

# *CCFinance Group*

CC Finance Group plc  
INTERIM REPORT

# 2021



CC Finance Group is a privately held Fintech Group that operates in Investment Services, Fund Services, Online Trading and Payments. With roots dating back to 1972, the Group today is evolving at a fast pace whilst keeping the same core principles, that of providing clients the best service using the latest technology and the top professionals in their field, whilst ensuring the strictest governance and ethics.

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## 1. Financial Highlights

<p><b>NET Flows</b></p> <p><b>+67.7%</b></p> <p>H1 2021: €155.5m H1 2020: €92.7m</p>	<p><b>AUMA</b></p> <p><b>+36.8%</b></p> <p>H1 2021: €2.12bn H2 2020: €1.55bn</p>	<p><b>Revenue</b></p> <p><b>+15.7%</b></p> <p>H1 2021: €6.26m H1 2020: €5.41m</p>
<p><b>Operating Expenses</b></p> <p><b>+41.4%</b></p> <p>H1 2021: €5.98m H1 2020: €4.23m</p>	<p><b>EBITDA</b></p> <p><b>+251.5%</b></p> <p>H1 2021: €5.01m H1 2020: €1.43m</p>	<p><b>PBT</b></p> <p><b>+502%</b></p> <p>H1 2021: €4.56m H1 2020: €0.76m</p>
<p><b>Total Assets</b></p> <p><b>+28.3%</b></p> <p>H1 2021: €22.44m H2 2020: €16.07m</p>	<p><b>Equity</b></p> <p><b>+75.5%</b></p> <p>H1 2021: €10.51m H2 2020: €5.61m</p>	

### Assets under Management and Administration (AUMA)

This measure includes all clients' assets held with the Group, including assets held on behalf of customers under nominee, those assets under management, assets administered by the Group or deposits. During the first half of 2021, AUMA of the group grew by 12.3% from €1.9Bn to €2.1Bn.

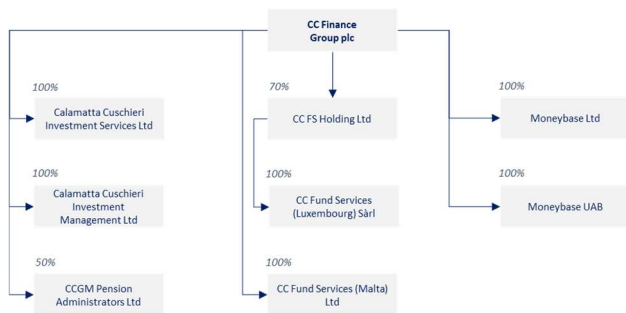
The below table shows the net flows for each business line and also market movements experienced during the first half of the year.

	AUM 31.12.2020	Net Flows	Net Flows	Market movements	Market Movements	AUMA 30.06.2021	AuMA Change
	€m	€m	%	€m	%	€m	%
Calamatta Cuschieri	1,057.9	52.5	5.0	19.6	1.9	1,130.0	6.8
cctrader	274.0	5.6	2.0	46.4	16.9	326.0	19.0
CC Fund Services	860.0	118.2	13.7	18.8	2.2	997.0	15.9
Moneybase	1.2	0.5	40.4	-	0	1.7	40.4
Less double counting	(309.3)	(21.3)	7%	(7.8)	2.5	(338.4)	9.4
	<b>1,883.8</b>	<b>155.5</b>	<b>8.3%</b>	<b>76.9</b>	<b>4.1</b>	<b>2,116.3</b>	<b>12.3</b>

## 2. Chief Executive Officers' Review

### H1 2021 Review

This consolidated report captures, for the first time, the entire 'CC Finance Group' as we are now known. The official change in name took place on the 11th March 2021 and the subsequent group restructuring that was made official and announced on the 30th June 2021. This restructuring formalises what has been planned for some time. The CC Finance Group now has 4 clearly identified divisions; Investment Services (Calamatta Cuschieri), Fund Services (CC Fund Services), online investment platform (CC Trader) and Electronic Money and Payments (Moneybase). This report therefore, covers the entire Group as well as consolidating the numbers of all divisions starting from 1st January 2021 till the end of the reporting period, being the 30th June 2021. We are pleased to report positive performance for the first half of the year on all fronts, be it financial performance, an increase in key performance indicators and a number of milestones that we have achieved.



