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The Board of Directors
MIDI plc
North Shore,
Manoel Island,
Limits of Gzira, GZR 3016

14 June 2024

Dear Sirs,

MIDI 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 MIDI plc (the "**Company**", "**MIDI**", or "**Issuer**") in relation to the €50 million 4% Secured Bonds 2026 issued by the Company in 2016.

The data in this Update FAS is derived from various sources or is based on our own computations as follows:

(a) historical financial data for the three years ended 31 December 2021 to 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 December 2024 has been provided by management 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; and

(e) relevant financial data in respect of the comparative set as analysed in part D has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Malta Business Registry.

The Update FAS is meant 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 meant 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 this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Doreanne Caruana
Head of Corporate Advisory

FINANCIAL ANALYSIS SUMMARY

Update 2024

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013, as revised on 13 August 2021.

14 June 2024

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IMPORTANT INFORMATION

PURPOSE OF THE DOCUMENT

MIDI plc (the "**Company**", "**MIDI**" or the "**Issuer**") issued €50 million 4% Secured Bonds 2026 pursuant to a prospectus dated 28 June 2016 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the MFSA Listing Policies dated 5 March 2013 and last revised on 13 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.midimalta.com), the Company's audited financial statements for the years ended 31 December 2021, 2022 and 2023 and forecasts for financial year ending 31 December 2024.

Forecasts that are included in this document have been prepared 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 January to 31st December. 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 28 June 2016 (appended to the prospectus)

FAS dated 19 June 2017

FAS dated 20 June 2018

FAS dated 21 June 2019 *(and addendum dated 21 August 2019)*

FAS dated 23 June 2020

FAS dated 23 June 2021

FAS dated 27 June 2022

FAS dated 21 June 2023

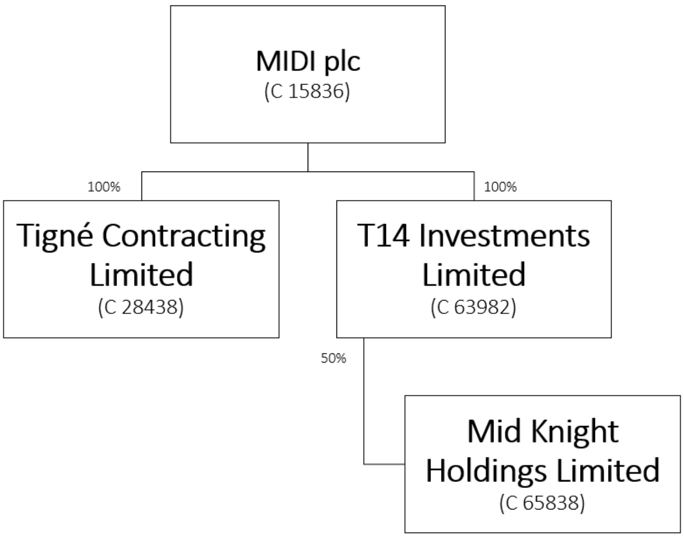
PART A BUSINESS & MARKET OVERVIEW UPDATE

1. INTRODUCTION

MIDI plc was established in 1992 as a private consortium and was admitted to listing on the Malta Stock Exchange in December 2010. In June 2000, MIDI acquired the emphyteutic rights to the land at Tigné Point (Sliema) and Manoel Island (Gzira) from the Government of Malta for a period of 99 years. Tigné Point is one of the largest residential, commercial and leisure property development projects in Malta to date.

MIDI AND ITS SUBSIDIARIES (THE "GROUP")

MIDI is the holding company of the Group, as sole shareholder (directly or indirectly) of Tigné Contracting Limited ("**TCL**") and T14 Investments Limited ("**T14L**").



TIGNÉ CONTRACTING LIMITED

Tigné Contracting Limited was established in Malta on 10 July 2001 as a private limited liability company. TCL serves as the Group's main contractor to execute the construction and development of Tigné Point and Manoel Island. As such, the majority of contracts with third party contractors are entered into through this company.

T14 INVESTMENTS LIMITED AND MID KNIGHT HOLDINGS LIMITED

T14 Investments Limited was established in Malta on 21 February 2014 as a private limited liability company. During that same year, T14IL entered a joint venture with Benny Holdings Limited – Mid Knight Holdings Limited – that developed, manages and owns (save for two floors) the business centre (known as The Centre) located at Tigné Point.

Solution & Infrastructure Services Limited

Until October 2023, Solution & Infrastructure Services Limited ("**SIS**") was a full-owned subsidiary of MIDI plc, established in Malta on 5 June 2006 as a private limited liability company. The company was initially set up as a joint venture between MIDI and Siemens S.p.A. On 14 September 2015, MIDI acquired the remaining 50% shareholding owned by Siemens S.p.A.

The principal operations of SIS were focused on the operation of an HVAC centralised system which consists of the provision of heating and cooling to various residential and commercial components at Tigné Point. Apart from HVAC, SIS continues to provide access control services at Tigné Point.

During 2023, SIS was merged into MIDI plc, and its operations are now being undertaken by the Company.

2. Key Operational Assets and Developments

Tigné Point

Tigné Point is a residential, commercial and leisure development located in Sliema. The development comprises 442 residential units (including the upcoming development known as Q3, which will consist of 63 units) complemented by office facilities, a shopping mall, parking facilities and Pjazza Tigné which also includes commercial and leisure outlets. The project places a strong emphasis on the restoration of historic sites including Fort Tigné, the Garden Battery, St. Luke's Garrison Chapel, army barracks and the clock tower. All traffic is routed underground, providing a car-free zone at ground floor level and extensive green areas and public spaces. These attributes make it a unique development for Malta in many respects.

