**154,206**
Current Assets				
Inventories	13,752	16,341	23,856	25,049
Trade & Other Receivables	19,630	23,139	27,835	28,392
Current Tax Assets	5	5	-	-
Derivative Financial Instruments	-	-	39	149
Cash & Cash Equivalents	17,148	15,720	9,899	11,586
Total Current Assets	**50,535**	**55,205**	**61,629**	**65,175**
Total Assets	**187,039**	**200,932**	**215,084**	**219,381**
Equity and Liabilities				
Capital & Reserves				
Share Capital	9,000	9,000	10,800	10,800
Reserves	110,654	120,188	128,367	138,266
Total Equity	**119,654**	**129,188**	**139,167**	**149,066**
Non-Current Liabilities				
Trade & Other Payables	2,802	2,648	4,586	4,586
Lease Liabilities	4,394	6,811	7,205	5,690
Derivative Financial Instruments	156	45	-	-
Borrowings	33,328	24,081	22,563	21,013
Provision for other liabilities and charges	25	2	-	-
Total Non-Current Liabilities	**40,705**	**33,587**	**34,354**	**31,289**
Current Liabilities				
Provision for Other Liabilities & Charges	11	9	9	9
Trade & Other Payables	21,940	32,905	36,392	34,054
Lease Liabilities	1,253	1,479	1,498	1,498
Current Tax Liabilities	904	1,751	1,529	1,330
Derivative Financial Instruments	161	110	-	-
Borrowings	2,411	1,903	2,135	2,135
Total Current Liabilities	**26,680**	**38,157**	**41,563**	**39,026**
Total Liabilities	**67,385**	**71,744**	**75,917**	**70,315**
Total Equity & Liabilities	**187,039**	**200,932**	**215,084**	**219,381**
Net Asset Value per Share (€)	***3.324***	***3.589***	***3.866***	***4.141***

FY2023 Review

The Group's total asset base reached a new record high of €215 million. *Property, plant & equipment* (PPE) remains the single largest component of total assets (65%) and continued its increase this year as capital expenditure programs intensified in line with expectations. As business picked up significantly across all business lines, a number of line items across the asset side of the balance sheet (both non-current as well as current), saw shifts reflective of this renewed positive momentum. Receivables and inventory increases are a direct result of increased demand and sales of Group products. Conversely, lower cash levels (although still significant at just under €10 million) permitted the increase in inventory to meet the boost in business activity as cash conservation (a key priority in the previous two years) was less of an imperative in this new scenario. Total current assets increased from €55 million to €61 million, principally on account of the upturn in business referred to earlier.

Total shareholders' equity increased by another €10 million during FY2023, following an identical increase in FY2022, reflecting in the main, the increased retained profits for the year in line with the Group's profitability. On the liabilities side, while trade payables increased markedly as business resumed and activity strengthened as the year progressed, Group borrowings (excluding lease liabilities) decreased marginally (from €26 million to €24.7 million) after having experienced a significant drop of €10 million in FY2022. Below is a summary of the Group's funding mix (historic and forecast):

as at 31 January	*Actual* ***2021*** *€000*	*Actual* ***2022*** *€000*	*Actual* ***2023*** *€000*	*Forecast* ***2024*** *€000*
Borrowings				
Bank overdrafts & short-term borrowings	2,411	1,903	2,135	2,135
Bank borrowings (long-term)	13,543	4,263	2,713	1,013
3.5% bonds 2017 -2027	19,785	19,818	19,850	20,000
Lease liabilities (IFRS16)	5,647	8,290	8,703	7,188
Total Borrowings	**41,386**	**34,274**	**33,401**	**30,336**
Cash & equivalents	(17,148)	(15,720)	(9,899)	(11,586)
Net Debt	**24,238**	**18,554**	**23,502**	**18,750**
Equity				
Share capital	9,000	9,000	10,800	10,800
Revaluation & other reserves	49,409	49,409	49,409	49,409
Hedging reserves	(206)	(100)	27	154
Retained earnings	61,451	70,879	78,931	88,703
Total Equity	**119,654**	**129,188**	**139,167**	**149,066**
Total Net Funding	**143,860**	**147,742**	**162,669**	**167,816**
Gearing	16.8%	12.6%	14.4%	11.2%
(Net Debt / Total Net Funding)				

FORECAST FY2024

The forecasts for FY2024 reflect the improved business environment being witnessed, excluding the annual increases in PPE (as a result of the major capital investment over a number of years in the old brewhouse project). This is now fully operational as highlighted earlier in the report. In fact, the overall balance sheet growth expected in FY2024 is solely the result of business generated during the year. This notwithstanding, the Group continues to look at various initiatives and investments, however, in the main these will remain in initiation phase during the year under review.