### COVID-19

As reported in our 2020 Annual report, the Group adapted well to the COVID-19 reality and was successful in servicing its clients through online channels, telephonically or through video conferencing. A growing number of Group employees work remotely, whilst others who are based in Malta and Luxembourg, are now working from the office three times a week, on average. During the first half of 2021, the prevailing COVID pandemic continued to impact our daily lives, with the number of cases in Malta rising dramatically during March, before the effects of the vaccine started reducing active cases substantially. With most of our workforce vaccinated today, the Group is very well equipped for any further COVID waves and corresponding regulations. We continue to encourage any remaining staff who are not yet vaccinated to do so and we are providing them with all the necessary support.

### Increased Monitoring by the FATF

At the end of the period under review, Malta successfully passed the Moneyval assessment registering "significant progress" in combatting money laundering and terrorist financing, according to the Council of Europe. Nevertheless, during the same period the Financial Action Task Force (FATF) determined to place Malta under increased monitoring. This development is disappointing for the Maltese financial services industry since, such decision was not driven by deficiency in the AML & CFT

framework or the implementation of AML & CFT measures by the financial services sector and local practitioners. As per FATF's assessment, further prosecution is required by the local authorities in relation to tax related crimes as well as further transparency in relation to UBO's for corporate entities.

As a Financial Services Group with a heritage of 50 years of pristine reputation, we have always endeavoured to maintain the highest standards and employed the best practices in the industry. Our Group has a legacy to preserve and therefore a low risk approach has been adopted by the Group in relation to business relationships. Anything that falls out of this risk appetite has always been rejected or terminated accordingly. Furthermore, the CC Finance Group has robust AML & CFT framework and policies, procedures and control mechanisms that are in line with European Directives and best practice. The Group ensures this principle is maintained both at on-boarding as well as on-going monitoring levels.

### Group Response

The CC Finance Group has actively been moving towards diversifying its Malta exposure. This was done primarily in the Fund Administration division of the Group, by setting up a separate entity in Luxembourg and achieving licensing as a specialised PFS to act as a central administrator. The Group is now in the process of actively identifying a jurisdiction to set up an Investment Services and Financial Institution licence on mainland Europe. These two new licenced entities will ensure that the Group continues its journey towards growing its client base on mainland Europe and in jurisdictions with suitable Fintech environments. Since 2019, the Group also has had a presence in Lithuania, with a company setup for the purpose of recruiting specialist individuals from the Banking and Technology sectors. Lithuania ranks amongst the top 10 jurisdictions with regards to the BASEL Institute of Governance Index lowest risk countries and is a jurisdiction that the Group is actively exploring.

### Financial Performance

The Group is reporting a healthy increase in revenue of €849k or 15.7% over the same period last year, reaching a figure of €6.26m for the period under review. This puts the Group on track to achieving our targeted revenue of €13.3m for 2021. The increase in revenue was a result of an increase across all business lines, with particular increases in foreign exchange revenues, mainly due to a noticeable increase in trading in US markets. The Group's EBITDA stood at €5.01m an increase of 251.5% over the same period last year. The reported EBITDA figure was positively impacted by a one-off fair value gain of €4.4m, a gain that was part of the Group restructuring exercise undertaken during Q2 2021. That notwithstanding, EBITDA was also negatively impacted by the restructuring of the Group. The interim results now also include a number of companies which previously did not form part of the Group, which companies, - namely CC FS Holding Ltd, CC Fund Services (Luxembourg) Sarl, Moneybase Ltd and Moneybase UAB - currently add negligible revenue and substantial costs. However, these are key for the future strategy of the Group enabling expansion of our fund services in Luxembourg,

expansion of our services to include payment and other banking services and also growing a footprint in Lithuania.

### Calamatta Cuschieri

At the end of June 2021, the Financial Planning and Wealth & Fund Management business recorded record Assets Under Management and Administration of €1.13Bn. The new high watermark is in line with the continued growth of the Maltese savings market and a trend that has been accelerating in recent periods.

### Investment services

We continue to see substantial inflows for our Advisory service. For the period under review this amounted to €40m net inflows with favourable market movements of €11m which resulted in Assets Under Management and Administration for this division increasing by €51m or 6.2% to a total of €874m. These inflows were mainly driven by the 5 new issues on the Malta Stock Exchange and strong demand for in-house and third-party mutual funds.

### Wealth & Fund Management

Our inhouse funds, CC Funds SICAV plc., had a strong first half of inflows, with over €9m of inflows in all the various sub-funds, closing the period at a Net Asset Value of €139m. During the period under review, the Board has given the go ahead for a reorganisation of the fund suite that will include the merging of the complimentary High-Income strategies. This reorganisation also includes the re-design of our 'Managed Fund Portfolio' service, that will now be redesigned under unitized sub funds within the CC Funds umbrella and the new 3 funds will be known as the 'Strategy funds'. These new strategies are expected to be launched by September 2021.