The Centre

The joint venture between MIDI (through T14IL) and a third-party investor in 2014 - Mid Knight Holdings Limited – was established to carry out the construction and development of the T14 Business Centre, now known as *The Centre*, which was completed in 2017. The Centre is fully owned by Mid Knight Holdings Limited save for two floors which were sold during FY2017 and FY2023, respectively. The remaining owned floors are rented out to third parties with quasi full occupancy levels maintained throughout the years.

Recent Developments

Q3

Development works on the final development at Tigné Point known as Q3 – *Fortress Gardens* commenced during the course of 2022. Civil works on the residential block of 63 apartments complimented with underlying car parking have been completed. Moreover, finishing works (including mechanical and engineering works) and façade works are progressing well and are in line with the expected timelines. In January 2023, the Company launched all 63 apartments to the market, and these were positively received as more than 80% of the units are currently subject to a promise of sale agreement. This development is expected to be completed by mid-2025, with delivery of same to prospective owners planned for the second half of 2025.

Developments on the Manoel Island Project

During FY2023, the Company continued to focus on the Manoel Island project in connection with the following aspects:

(i) discussion with Government regarding the specific remedies available in the Deed of Emphyteusis entered into 15 June 2000 to mitigate the impact of the reduction in development volumes (from 127,000 square metres to 95,000 square metres) following the discovery of archaeological finds on site;

(ii) the appeal lodged by third-parties at the Court of Appeal objecting to the decision by the Environment and Planning Review Tribunal ("**EPRT**") to reject the appeal to the approval of the Environmental Impact Assessment ("**EIA**") by the Environmental and Resources Authority ("**ERA"**). On 10 May 2023, the Court of Appeal issued its judgement whereby it did not uphold the third party's appeal. As a result, the EIA and Outline Development Permit are now confirmed;

(iii) continuing discussions with AC Enterprises Limited (C 49755) as both parties explore the possibility of establishing a joint venture with regards to the Manoel Island development. Although significant progress has been made in these discussions, no transaction has been concluded as at the date of the report; and

(iv) continued works on a detailed design process which led to the submission of a full development application for the Manoel Island development (PA/01053/23) in December 2022. The Planning Board deferred a public hearing (that was held on 14 May 2024) as it deemed desirable to commission a Heritage Impact Assessment ("**HIA**") given that Manoel Island lies within the proposed buffer zone for the Valletta World Heritage Site. Whilst the Company is confident that the Manoel Island development will not impact the heritage status of Valletta, a decision on the full development application is now expected in the second half of this year following the completion and submission of the HIA.

3. Governance and Senior Management

The Board of MIDI consists of ten directors who are entrusted with the overall direction and management of the Company. The Board is currently composed of the following directors:

Board of Directors	Role
Dr Alec A. Mizzi	Chairman & Non-Executive Director
Mr Joseph Bonello	Non-Executive Director
Mr David Demarco	Non-Executive Director
Mr Joseph A. Gasan	Non-Executive Director
Ms Jacqueline Briffa	Non-Executive Director
Mr Joseph Said	Non-Executive Director
Mr Mark Portelli	Executive (Managing) Director, CEO
Mr Alfredo Munoz Perez	Non-Executive Director
Mr Jonathan Buttigieg	Non-Executive Director *(appointed on 19 June 2023)*
Dr Sarah Mamo	Non-Executive Director *(appointed on 10 January 2023)*

Mr Gordon Polidano occupied the role of director until 19 June 2023.

The Company Secretary is Dr Catherine Formosa.

The Issuer has a number of employees of its own. The executive management of MIDI is composed of the following:

Executive Management	Role
Mr Mark Portelli	Chief Executive Officer
Mr Jesmond Micallef	Chief Financial Officer
Mr Ivan Piccinino	Senior Project Manager