The value of PPE for FY2024 is forecast to remain unchanged at €138 million to account for 63% of total assets. The remaining components of non-current assets are not expected to vary materially from the levels recorded in FY2023. The total value of current assets is expected to increase from €61.6 to €65.2 million. The increase is largely forecast to be registered by inventories and cash as business is expected to be strong across all lines. Trade receivables should also increase as a result of the growth in business expected to be registered throughout this financial year. Cash levels are expected to pick up once again to reach €11.6 million.

On the liabilities side, total borrowings, including lease liabilities amounting to just over €7 million, are expected to reduce further following a similar pattern to previous years as bank loan repayments continue. In terms of current liabilities, after increasing in FY2023, trade payables are assumed to experience a slight drop (termination of government induced deferrals), accounting for the bulk of the planned reduction in current liabilities from €41.5 million to €39 million.

Total equity is forecast to increase to €149 million from €139 million in FY2024, an increase of €10 million representing retained earnings, net of the dividend payments paid out or expected to be paid out during the current financial year ending 31 January 2024.

11. Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co. (Stockbrokers) Ltd using the figures extracted from annual reports as well as information provided by management.

Profitability Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to generate profitable sales from its assets.

	Actual *FY2021*	*Actual* *FY2022*	*Actual* *FY2023*	*Forecast* *FY2024*
Gross Profit margin *(Gross Profit / Revenue)*	35.63%	37.50%	37.39%	37.21%
EBITDA margin *(EBITDA / Revenue)*	20.47%	24.73%	22.35%	21.44%
Operating Profit margin *(Operating Profit / Revenue)*	7.77%	14.65%	14.11%	13.12%
Net Profit margin *(Profit for the period / Revenue)*	4.56%	13.54%	13.09%	12.03%
Return on Equity *(Profit for the period / Average Equity)*	2.83%	10.13%	11.96%	11.56%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	2.10%	7.56%	9.28%	9.12%
Return on Assets *(Profit for the period / Average Assets)*	1.78%	6.39%	7.70%	7.64%

Throughout the year under review, as amply highlighted in earlier commentary, notwithstanding the improvement in overall revenues, margins 'suffered' slightly as cost pressures picked up. The Group's profitability margins reduced marginally in FY2023 highlighting the impact of growing cost of sales. The figures for FY2024 are forecast to reduce further reflecting the market pressures that continue to force costs higher although, if these results are indeed achieved, significant double digit profitability margins and meaningful shareholder returns provide ample scope to remain cautiously optimistic.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its short-term obligations.

	Actual FY2021	*Actual FY2022*	*Actual FY2023*	*Forecast FY2024*
Current Ratio *(Current Assets / Current Liabilities)*	1.89x	1.45x	1.48x	1.67x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.64x	0.41x	0.24x	0.30x

The Group's strong liquidity position remains evident however, while the current ratio continues to improve and stand well above 1x signifying that the Group is amply capable of meeting short term obligations from equivalent short-term assets (principally receivables), the cash ratio was adversely impacted during FY2023 as the significant pick up in business necessitated increased usage of available cash resources to bump up inventories. This notwithstanding, the result is still very comfortable when considering that the Group is a strong cash generator most especially in times of buoyant demand.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its debt obligations.

	Actual FY2021	*Actual FY2022*	*Actual FY2023*	*Forecast FY2024*
Interest Coverage ratio *(EBITDA / Net finance costs)*	12.00x	17.70x	19.34x	20.19x
Gearing Ratio (1) *(Net debt / Total Equity)*	0.20x	0.14x	0.17x	0.13x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	25.70%	20.97%	19.36%	16.91%
Net Debt to EBITDA *(Net Debt / EBITDA)*	1.62x	0.82x	0.89x	0.68x

FY2023 saw solvency ratios strengthening further from already extremely solid levels. The evident prudence which underpins management of the Group's resources is amply clear from these figures. We had reported last year that the Group entered the most challenging period in its existence (FY2020 and FY2021) from a position of significant strength and it has emerged from this period in an even stronger position. The ratios for FY2023 provide material comfort with gearing reportedly at an all-time low and expected to fall even further. As a result, the Group's ongoing ability to meet all its obligations has never been stronger. These operating metrics are extremely prudent ones.