### Capital Markets

Our Capital Markets team successfully concluded 3 projects during the first half of the year, namely the preference share issuance of RS2, the €13m bond issue of SmartCare Finance plc and the €13m bond issue of Brown's Pharma Holding plc. We continue to attract a record number of new projects, not only from local companies requiring placement of their securities but also a number of technical listings that will take place in Malta over the course of the next few months.

### CC Fund Services

The fund industry in Malta has experienced noticeable contraction over 2020 with a reduction of 13% of funds licensed in Malta. Despite this, we have managed to continue increasing the number of funds that we service. The growth is mainly due to current promoters that have launched new sub-funds, or funds that have switched administrators. The Company has increased its work force considerably to over 30 individuals who service the increased number of clients as well as addressing the new regulations that have come into force with further scrutiny on anti-money laundering. Despite the country's grey listing, we still expect a further 25 sub-funds to be on-boarded during the second half of the year. Our Luxembourg fund administrator received its license as a Specialized PFS in March and has since

relocated office. It now has a team of 3 individuals that are working on on-boarding our first 2 clients.

### CCTrader

2021 has so far been a busy year for the team working on CCTrader. In February, the platform received substantial upgrades in the form of a re-branding and re-design as well as the addition of new features, namely the new on-boarding module and the instrument discovery section of the platform. In April, we launched fractional shares, which means that investors may now buy part of a share, which is particularly useful for small investors who want to participate in shares that have a very high price per share. Together with this functionality, we have lowered our minimum commission of shares to just \$0.50c per trade. Another feature added towards the end of the period was 'push notifications' on our app. This enhances the user experience when using CCTrader from a mobile phone or tablet. CCTrader has several new features in the pipeline, which will continue to enhance our service in the coming months. In terms of performance, the platform recorded 72,000 trades in six months almost double the volumes experienced in the same period in the previous year.

### Moneybase

The Group's electronic money institution began operations at the end of last year and has seen a steady increase in the volumes of payments it is affecting over the first half of the year. This Group has invested heavily in this division and is expected to roll out a number of products and services that are complimentary to its current services. Although Moneybase is a new addition to the CC Finance Group, it will represent the cornerstone of future strategy and we will be able to announce its developing strategy to the market later on in the year.

### H2 2021 outlook

The Group ended the first half of the year with 176 employees and a further 20 open vacancies. This statistic shows the continued investment that the Group has been carrying out, as well as what it has planned for the second half of the year to further strengthen its most precious resource. We expect for the second half of the year to present a number of interesting opportunities for the Group, with so many initiatives coming to fruition. We do however remain cautious / mindful on the effects that the FATF enhanced monitoring will have on our operation, margins as well as additional costs that we may incur as a result, especially in the short term. We also look forward enthusiastically to an important milestone in the Group's history when this forthcoming December we will mark the 50th anniversary of our Group, a momentous occasion since the Group's humble beginnings in 1971.



Nick Calamatta  
Co-CEO



Alan Cuschieri  
Co-CEO

12<sup>th</sup> August 2021

### 3. Company Information

Company Name:	<b>CC Finance Group plc</b>
Registered office:	Ewropa Business Centre Dun Karm Street, Birkirkara BKR9034, Malta
Country of incorporation:	Malta
Company registration No.:	C 85280
Banker:	Bank of Valletta p.l.c. 45, Republic Street, Valletta, Malta
Auditor:	Deloitte Audit Limited Triq L-Intornjatur, Central Business District CBD 3050, Malta
Legal advisor:	GANADO Advocates 171, Old Bakery Street, Valletta, Malta  GVZH Advocates 192 Old Bakery Street Valletta VLT 1455 Malta
Corporate Advisor	DF Advocates Il-Piazzetta A, Suite 52, Level 5, Tower Road, Sliema SLM 1607, Malta



## 4. Directors' report pursuant to Prospects Rule 4.11.12

This Interim Report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The Interim Report comprises the unaudited condensed interim financial statements for the six months ended 30<sup>th</sup> June 2021 prepared in accordance with IAS34, 'Interim Financial reporting'. The comparative information has been extracted from the unaudited financial statements for the period ended 30<sup>th</sup> June 2020 and the year ended 31<sup>st</sup> December 2020.

### **Principal Activities**

The Group's principal activity is to carry on the business of a finance Group in connection with ownership, development, operation and financing of the business activities of the companies forming part of CC Finance Group plc group of companies.

### **Performance Review**

During the period under review, the Group generated a profit before tax of €4.56m and closed the period with a net asset position of €10.5m. The Directors are confident that the Group's net asset position will continue to improve as we remain optimistic that the Group will become profitable in the coming years.