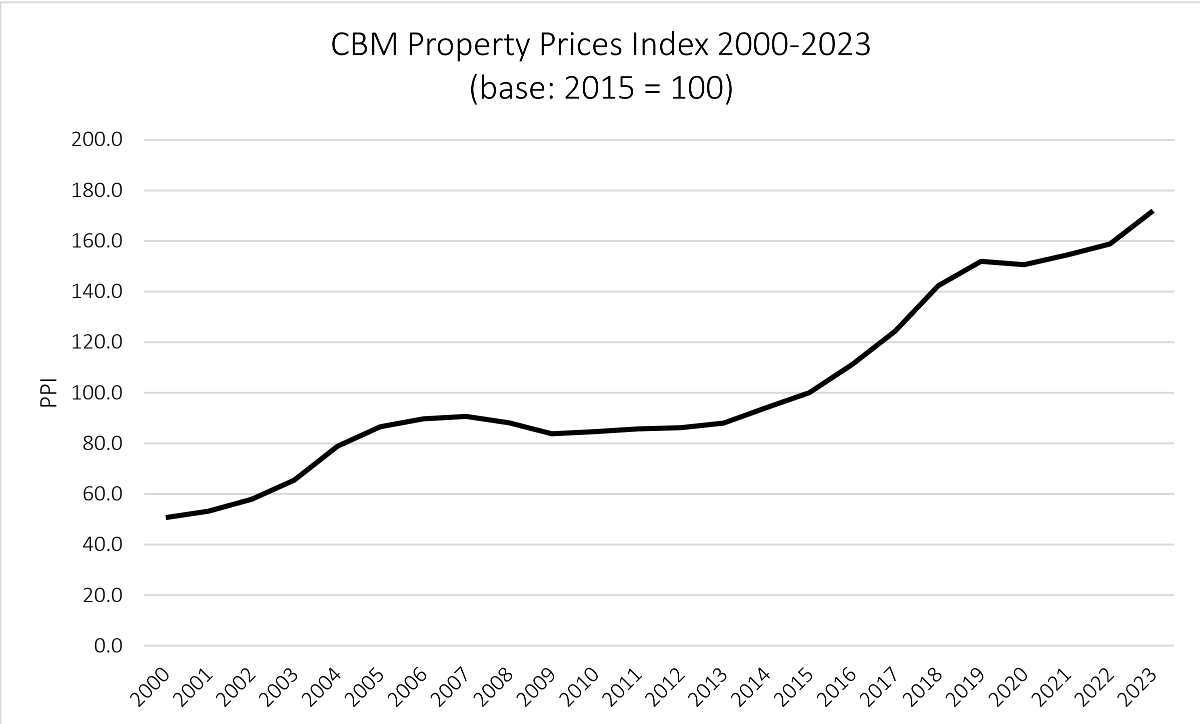
4. Market Overview

The Property Market

The construction and real estate industries have traditionally been key drivers of growth for the local economy. Moreover, the positive correlation between the performances of the local economy and the construction and real estate industry has been particularly evident over the years. These have been mainly fuelled by favourable local and external macroeconomic dynamics as well as various initiatives (including fiscal incentives) by the Government of Malta aimed at boosting the overall level of public and private investment, regenerate business/retail and consumer confidence, and increase the participation and relocation of numerous foreigners and foreign companies opting to reside and do business in Malta.

The Residential Property Market in Malta

Following the disruption in the momentum that was building in the local economy caused by COVID-19, data indicates that the construction and real estate industry has since reembarked on a growth trajectory.



The Property Price Index published by the Central Bank of Malta, which is based on published prices, indicate a general upward trend in the index, with a small dip noticed during 2020, only to increase again as from 2021. The increase in 2023 was significant, when compared to the shifts in previous years, at 8.3% to 172 points. Permits issued in 2023 were 37.4% higher than those issued in 2022, despite the drop in the last quarter of the year of 10.1%. Furthermore, notwithstanding the number of promise of sale agreements entered into during 2023 was lower than the level in 2022 at 12,180 (2022 – 14,331), the value of the final deeds of sale was of €2.5 billion, which is an increase of 8% over 2022, suggesting a higher value per final deed of sale. This is aligned to the increase in the PPI in 2023.

The Commercial Property Market in Malta

The above gives an overview of the trends in the property market in Malta. Unfortunately, data is very limited particularly in relation to commercial real estate and as such no further detailed analysis could be carried out. Nevertheless, in a seminar held earlier this year, a panel of local experts in commercial property expressed concern on how the supply of office space in Malta seems to be outpacing demand. In addition to the supply side issue, there are other factors effecting the demand, according to the said panel, which include inflationary pressures, higher interest rates and changes in the way employees work, where the work from anywhere and hot-desking has not been completely reversed to pre-COVID state which in turn is affecting the demand for office space.

During the past few years, a number of sizeable developments have been undertaken, offering office and commercial spaces, particularly in the Central Business District area (such as the Quad Central which offers 38,000 sqm of office space; c. 14,600sqm of office space at Trident Park; and 10,000sqm at Avenue 77) and central Malta area (such as ST Business Centre in Gzira at c. 3,000sqm of office space; Pangea in St Julians offering approx. 1,700sqm of office space and c.500sqm of commercial space) [1] while a number of developments are currently underway, which will continue to increase the existing supply of office and commercial space availability.

Sources:

Central Bank of Malta – Property Prices Index – January 2024 [link]

PwC Malta – Real Estate Survey 2024 [link]

NSO – Residential Property Transactions: December 2023 [link]

Report on the Malta Business Network seminar on commercial property [link]

[1] *Information on the office space per development mentioned has been obtained from the respective websites, all of which were accessed on 30 April 2024: https://stprojectsmalta.com/commercial-projects/; https://www.pangeamalta.com/; https://www.thequad.com.mt/about/; https://avenue77.com.mt/; and https://tridentestatesplc.com/trident-park/.*

PART B FINANCIAL REVIEW

5. REVIEW OF THE INCOME STATEMENT

<u>Note on revenue recognition from sale of property:</u> In terms of accounting standards, revenue arising from the Company's sale of property can only be recognised in its income statement when significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer.

This means that while the Company has entered into a number of promise of sale agreements in relation to the 'Fortress Gardens' residential units and received the relative deposits. Nevertheless, such cash flows cannot be recognised as revenue until the deed of sale is published for each of the apartments, i.e. when the ownership of the property is completely transferred from the Company to the new owners.