12. Variance Analysis

Group Income Statement	*Actual*	*Forecast*	*Variance*
as at 31 January	***2023***	***2023***	
	€'000	*€'000*	*%*
Revenue	118,238	115,701	***+2.2***
Cost of Sales	(74,029)	(68,401)	***+8.2***
Gross Profit	**44,209**	**47,300**	***-6.5***
Selling & Distribution Costs	(13,277)	(13,057)	***+1.7***
Administrative Expenses	(14,315)	(19,102)	***-25.1***
Net Impairment movement of financial assets	66	0	*n/a*
Operating Profit	**16,683**	**15,142**	***+10.2***
Depreciation & Amortisation & One-off Adjustments	*9,749*	*10,432*	***-6.5***
EBITDA	***26,362***	***25,574***	***+3.1***
Finance Costs	(1,367)	(985)	***+38.8***
Profit before Tax	**15,316**	**14,157**	***+8.2***
Tax Income/(Expense)	156	(1,944)	***n/a***
Profit for the Year	**15,472**	**12,213**	***+26.7***

While the forecasts that were prepared and published this time last year in respect of financial year ending 2023 aimed to highlight the expected material recovery in all the Group's business segments following a most challenging two financial years as a result of the pandemic, FY2023 started off with yet another major macro event – Russia's invasion of Ukraine. The severe dislocation in international supply chains and the resultant global inflationary pressures presented renewed difficulties that were expected to challenge the otherwise positive outlook for FY2023 that was presented last year. Notwithstanding these challenges that persisted throughout the entire year, FY2023 turned out to be a very positive year on the back of a strong recovery in Malta's tourism and leisure industry – the two principal sectors that affect the Group.

Total revenue for FY2023 exceeded €118 million and surpassed the forecast figure by just over 2%. Actual cost of sales was however, 8% higher than forecast, resulting from higher costs than originally anticipated caused by the supply chain dislocations and ensuing material price increases referred to above but also due to a reclassification of certain expenses that were previously categorised under administrative expenses. These factors caused gross profit for the year to come in 6% below forecast, at €44.2 million. In the light of these inflationary challenges, the initiatives embarked upon last year which aimed to improve operational efficiency and actively address cost increases, bore substantial fruit. While selling and distribution expenses were only marginally higher than those forecast, administrative expenses were 25% less than anticipated. However, some of this drop, as just highlighted, is the result of a re-classification. This notwithstanding, a number of cost containment initiatives bore fruit although inflationary pressures generally created challenges. Operating profit registered a better-than-expected result exceeding forecasts by 10% while EBITDA levels also registered an improvement of just over 3% relative to forecasts. While finance costs were higher (but not material in absolute terms) than forecast, arising from the finance cost element computed when taking account of additional leases entered into in FY 2023, Group profit before tax reached €15.3 million, 8% higher than the forecast level of €14.1 million. Profits for the year (i.e. after tax) reached €15.5 million. This positive variance of 26.7% results from a lower incidence in the overall taxation charge for the year and derives from the impact of accumulated investment tax credits which could be recognised as a deferred tax asset in accordance with the Group's accounting policies.