Approved by the Board of Directors on the 12<sup>th</sup> August 2021 and signed on its behalf by:



Charles Borg  
Director



Kari Pisani  
Director

12<sup>th</sup> August 2021

## 6. Consolidated statement of profit or loss and other comprehensive income

	GROUP	
	2021 EUR	2020 EUR
Revenue	6,257,270	5,408,447
Direct costs	(443,874)	(349,296)
<b>Gross profit</b>	<b>5,813,396</b>	5,059,151
Staff costs	(4,031,002)	(2,656,108)
Other operating expenses	(1,500,693)	(1,221,575)
Share of loss from joint venture	(34,227)	-
Gain on sale of intangible asset	4,427,407	-
Other income	336,768	244,355
<b>EBITDA</b>	<b>5,011,649</b>	1,425,823
Finance costs	(97,429)	(87,640)
Depreciation and amortisation	(352,659)	(580,479)
<b>Profit before tax</b>	<b>4,561,562</b>	757,704
Income tax expense	(48,160)	(420,295)
<b>Profit for the period/ total comprehensive income for the period</b>	<b>4,513,402</b>	337,409
<b>Loss attributable to non-controlling Interest</b>	<b>2,612</b>	-
<b>Profit for the period/ total comprehensive income for the period</b>	<b>4,516,014</b>	337,409



## 7. Consolidated statement of financial position

	GROUP	
	2021 EUR	2020 EUR
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	286,103	232,098
Property, plant and equipment	956,668	492,507
Investment property	4,227,964	3,904,606
Investment in joint venture	164,428	-
Right of use asset - lease	1,709,134	1,802,267
Fair value through profit and loss investments	1,095,009	3,151
Loans and receivables	7,062,347	45,000
	<b>15,501,654</b>	<b>6,479,629</b>
<b>Current assets</b>		
Trade and other receivables	3,379,065	8,510,158
Inventory	69,408	-
Cash and cash equivalents	3,083,344	699,350
Current tax asset	211,202	378,488
Deferred tax asset	190,604	-
	<b>6,933,623</b>	<b>9,587,996</b>
<b>Total assets</b>	<b>22,435,277</b>	<b>16,067,625</b>
<b>Current liabilities</b>		
Trade and other payables	5,499,024	3,493,928
Other financial liabilities	-	212,753
Lease liability - current	362,346	335,051
Bank borrowings	186,912	1,983
	<b>6,048,282</b>	<b>4,043,715</b>
<b>Non-current Liabilities</b>		
Interest bearing loans and borrowings	3,967,064	3,962,162
Lease liability - non-current	1,909,098	2,043,069
Deferred tax liability	-	30,093
	<b>5,876,162</b>	<b>6,035,324</b>
<b>Total liabilities</b>	<b>11,924,444</b>	<b>10,079,039</b>
<b>Net assets</b>	<b>10,510,833</b>	<b>5,988,590</b>
<b>EQUITY</b>		
Share capital	50,000	50,000
Other reserves	-	5,116,592
Retained earnings	10,494,679	811,556
Investor compensation scheme reserve	10,442	10,442
Attributable to equity holders of the parent	<b>10,555,121</b>	<b>5,988,590</b>
<b>Non-controlling interest</b>	<b>(44,288)</b>	-
<b>Total equity</b>	<b>10,510,833</b>	<b>5,988,590</b>

These consolidated financial statements were approved by the board of directors, authorised for issue on 12<sup>th</sup> August 2021 and signed by:



Charles Borg  
Director



Kari Pisani  
Director

## 8. Consolidated statement of changes in equity

GROUP	Share capital EUR	Other reserves EUR	Investor Compensati on Scheme EUR	Retained earnings EUR	Non- controlling interest EUR	Total EUR
Balance at 01.01.2020	50,000	5,116,592	9,743	36,684	-	5,213,019
Profit for the year/total comprehensive income for the year	-	-	-	774,872	-	774,872
Addition for the year	-	-	699	-	-	699
Balance at 01.01.2021	50,000	5,116,592	10,442	811,556	-	5,988,590
Profit for the year/total comprehensive income for the year	-	-	-	4,516,014	-	4,511,720
Acquisitions through merger	-	(5,116,592)	-	5,167,109	(41,676)	8,841
Non-controlling interest	-	-	-	-	(2,612)	(2,612)
Balance at 30.06.2021	50,000	-	10,442	10,494,679	(44,288)	10,510,833