	ACTUAL FY2021 *€'000*	ACTUAL FY2022 *€'000*	ACTUAL FY2023 *€'000*	FORECAST FY2024 *€'000*
Revenue	9,417	3,415	4,071	3,138
Cost of Sales	(5,052)	(1,113)	(1,234)	(1,338)
Gross Profit	**4,365**	**2,302**	**2,837**	**1,800**
Other net operating costs	(2,255)	(2,424)	(2,597)	(2,552)
EBITDA	**2,110**	**(122)**	**240**	**(752)**
Depreciation	(246)	(235)	(257)	(256)
Impairment on Inventories (Development Project)	-	-	(1,110)	-
Changes in fair value attributable to investment property	-	(1,050)	-	-
Results from operating activities	**1,864**	**(1,407)**	**(1,127)**	**(1,008)**
Net finance costs	(2,446)	(2,701)	(2,488)	(2,449)
Other income	50	-	-	-
Share of (loss)/profit of joint venture	2,031	1,984	1,559	1,689
(Loss) / Profit before tax	**1,499**	**(2,124)**	**(2,057)**	**(1,768)**
Tax income / (expense)	(942)	(152)	538	(361)
(Loss) / Profit for the period	**558**	**(2,276)**	**(1,518)**	**(2,129)**

FY2023 REVIEW

The Group's revenue streams are divided into two main segments: (a) the development and sale of property, which comprises primarily the construction and sale of residential units within Tigné Point; and (b) rental and management of commercial property, which involves the leasing and management of retail space at Pjazza Tigné and the catering units situated at the foreshore at Tigné Point, income from the carpark (which is managed by a third party but which is subject to a fixed fee and a revenue sharing agreement), income from the Manoel Island Marina which is operated by a third party, as well as the operation of an HVAC centralised system and access control services at Tigné Point.

Revenue and Other Income Analysis by Operating Segment

	ACTUAL FY2021 €'000	ACTUAL FY2022 €'000	ACTUAL FY2023 €'000
Development and sale of property	6,612	229	888
Rental and management of commercial property	2,806	3,186	3,183
Total Revenue	**9,418**	**3,415**	**4,071**

Similar to FY2022, in FY2023, MIDI had no inventory of residential apartments for sale. The revenue from 'development and sale of property' stood at €0.9 million reflecting the sale of a large storage room within the Tigné complex. The Company launched all 63 apartments forming part of the Q3 development which have been well received as more than 80% of the apartments are subject to a promise of sale agreement. Revenue can be recorded in the Company's income statements as from the second half of 2025 once the final deeds are signed and the units are handed over to the new owners.

Meanwhile, the 'rental and management of commercial property' segment contributed €3.2 million to the revenue of the Company for FY2023. This was similar to the revenue generated by this segment in the previous year.

After deducting cost of sales of €1.2 million, the Group recorded a gross profit of €2.8 million, compared to €2.3 million in FY2022, largely reflecting the increase in revenue as a result of the sale of the storeroom.

Operating costs also increased by 7.1% to €2.6 million largely reflecting a lower level of capitalised costs. Nonetheless, given the higher increase in revenue than in costs, MIDI registered a marginal positive EBITDA of €0.2 million in contrast to the negative EBITDA of €0.1 million registered in FY2022. Depreciation charge for the year stood at €0.3 million (FY2022: €0.2 million).

While MIDI's performance was not affected by an adverse impact to the fair value of its investment property that it experienced in the previous reporting period to the amount of €1.1 million, during FY2023 the Company recognised an impairment on inventories also to the tune of €1.1 million to reflect what the Company believes is the estimated inventory's recoverable amount.

Net finance costs were lower, at €2.5 million, compared to €2.7 million in FY2022. This reflects the part repayment of bank facilities during the year, as explained further below.

MIDI's share of profit from the joint venture (Mid Knight Holdings Limited, MKH) that operates *The Centre* at Tigné Point for FY2023 was €1.6 million, 21.4% lower than that of FY2022, on the back of a lower level of rental income generated following the sale of one of the levels, tenant churn that affected occupancy levels in another floor and higher finance costs as interest rates rose during the year. In FY2023, MKH sold the third floor of *The Centre*. This sale had a minimal impact on the overall profits registered by MKH in FY2023 as the attributable profit was recognised as an increase in fair value within the profit and loss when MKH fair-valued *The Centre* in FY2017

Overall, MIDI plc incurred a pre-tax loss of €2.1 million in FY2023, similar to the performance recorded in the previous financial year. After accounting for a tax credit of €0.5 million, the Group registered a net loss of €1.5 million (FY2022: net loss of €2.3 million). The net tax income has principally arisen in view of the recognition of tax losses upon amalgamation of SIS into the Company, which losses are expected to be utilised by the Company in the short term.

FORECASTS FY2024

The main operations of the Group for FY2024 (consisting primarily of rental income, income from the car park and the operation of the HVAC and access systems) are expected to be largely in line with those of FY2023, while income from the sale of property is anticipated to be at just €0.1 million, reflecting the sale of some further storage facilities at Tigné Point. As explained earlier, given that the final deeds in relation to Q3 are not expected until mid-2025, revenue for the year is expected to be subdued as was the case in FY2023 and FY2022.

Cost of sales are expected to be higher in FY2024, as a result of certain remedial works being carried out for which no revenue is receivable, while operating costs are anticipated to be at the same level of FY2023.

As a result (primarily reflecting the absence of any property sales coupled with the expected rise in costs), the Group is expecting to register a negative EBITDA of €0.8 million in FY2024 (FY2023: positive EBITDA of €0.2 million). After accounting for a forecasted depreciation charge of €0.3 million (FY2023: €0.3 million), the Group anticipates an operational loss of just over €1.0 million, similar to that incurred in FY2023.

Likewise, net finance costs are not expected to be materially different in FY2024 to those of FY2023, reflecting a similar level of borrowings.

The share of profit from its joint-venture for FY2024 is expected to increase incrementally to €1.7 million, reflecting contracted increases in rental revenues generated by MKH.

The net loss for the year for FY2024 is estimated to be in the region of €2.1 million (FY2023: net loss of €1.5 million), being a pre-tax loss of €1.8 million (FY2023: €2.1 million) and a tax charge of €0.4 million (FY2023: tax credit of €0.5 million).