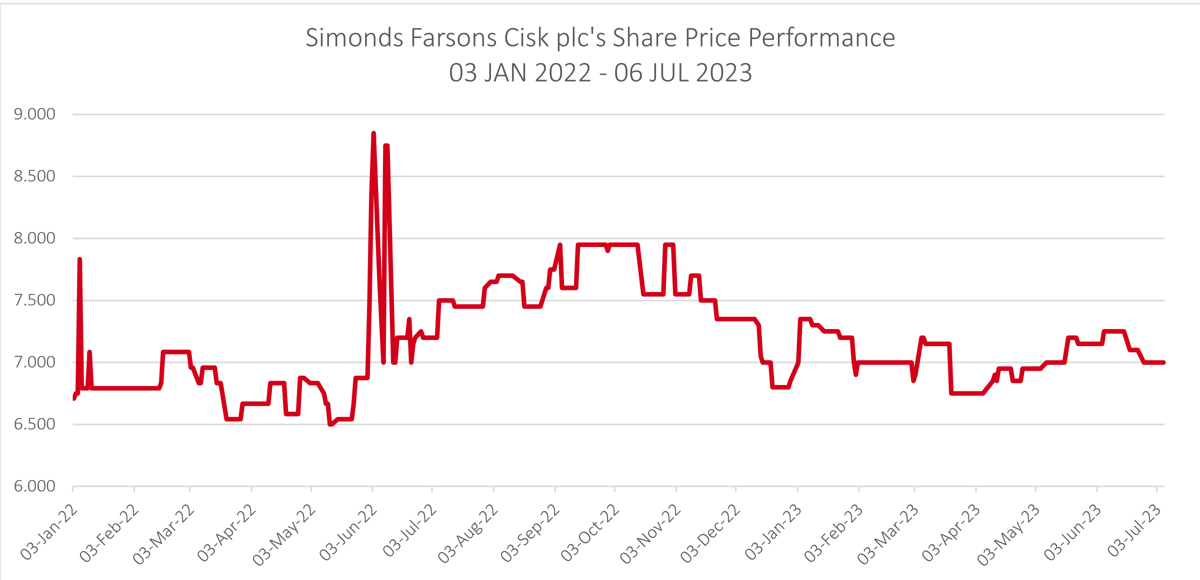
PART C LISTED SECURITIES

SHARES

SFC's shares have been listed on the Official List of the Malta Stock Exchange since 20 December 1995.

Issued Share Capital:	36,000,000 ordinary shares with a nominal value of €0.30 per share
ISIN:	MT0000070103
52 week high:	€7.950 (05/09/2022)
52 week low:	€6.750 (21/03/2023)
Closing price in 2022:	€6.850
Current price:	€7.000 *(as at 6 July 2023)*
Enterprise Value (EV)[7]:	€275.5 million
Price to Earnings (P/E) Ratio[8]:	16.3x

All prices above and those used in the chart below are reflective of, and have been adjusted retrospectively for, the bonus share issue regulatory approved and announced in June 2022, which increased the share capital of the Company by 6 million shares.



[7] *Based on the market capitalisation as at 6 July 2023 and the figures extracted from the Statement of Financial Position as at 31 January 2023.*

[8] *Based on the share price as at 6 July 2023 and the earnings per share for the financial year ended 31 January 2023.*

Debt Securities

SFC's listed debt securities comprise:

Bond:	€20,000,000 3.5% unsecured bonds
ISIN:	MT0000071234
Redemption:	13 September 2027 at par
Prospectus Date:	31 July 2017

PART D COMPARATIVES

The table below compares the Issuer to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations may vary significantly from those of the Issuer and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

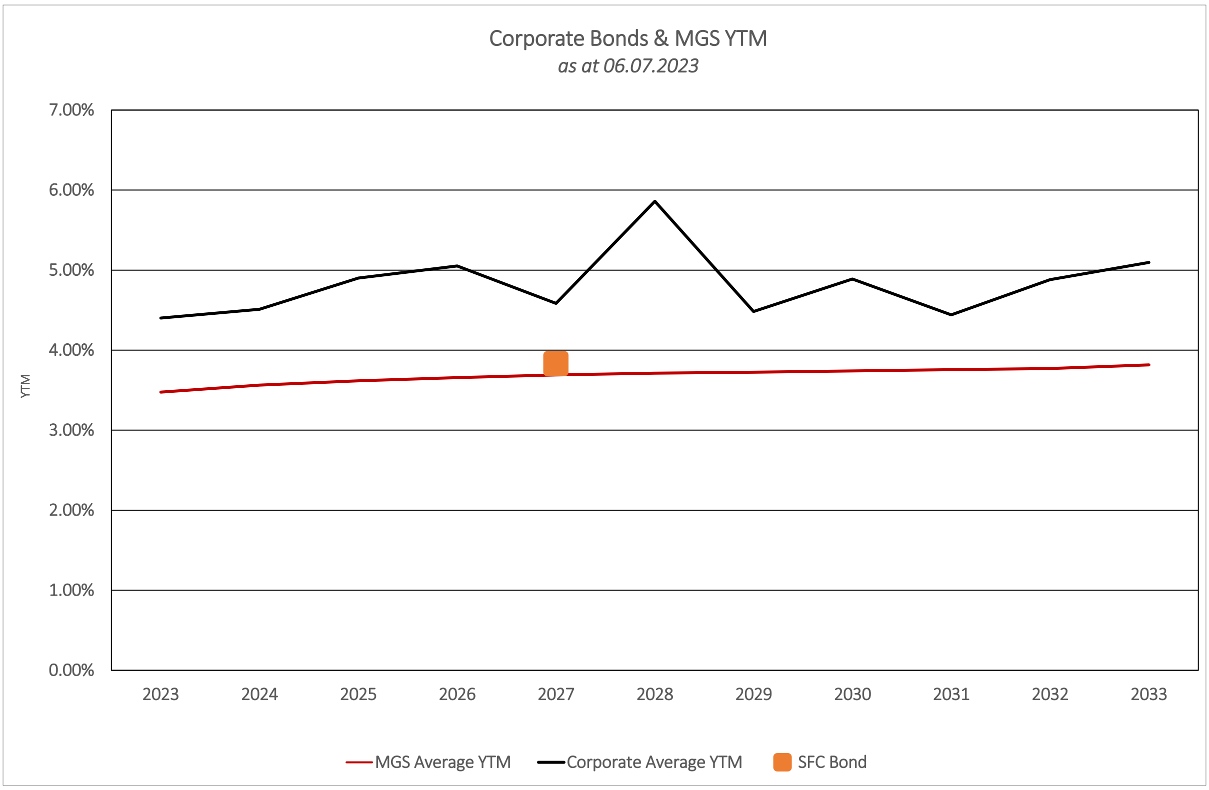
Bond Details	Outstanding Amount	Gearing Ratio*	Net Debt to EBITDA**	Interest Cover	YTM (as at 6.07.2023)
	(€)		*(times)*	*(times)*	
4.00% Eden Finance plc 2027	40,000,000	24.7%	5.2	4.2	4.58%
3.75% Tumas Investments plc 2027	25,000,000	19.7%	2.0	6.4	4.59%
3.5% Simonds Farsons Cisk plc 2027	20,000,000	9.6%	0.6	19.3	**3.83%**
3.75% Virtu Finance plc 2027	25,000,000	49.3%	10.3	2.9	4.51%
4.50% GHM plc 2027	15,000,000	70.8%	6.7	2.3	4.37%