## 9. Consolidated statement of cash flows

	GROUP	
	2021 EUR	2020 EUR
Cash flows from operating activities		
Profit before tax	4,561,562	1,506,308
<i>Adjustments for:</i>		
Depreciation and amortization	352,659	740,388
Fair value loss / (gain) on investment property	(17,358)	103,791
Movement in provision for irrecoverable amounts	-	(1,582)
Gain on disposal of property, plant and equipment	-	(23,770)
Gain on disposal of intangible asset	(4,427,407)	-
Waiver of amounts due to company	-	128,072
Net change in fair value of financial instruments at fair value through profit and loss	(21,079)	-
Interest income	(65,304)	(199,124)
Interest expense	43,654	171,712
Operating profit before working capital movement	426,727	2,425,795
Movement in trade and other receivables	149,609	(1,593,697)
Movement in inventories	(10,110)	(9,920)
Movement in trade and other payables	389,601	(193,156)
<b>Cash flows generated from/ (used in) operations</b>	<b>955,827</b>	<b>629,022</b>
Interest paid	-	(380,035)
Interest received	-	254,331
Income tax received	60,522	-
Income tax paid	(469,758)	(428,644)
Net cash flows from/(used in) operating activities	546,591	74,674
<b>Cash flows used in investing activities</b>		
Purchase of property, plant and equipment and intangibles	(154,651)	(216,191)
Purchase of intangible assets	(35,600)	-
Investment into joint venture	(100,000)	-
Acquisition of subsidiaries	-	(115,002)
Proceeds from sale of financial instruments	50,268	-
Interest received	65,344	-
Net cash flows from/(used in) investing activities	(174,639)	(331,193)
<b>Cash flows from financing activities</b>		
Repayment of leases	(208,795)	-
Repayment to related parties	-	(312,538)
Repayments of from borrowings	(1,983)	(11,576)
Net cash flows from/(used in) financing activities	(210,778)	(324,114)
<b>Cash taken over on merger</b>	<b>2,222,820</b>	<b>-</b>
<b>Net movement in cash and cash equivalents</b>	<b>161,174</b>	<b>(580,633)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>699,350</b>	<b>1,281,968</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,083,344</b>	<b>699,350</b>

## 10. Notes to the consolidated financial statements

### 10.1. The Group and its operations

#### The Group consists of CC Finance Group plc, i.e. Holding Company and its subsidiaries.

##### CC Finance Group plc (the “Company”)

The Company was incorporated on 9 March 2018 in Malta, under the Companies Act, 1995, as a public limited company having limited liability, with the registration number C 85280. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta. The Company was formed to act as a holding company for the “CC Finance Group” (the “Group”) and also for the issuance of a bond on the Prospects MTF market.

##### Subsidiaries

##### Calamatta Cuschieri Investment Services Limited (“CCIS”)

CCIS was incorporated on 30 March 1992 in Malta, under the Companies Act, 1995, as a limited liability company, with the registration number C 13729. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta. CCIS provides advice and financial consultancy to its customers in return for a commission on brokerage dealings in securities. On 4 December 2008, CCIS was granted a Category 3 license issued by the Malta Financial Services Authority, as the competent authority under the Investment Services Act (Cap. 370). This license gives CCIS the full right to deal directly in international markets and to hold and control clients’ money and assets. On the 8th of October 2020, the company announced that CCIS acquired 100% shareholding of Financial Planning Services Limited. On 15th June 2021, the directors submitted draft terms for the merger of Financial Planning Services Ltd into CCIS. The merger will take effect after 3-month contestation period. Furthermore, CCIS also owns 100% of Crystal Finance Investments Limited, a non-trading entity that is planned to be liquidated in 2021.

##### Calamatta Cuschieri Investment Management Limited (“CCIM”)

CCIM was incorporated on 10 June 2011 in Malta, under the Companies Act, 1995, as a limited liability company, with the registration number C 53094. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta.

The principal activity of CCIM is the provision of investment services as a Category 2 license holder, issued by the Malta Financial Services Authority (“MFSA”) in terms of the Investment Services Act (Cap. 370).

##### CC Fund Services (Malta) Limited (“CCFS”)

CCFS was incorporated on 2 December 2008 in Malta, under the Companies Act, 1995, as a limited liability company, with the registration number C 45733. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta.

The principal objective of CCFS is to provide administration, transfer agency and related services to collective investment schemes in terms of the Investment Services Act, 1994. CCFS is also involved in the provision of corporate and advisory services to local companies in accordance with the Company Service Provider Act, 2013.

##### Calamatta Cuschieri Group plc

The company was incorporated on 15 April 2015 in Malta, under the Companies Act, 1995, as a public limited company having limited liability, with the registration number C 70064. The registered office of the company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta.