6. Review of Cash Flows Statement

	ACTUAL FY2021 €'000	ACTUAL FY2022 €'000	ACTUAL FY2023 €'000	FORECAST FY2024 €'000
Net cash from / (used for) operating activities	(2,704)	(9,307)	18,029	(17,131)
Net cash from / (used for) investing activities	1,393	1,563	5,299	3,650
Free Cash Flow	**(1,311)**	**(7,745)**	**23,328**	**(15,921)**
Net cash from / (used for) financing activities	(468)	2,997	(6,729)	(4,224)
Net movements in cash and cash equivalents	**(1,779)**	**(4,748)**	**16,599**	**(17,705)**
Cash and cash equivalents at beginning of the year	11,528	9,750	5,002	21,600
Cash and cash equivalents at end of year	**9,750**	**5,002**	**21,600**	**3,895**

FY2023 Review

Cashflows from operations were €18 million for the financial year 2023. Apart from the normal cashflows related to rent and depreciation and working capital adjustments, this balance included cashflows the Company received in relation to the promise of sale agreements signed for the Q3 units which amounted to over €31 million during FY2023.

In FY2023, the Group received dividends of €5.4 million from the investment in MKH, which, as explained earlier, sold off another level of *The Centre*. This had a positive effect on the Group's cashflows from investing operations, which amounted to €5.3 million for FY2023.

Cashflows used in financing activities stood at €6.7 million. In FY2023, the Group made further drawdowns of €13.3 million from existing facilities that the Group had in relation to the Fortress Gardens development. This amount was settled in full during the same financial year, as well as other outstanding bank borrowings, totalling €18.5 million.

After taking into account the opening cash balances for the year of €5 million, the closing cash for the year was €21.6 million.

Forecasts FY2024

The cash balances available at the end of FY2023, supplemented by further deposits anticipated to be received during the course of the year in line with the terms of promise of sale agreements related thereto, are expected to be utilised during FY2024 in order to finance the completion of the Q3 development. In fact, cashflows to be used for operating activities are anticipated to be in the region of €17.1 million.

Cashflows from investing activities, at €3.7 million, are expected to be positively impacted by the dividend from MKH during the year, albeit at a lower level than that of FY2023.

During FY2024, the Group will continue to mainly make use of its own cash balances to continue with the Q3 development. As such, while the Group will also utilise banking facilities available to it for this purpose, it intends to continue pursuing effective treasury management in the same manner it has done during FY2023, in order to minimise the impact of finance costs on the performance of the Group. The €4.2 million expected to be utilised in FY2024 will also include the dividend payment which has been recommended to the annual general meeting to be held later in June, and payable thereafter, and the net position after drawdowns, repayment and lease payments.

Overall, the Group is anticipating a net cash outflow of €17.7 million and as a result its cash balance is expected to drop from €21.6 million as at the end of FY2023 to €3.9 million as at the end of FY2024.

7. Review of Statement of Financial Position

	ACTUAL FY2021 €'000	ACTUAL FY2022 €'000	ACTUAL FY2023 €'000	FORECAST FY2024 €'000
ASSETS				
Property, plant and equipment	2,215	2,026	1,917	1,661
Right of Use Asset	12,628	12,485	12,314	12,261
Investment property	37,282	36,232	36,232	36,232
Investment in joint ventures	30,326	31,929	28,095	26,134
Available-for-sale financial assets	512	447	453	466
Deferred tax assets	59	57	695	334
Total non-current assets	**83,022**	**83,175**	**79,706**	**77,088**
Inventories - development project	130,671	140,571	150,369	169,946
Trade and other receivables	2,253	3,102	3,066	3,077
Cash and cash equivalents	9,750	5,002	21,601	3,897
Total current assets	**142,674**	**148,675**	**175,036**	**176,920**
Total assets	**225,696**	**231,850**	**254,742**	**254,008**
LIABILITIES				
Borrowings	49,579	62,667	57,535	57,804
Lease Liabilities	13,784	14,238	14,923	14,923
Trade and other payables	8,734	3,577	34,825	39,548
Total non-current liabilities	**72,096**	**80,483**	**107,283**	**112,275**
Borrowings	10,000	-	-	-
Lease Liabilities	633	1,265	633	580
Trade and other payables	40,580	48,828	47,507	45,526
Total current liabilities	**51,212**	**50,093**	**48,140**	**46,106**
Total liabilities	**123,309**	**130,576**	**155,423**	**158,381**
EQUITY				
Share capital	42,832	42,832	42,832	42,832
Share premium	15,879	15,879	15,879	15,879
Other reserves	1,291	2,455	2,018	2,454
Retained earnings	42,385	40,109	38,591	34,462
Total equity	**102,388**	**101,275**	**99,320**	**95,627**
Total equity and liabilities	**225,696**	**231,850**	**254,742**	**254,008**

FY2023 Review

MIDI's asset base at the end of FY2023 stood at €254.7 million (FY2022: €231.9 million). The split remained largely unchanged. Non-current assets were lower at €79.7 million (FY2022: €83.2 million) as a result of the dividend paid by MKH, which led to the value of the investment in MIDI's books to decline to €28.1 million (FY2022: €31.9 million).

While the composition of current assets remained unchanged, the value of the components thereof was higher in the case of inventory (which reflects the additional work undertaken by the Group, primarily related to the development of Q3) and cash, which at €21.6 million includes the inflow of deposits on promise of sale agreements entered into in connection with the Fortress Gardens units, net of the payments for works and loan repayments, as explained in the analysis of cash flows in an earlier part of the report.