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 06.07.2023. Ratio workings and financial information quoted have been based on the financial statements of issuers (or their guarantors where applicable) as published for financial year ended 31 December 2022 (or later, as applicable).

**Gearing Ratio is calculated as: net debt / (net debt + equity)*

*** Net debt does not include lease liabilities*

The chart below compares the Simonds Farsons Cisk plc bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 6 July 2023.



At a coupon of 3.50% per annum, the Simonds Farsons Cisk plc 2027 bond yields 3.83% per annum to maturity. This is equivalent to approximately 14 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and approximately 76 basis points below the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 6 July 2023).

Statement of Comprehensive Income Explanatory Definitions

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the company's earnings purely from operations and is commonly used to analyse and compare profitability across companies as it eliminates effects of financing and accounting decisions which vary between companies in its computation.
EBIT	EBIT is an abbreviation for earnings before interest and tax. Similar to the above but factors in also depreciation and amortisation.
Depreciation and Amortisation	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced (if any).
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit after tax generated in one financial year from all operational as well as non-operational activities.

Cash Flow Statement Explanatory Definitions

Cash Flow from Operating Activities	The cash used or generated from the company's principal operational business. activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.
Free Cash Flow (FCF)	FCF represents the amount of cash remaining from operations after deducting capital expenditure requirements.

Statement of Financial Position Explanatory Definitions

Assets	What the company owns which can be further classified into Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within one year from the statement of financial position date. These usually comprise longer term investments such as property, plant, equipment and investment properties. They are capitalised rather than expensed meaning that the company allocates the cost of the asset over the number of years for which the asset will be in use.
Current Assets	Assets which are realisable within one year from the statement of financial position date. These usually comprise receivables, inventory (stock) as well as cash and cash equivalents.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	All obligations which are due within one financial year. These usually comprise payables and short-term debt which may include bank borrowing and/or bonds.
Non-Current Liabilities	All obligations which are due after more than one financial year. Would typically include bank borrowing and bonds.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves and/or other equity components.

Profitability Ratios

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity (ROE)	ROE measures the rate of return on the shareholders’ equity of the owners of issued share capital, computed by dividing profit after tax by shareholders’ equity.
Return on Assets (ROA)	ROA measures the rate of return to shareholders on assets and is computed by dividing profit after tax by total assets.

Liquidity Ratios

Current Ratio	The current ratio (or liquidity ratio) is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months (current liabilities). It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt (borrowings) used to finance a company's assets and is calculated by dividing a company's total debt by total debt plus shareholders' equity. The gearing ratio may also be calculated using net as opposed to total debt and can be calculated both as a ratio as well as a percentage.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA. The ratio provides an indication of how many years it would take for a company to pay back its debt in full assuming constant EBITDA and debt levels of the remaining years.

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.
Earnings per Share (EPS)	This is calculated by dividing the company's profit by the number of shares in issue.
Dividend Cover	This is calculated by dividing the EPS by the dividend per share.
Enterprise Value (EV)	EV measures the company's total value comprising its market capitalisation and net debt.
Price to Earnings (P/E)	The P/E ratio is a valuation multiple used to compare the company's share price with its EPS.

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