The company acts as a holding company for the Calamatta Cuschieri group companies (the “Group”), which include Calamatta Cuschieri Finance plc (“CCF”) and subsidiaries thereof, Brand & Pepper Ltd (“B&P”), CC Trading Limited (“CC Trading”), FinanceStack Ltd (“FSK”), Moneybase Ltd (“Moneybase”), Moneybase UAB, CC FS Holding Ltd (“CCFS Holding”) and CCGM Pension Administrators Limited (“CCGM”) as a joint venture. The group re-organisation in 2021 resulted in CC Finance Group plc gaining control of Moneybase Ltd, MoneyBase UAB, CC FS Holding Ltd, CC Fund Services (Luxembourg) Sarl, FinanceStack Ltd and Brand & Pepper Ltd.

##### MoneyBase Ltd

MoneyBase Ltd was incorporated on 4<sup>th</sup> July 2018 in Malta as a limited liability company with registration number C 87193. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta.

The principle objectives of the company is to provide electronic money and payment services as defined in the Second and Third Schedule to the Financial Institutions Act (Chapter 376 of the Laws of Malta).

##### MoneyBase UAB

MoneyBase UAB was incorporated on 12<sup>th</sup> September 2019 in Lithuania as a limited liability company with registration number 305286882. The registered office of the Company is located at Upes str 23, Vilnius, the Republic of Lithuania.

The principle objectives of the company is to provide electronic money and payment services.

##### CC FS Holding Ltd

CCFS Holding was incorporated on 22 January 2019, under the laws of Malta, as a limited liability company, with the registration number C 90343. The registered office of Moneybase is located at Ewropa Business Centre, Dun Karm, Birkirkara, Malta.

The company acts as a holding company and invests in fund services business worldwide. The company owns 100% of CC Fund Services (Luxembourg) Sarl.

#### **CC Fund Services (Luxembourg) Sarl**

CC Fund Services (Luxembourg) Sarl was incorporated on 28 October 2020, with the registration number B248341. The registered office of the Company is 20, Rue Eugene Ruppert, L-2453 Luxembourg. The company obtained its regulatory license on 1 March 2021. The principal objective of CC Fund Services (Luxembourg) Sarl is to provide fund services in Luxembourg.

#### **FinanceStack Ltd**

FSK was incorporated on 23 January 2017, under the laws of Malta, as a limited liability company, with the registration number C 79223. The registered office of FSK is located at Ewropa Business Centre, Dun Karm Street, Birkirkara, Malta. FSK develops, markets, sells and installs computer software and software solutions for financial and non-financial organisations. The subsidiary also acts as a service provider, both externally and to the Group, with the use of software developed by the company. On 15th June 2021, the directors submitted draft terms for the merger of FinanceStack into CCFG. The merger will take effect after 3-month contestation period.

#### **Brand & Pepper Ltd**

B&P was incorporated on 29 November 2017, under the laws of Malta, as a limited liability company, with the registration number C 83734. The registered office of B&P is located at Ewropa Business Centre, Dun Karm Street, Birkirkara, Malta. B&P acts as a marketing agent, providing consultation on branding, public relations, buying and selling of advertising space and market research. On 15th June 2021, the directors submitted draft terms for the merger of Brand & Pepper into CCFG. The merger will take effect after 3 month contestation period.

## **10.2. Basis of consolidation and preparation**

The interim financial statements have been prepared in accordance with IAS34 *Interim Financial Reporting*, as adopted by the EU. The condensed interim financial statements have been extracted from the management accounts for the six months ended 30th June 2021.

The financial information as at 30th June 2021 and for its six months then ended, reflect the financial position and performance of CC Finance Group Plc and its subsidiaries, as explained in note 10.1. The comparative amounts reflect the financial position as included in the audited financial statements ended 31st December 2020 and the financial results for the period ended 30th June 2020.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's and the Company's annual financial statements as at 31st

December 2020, which form the basis for these Interim Financial Statements. These Interim Financial Statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances.

The significant accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the Group's and the Company's audited financial statements for the year ended 31st December 2020, unless otherwise disclosed below in the Section entitled 'IFRS applicable in the current year'. These policies are described in Note 15.3 of the audited financial statements for the year ended 31st December 2020.

The interim financial reporting has been prepared keeping in mind the financial impact and the economic downturn brought about by COVID-19 pandemic. Considering the fact that the economic situation is still fluid, the Group will continue monitoring the developments with the aim of minimizing the financial impact.