The Group's borrowings during FY2023 continued to decline as money generated through the promise of sale agreement deposits and the dividend from MKH was utilised to repay bank facilities, with just over €7.5 million in bank borrowings remaining outstanding at the end of the financial year under review. The balance of borrowings relates to the €50 million bonds which mature in 2026. Within the non-current trade and other payables, the Group had over €31.2 million of deposits.

The Group's equity base was relatively stable with the only material change relating to retained earnings following a 3.8% decrease to €38.6 million, representing the loss incurred during FY2023.

Forecasts FY2024

The Group's total assets is forecast to remain practically the same by the end of FY2024. While the composition is also expected to remain similar, there are three anticipated shifts in underlying balances – the drop in cash and equivalents as explained in further detail in the cashflow statement analysis above (FY2024: €3.9 million; FY2023: €21.6 million), a further increase in inventory as the Q3 project continues to gather momentum and enters into its final year to completion (FY2024: €169.9 million; FY2023: €150.4 million), and a further decline in the value of MKH on MIDI's books which represent the profit expected to be recognised during the year net of dividends paid (FY2024: €26.1 million; FY2023: €28.1 million).

Meanwhile, from a borrowings' perspective, there will not be substantial change in the overall balances of the loan facilities in use, as most of the cashflows needed for the continuance of the development of the *Fortress Gardens* are expected to be supported by the Company's own cash balances held thereby at the beginning of the financial year. During FY2024, MIDI forecast that further deposits will be received ahead of completion of the project and following the signing of additional promise of sale agreements, pushing the balance up by a further €4.7 million.

Furthermore, the Group's equity base is anticipated to be reflective of the forecast net loss (€2.1 million) and the dividend recommended for Annual General Meeting ("**AGM**") approval and payable on 19 July 2024 (if approved) of €1.9 million. As such, total equity by the end of FY2024 is expected to be €95.6 million (FY2023: €99.3 million).

NET ASSET VALUE

	ACTUAL FY2021	ACTUAL FY2022	ACTUAL FY2023	FORECAST FY2024
NAV per Share *(Total equity / Number of shares in issue)*	€0.478	€0.473	€0.464	€0.447

The Group's net asset value for FY2023 was reflective of the net loss recognised during the said financial year. Similarly, the NAV at the end of FY2024 is expected to retract further, in view of the further drop in retained earnings related to the anticipated loss, as well as the payment of dividend to shareholders in July 2024 (subject to AGM approval).

8. RATIO ANALYSIS

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

Note: where the ratios were non-comparable because of a negative return or a negative result, the ratio has been recorded as 'n/a'.

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)*	46.35%	67.41%	69.68%	57.36%
EBITDA margin *(EBITDA / Revenue)*	22.41%	N/A	5.90%	N/A
Operating Profit margin *(Operating Profit / Revenue)*	19.80%	N/A	N/A	N/A
Net Profit margin *(Profit for the period / Revenue)*	5.92%	N/A	N/A	N/A
Return on Equity *(Profit for the period / Average Equity)*	0.55%	N/A	N/A	N/A
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	0.35%	N/A	N/A	N/A

As was the case also in FY2022, given that no property sales were executed in FY2022, MIDI plc's performance weakened considerably as explained in section 5. As a result, in FY2023, the Group reported a loss for the year thereby the above ratios could not be estimated. Similarly, given that no property sales are forecasted for FY2024, the Group is anticipating a loss for the current financial year. As such, the majority of the performance-related ratios above could not be computed.

Liquidity Ratios

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

for the year ended 31 December	*ACTUAL* FY2021	*ACTUAL* FY2022	*ACTUAL* FY2023	*FORECAST* FY2024
Current Ratio *(Current Assets / Current Liabilities)*	2.79x	2.97x	3.64x	3.84x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.19x	0.10x	0.45x	0.08x

As the Group's cash balances were strengthened in FY2023, given the deposits received as prepayments in relation to the promise of sale agreements signed in connection with the Q3 development, as well as the 'Inventory – Development Project' appreciated value in connection with the Q3 development works currently underway, the Group's current assets registered an overall increase. In view of these changes the current ratio improved to 3.64 times (from 2.97 times a year earlier) whilst the cash ratio improved to 0.45 times (from 0.10 times in FY2022).

A similar trend is being anticipated for FY2024 in terms of the current ratio, however, given that the cash balances are expected to be utilised to further finance the Q3 development, the cash ratio is expected weaken to 0.08 times.

Solvency Ratios

NB – solvency ratios are computed without taking into account the leases as a financing liability.

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)*	0.86x	N/A	0.10x	N/A
Gearing Ratio *(Net debt / [Net Debt + Total Equity])*	0.327x	0.36x	0.27x	0.36x

Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	36.78%	38.23%	36.68%	37.67%
Net Debt to EBIDTA *(Net Debt / EBIDTA)*	23.61x	N/A	149.71x	N/A

EBITDA generation by the Group has been subdued in FY2023, as its most lucrative segment, that of sale of property, was muted in view of the lack of units available to sell (save for some storage facilities within Tigné Point, with values below the €1 million mark). As a result, the solvency ratios worked out above that use the said metric were weak. This is also expected to be the case for FY2024.

Meanwhile, as the Group reduced its bank borrowings and held higher cash balances at the end of FY2023 following the receipt of deposits on the promise of sale agreements entered into for the Q3 units, gearing improved to less than 0.3 times. Nonetheless, this metric is expected to weaken marginally for FY2024, as cash is utilised to continue the works for the completion of the Q3 development, to 0.36 times.

ADDITIONAL RATIOS

The following additional ratios are being computed in relation to the listed shares of the Company:

	ACTUAL FY2021	*ACTUAL* FY2022	*ACTUAL* FY2023	*FORECAST* FY2024
Earnings per Share (EPS) *(Net profit / No. of shares in issue)*	€0.0026	N/A	N/A	N/A
Dividend Cover *(EPS / Dividend paid per share)*	N/A	N/A	N/A	N/A

The EPS can only be computed for years in which the Group registers a profit. Hence, the ratio was only computed for FY2021. This effected the computation of the Dividend Cover ratio, which uses EPS. Nevertheless, the Group recommended a dividend of €0.009 per share (net) to shareholders for FY2023, subject to AGM approval, which will be paid in July 2024.

9. VARIANCE ANALYSIS

	PROJECTIONS FY2023 €'000	ACTUAL FY2023 €'000	*Variance*
Revenue	3,269	4,071	*24.5%*
Cost of Sales	(1,491)	(1,234)	*17.2%*
Gross Profit	1,778	2,837	*59.5%*
Other net operating costs	(2,892)	(2,597)	*10.2%*
EBITDA	(1,114)	240	*121.5%*
Depreciation	(261)	(257)	*1.4%*
Impairment on Inventories (Development Project)	-	(1,110)	*N/A*
Results from operating activities	(1,375)	(1,127)	*18.0%*
Net finance costs	(2,645)	(2,488)	*5.9%*
Other Income	-	-	
Share of (loss)/profit of joint venture	1,570	1,559	*-0.7%*
(Loss) / Profit before tax	(2,450)	(2,057)	*16.1%*
Tax income / (expense)	-	538	*N/A*
(Loss) / Profit for the period	(2,450)	(1,518)	*38.0%*

The variance in the income statement of MIDI arises from three main sources:

i) revenue – the variance in revenue was the result of a sale of a storage room which materialised during FY2023 and which MIDI had no visibility of at the time of drafting the forecasts for FY2023;

ii) impairment on inventories; and

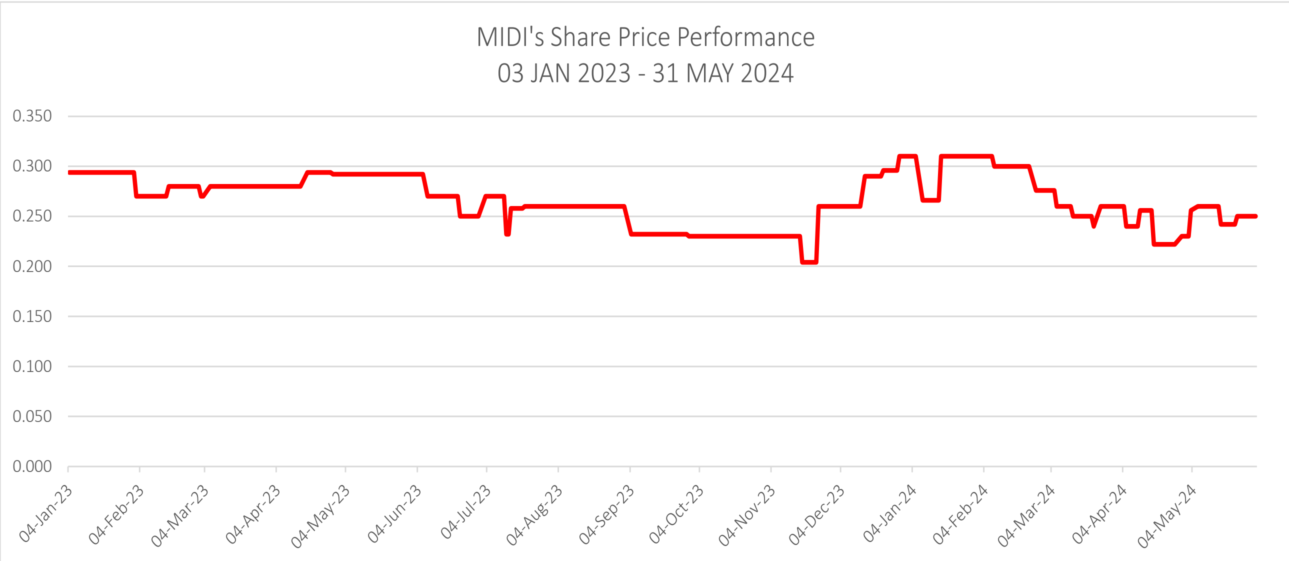
iii) a tax credit of €0.5 million arising from the recognition of utilisable tax losses on the amalgamation of SIS into MIDI plc.

The above variances led to differences in the actual results compared to those originally forecast by the Group, principally a higher gross profit, lower loss before taxation and a lower loss after taxation in FY2023.

SHARES

MIDI's shares have been listed on the Official List of the Malta Stock Exchange since the IPO in December 2010.

Issued Share Capital:	214,159,922 ordinary shares with a nominal value of €0.20 per share
ISIN:	MT0000420126
Highest price in 2023:	€0.310
Lowest price in 2023:	€0.204
Closing price in 2023:	€0.310
Current price:	€0.250 *(as at 31 May 2024)*



Enterprise Value (EV)[2]:	€89.5 million
Price to Earnings (P/E) Ratio[3]:	N/A

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[2] Based on the market capitalisation as at 31 May 2024 and the figures extracted from the Statement of Financial Position as at 31 December 2023.

[3] The Company made a loss in FY2023 and as such the P/E ratio cannot be determined.