#### **Group restructuring**

In June 2021, the group undertook a restructuring exercise with the intention of reducing the number of companies within the group and consolidating the entire group under one holding company. The following are the steps that were executed:

- Fincestack Ltd sold intellectual property to CC IP Holding Ltd for €7m;
- CC IP Holding Ltd and CC Finance Group entered into royalty agreement for the right of use of the intellectual property;
- Transfer of CC Finance Group plc's entire share capital previously owned by Calamatta Cuschieri Group plc to Taurus Investments Ltd and Gardell Investments Ltd;
- Transfer of Calamatta Cuschieri Group plc's entire share capital, previously owned by Taurus and Gardell, to CC Finance Group plc;
- Publication of draft terms of mergers of Fincestack Ltd, Brand & pepper Ltd and Calamatta Cuschieri Group plc into CC Finance Group plc; and
- Publication of draft terms of mergers of Financial Planning Services Ltd into Calamatta Cuschieri Investment Services Ltd.

The acquisition of the subsidiaries by the Company has been accounted for under the principles of predecessor accounting as from the date CC Finance Group plc took control of the entities. In terms of predecessor accounting, an acquirer is not required to be identified. Predecessor accounting allows for an accounting policy choice, either retrospective application where the Company would incorporate the acquired entities at their previous carrying amounts of assets and liabilities included in the respective financial statements of the subsidiaries and would opt to present the full year's results of the subsidiaries, including comparative information, or prospective application where the Company would consolidate the entities from the



date when control was assumed. The Company has opted for prospective application.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Where necessary, in preparing these consolidated financial statements, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by group entities. Intra-group balances, transactions, income and expenses are eliminated on consolidation.

### 10.3. Standards, interpretations and amendments to published standards as endorsed by the EU that are not yet effective

Up to the date of approval of these condensed interim financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early.

- Amendments to IFRS 4 – Extension of the Temporary Exemption from applying IFRS 9 (in which the fixed expiry date of the amendment was deferred to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (effective for financial years on or after 1 January 2023 by virtue of the July 2020 Amendments);
- Amendments to IAS 37 – Onerous contract – cost of fulfilling a contract (effective for financial years on or after 1 January 2022);
- Amendments to IFRS – Reference to the conceptual framework (effective for financial years on or after 1 January 2022);
- Amendments to IAS 16 – Property, plant and equipment – proceeds before intended use (effective for financial years on or after 1 January 2022)
- Amendments to IFRS 16 – COVID-19 Related rent Concessions beyond 30 June 2021 (effective for financial years on or after 1 April 2021, earlier application permitted)
- Amendments to IFRS 9 (as part of the 2018 – 2020 Annual Improvements Cycle) – Financial instruments (effective for financial years on or after 1 January 2022)
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective for financial years on or after 1 January 2023);

- Amendments to IAS 8 – Definition of Accounting Estimates (effective for financial years on or after 1 January 2023);
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single transaction (effective for financial years on or after 1 January 2023).

The changes resulting from these standards, interpretations and amendments, are not expected to have a material effect on the financial statements of the Group.

### 10.4. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made no changes to judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 10.5. Dividends

In April 2021, the company declared and issued a net dividend of €100,000 to the ordinary shareholders of the company.



## 10.6. Investment property

THE GROUP	Directly Owned Property Asset EUR	Right-of-Use of Property Asset EUR	Total EUR
At 01.01.2020	3,300,000	732,955	4,032,955
Additions	9,185	-	9,185
Decrease in fair value	-	(137,534)	(137,534)
At 01.01.2021	3,309,185	595,421	3,904,606
Additions	-	-	-
Additions through merger	306,000	-	306,000
Increase in fair value	-	17,358	17,358
At 30.06.2021	3,615,185	612,779	4,227,964
<b>Carrying Value</b>			
At 31.12.2020	3,309,185	595,421	3,904,606
At 30.06.2021	<b>3,615,185</b>	<b>612,779</b>	<b>4,227,964</b>

The investment property held represents an old Palazzo in Valletta. This property was revalued by an independent architect in December 2016. Fair value has been determined by reference to the rental yield that can be generated from this property once complete, net of any costs to complete.

Right of use property asset represents the discounted fair value of the future cash flows receivable from the properties sub-let in Valletta as a result of the transition to IFRS 16 as at 1 January 2019.

Both investment properties are classified as level 3 in the fair value hierarchy. The following comprise the significant observable inputs and the corresponding sensitivity.

Significant observable input	Sensitivity
Rental value per square metre, ranging from EUR100 to EUR230	The higher the price per square metre, the higher the fair value
Increase in rental rate of 2% per annum	The higher the growth rate, the Higher the fair value
Discount factor – 6% - 7%	The higher the discount factor the lower the value

Changes in fair value are recognised as gains in the profit and loss account and included in 'other income'. All gains are unrealised.

## 10.7. Fair value through profit and loss investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

At 30 June 2021 and 31 December 2020, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair

values due to the short-term maturities of these assets and liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.