DEBT SECURITIES

MIDI's listed debt securities comprise:

Bond:	€50 million 4% Secured Bonds 2026
ISIN:	MT0000421223
Redemption date:	27 July 2026 at par
Prospectus dated:	28 June 2016

PART D COMPARATIVES

The table below compares MIDI's financial metrics to those of other companies which have debt securities listed on the Malta Stock Exchange with a similar maturity as that of the Company.

It is to be noted, however, that there are significant differences in the business models of each of the listed companies being compared below and an exact match to the operations and business of the Issuer is not available. Thus, while the metrics below can be used as a gauge of MIDI's financial strength against other issuers listed locally, they do not capture the quantitative factors such as the differences in business models of each issuer, their competitive position in the market, KPIs, etc.

Bond Details	Outstanding Amount	Gearing Ratio*	Net Debt to EBIDTA	Interest Cover**	YTM^
4.00% MIDI plc 2026 (Secured)	**50,000,000**	**26.6%**	**N/A**	**N/A**	**4.24%**
4.00% Int. Hotel Investments plc 2026 (Secured)	55,000,000	42.5%	9.6	1.8	3.99%
4.00% Int. Hotel Investments plc 2026 (Unsecured)	60,000,000	42.5%	9.6	1.8	4.84%
3.90% Plaza Centres plc 2026 (Unsecured)	5,150,000	14.6%	2.2	N/A	4.64%
3.25% AX Group plc 2026 (Unsecured)	15,000,000	39.4%	20.9	1.3	3.45%
3.75% Premier Capital plc 2026 (Unsecured)	65,000,000	30.2%	0.5	34.0	3.98%

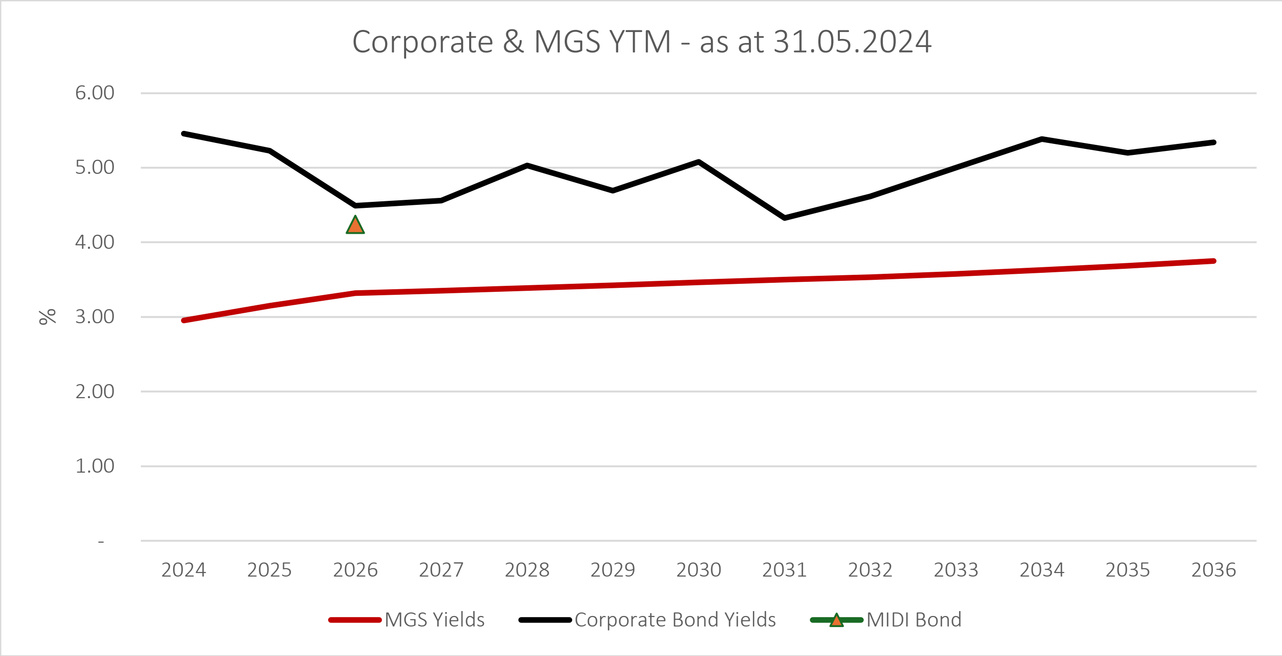
Source: Yield to Maturity from rizzofarrugia.com based on bond prices of 31 May 2024. Ratio workings and financial information quoted have been based on the respective issuers' published financial data (or their guarantors, where and as applicable) available as at 31 May 2024. Where negative, the respective ratios are marked as 'n/a' due to their incomparability.

^Yield to Maturity (YTM) based on bond prices as at 31 May 2024.

**Gearing Ratio: Net Debt / (Net Debt + Equity)*

***Interest Cover: EBITDA / Net Finance Cost*

The chart overleaf shows the average yield to maturity of the MIDI bond compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 31 May 2024.



At a coupon of 4.00% per annum, the MIDI Bond 2026 currently yields 4.24%, which is approximately 92 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2026 and at a discount of approximately 25 basis points over the average yield to maturity of corporate bonds maturing in 2026 (data correct as at 31 May 2024).

PART E GLOSSARY

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortisation, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	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.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's 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.
Free Cash Flow (FCF)	FCF represents the amount of cash remaining from operations after deducting capital expenditure requirements.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-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.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.

Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Profitability Ratios

Gross Profit Margin	Gross profit as a percentage of total revenue.
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	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by average shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) measures the rate of return on the assets of the company. This is computed by dividing profit after tax by average total assets.

Liquidity Ratios

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
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 used to finance a company's assets.
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.

Other Definitions

Yield to Maturity	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.