Fair value measurement at end of the reporting period:

	2021	2020
	EUR	EUR
<b>Level 1</b>		
<b>Financial assets at fair value through profit or loss:</b>		
Debt securities related to:		
• Central governments or Central banks	2,007	3,151
• Local corporate bonds	241,461	
• Foreign corporate bonds	271,478	
• EEA financial services licensed entities	136,015	-
• Corporate (non-EEA) financial services licensed entities	-	-
• Quoted equities	142,124	-
	<b>793,085</b>	<b>3,151</b>

#### Level 2

##### Financial assets at fair value through profit or loss:

Unlisted collective investment schemes	301,924	-
	<b>301,924</b>	<b>-</b>

The fair values of loans and receivables classified as non-current financial assets and bank loans classified as non-current financial liabilities that are not measured at fair value, are not materially different from their carrying amounts.

## 10.8. Interest bearing loans and borrowings

	GROUP	
	2021	2020
	EUR	EUR
4.25% Bond nominal balance payable	4,000,000	4,000,000
Bond issue costs	(54,150)	(54,150)
Accumulated amortization of bond issue costs	21,214	16,312
	<b>3,967,064</b>	<b>3,962,162</b>

### Related party disclosures

Calamatta Cuschieri Finance plc is jointly controlled by Taurus Investments Limited and Gardell Investments Limited. Both companies are registered in Malta and have a registered address at Ewropa Business Centre, Dun Karm Street, Birkirkara, Malta. In terms of IAS 24 - *Related Party Disclosures*, the directors consider the ultimate controlling parties of Taurus Investments Limited are Alexander Cuschieri, Christine Cuschieri, Alan Cuschieri and Tricia Galea who collectively own 100% of the issued share capital.

In terms of IAS 24- *Related Party Disclosures*, the directors consider the ultimate controlling party of Gardell Investments Limited to be Heirs of the Late Alfred Calamatta, Janis Calamatta, Nicholas Calamatta and Gabriella Calamatta who collectively own 100% of the issued share capital.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions. During the course of the year, the Group entered into transactions with related parties as set out below.

		Sales to related party	Purchases from related party	Amounts owed by related party	Amounts owed to related party
		Eur	Eur	Eur	Eur
CC IP Holdings Ltd	2021	7,000,000	-	7,000,000	-
	2020	-	-	-	-
Amounts due from directors	2021	-	-	133,034	-
	2020	-	-	169,404	-

## 10.9. Commitments

The group enjoys an overdraft facility of €1,500,000, a revolving credit facility of €1,500,000 and a loan of €186,912 with Bank of Valletta plc which is secured by a general hypothec over the Company's assets, supported by a special hypothec for €1,500,000 on commercial premises in Valletta and a pledge over the group's investment portfolio up to a value of €1,000,000.

### Guarantees

As at 30 June 2021, the Group has provided a guarantee to an unrelated party for the operating lease of the immovable property on a 5-year term deposit held with a local bank as disclosed below. No liability is expected to arise.

As at 30 June 2021, HSBC Bank Malta p.l.c. held a bank guarantee for an amount of €23,300 (2020: €23,300) in respect of amounts blocked by the Malta Stock Exchange to cover trade settlements.

### Operating lease commitments – Group as lessee

The Group has entered into operating leases on immovable property, with lease terms for a minimum of five years and ten years. The Group has the option, under some of its leases, to lease the property for additional terms of 5 to 10 years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2020 are, as follows:

	2021 EUR	2020 EUR
Not later than one year	456,099	441,758
Later than one year and not later than five years	1,892,863	2,184,668
	<b>2,348,962</b>	<b>2,626,426</b>

### Operating lease commitments – company as lessor

The Group has entered into an operating lease on leased immovable property, with the lease term for a minimum of three years. The Group has the option, to lease the property for additional term of between 2 to 6 years.

Future minimum lease payments due to the Group under non-cancellable operating leases are as follows:

	2021 EUR	2020 EUR
Not later than one year	119,900	103,440
Later than one year and not later than five years	513,139	323,989
	<b>633,039</b>	<b>427,429</b>

The lessees do not have an option to purchase the properties at the expiry of the lease period.

## 10.10. Contingent liabilities

During the year under review, a claim was opened against a group entity for the amount of €57,471. The amount has been deposited in court. The directors believe that no provision is required for this claim at this point.

## 10.11. COVID-19 impact

The on-going COVID-19 pandemic have not impacted the Group as demonstrated in the 2020 and interim results. Management however remain vigilant of the possible knock-on effect that an economic downturn due to the COVID-19 pandemic could have on the markets and demand for financial services.

## 10.12. Comparative figures

Certain comparative figures have been reclassified in order to comply with the current year presentation.

**CC Finance Group plc**

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