JD CAPITAL PLC

FINAL TERMS

DATED 3 OCTOBER 2022

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SECURED BOND ISSUANCE PROGRAMME OF A MAXIMUM OF €25,000,000

ISIN: MT0001831214

SERIES NO: 1/2022
TRANCHE NO: 1

UP TO A MAXIMUM OF €14,000,000 SECURED BONDS

ISSUED BY:
JD CAPITAL P.L.C.

PART A – CONTRACTUAL TERMS

Capitalised terms used in these Final Terms which are not defined herein shall have the definitions assigned to them in the Base Prospectus dated 3 October 2022 which was approved by the MFSA in Malta on 3 October 2022 and which constitutes a base prospectus for the purposes of the Prospectus Regulation.

This document constitutes the Final Terms of the Tranche 1 Bonds described herein for the purposes of Article 8 the Prospectus Regulation and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Tranche of Bonds under these Final Terms is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the issue of this Tranche of Bonds is annexed to these Final Terms.

The Base Prospectus is available for viewing at the office of the Issuer and on the websites of: (a) the MFSA during a period of 12 months from the date of approval of the Base Prospectus; and (b) the Issuer (https://www.jsdimech.com/investor-relations) and copies may be obtained free of charge from the registered office of the Issuer (HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta). A summary of this individual issue is annexed to these Final Terms.

1.	**Issuer**	JD Capital p.l.c. (C 82098)
2.	**Series Number**	1
3.	**Tranche Number**	1
4.	**Specified Currency**	Euro (€)
5.	**Aggregate nominal amount:** **(i) Series** **(ii) Tranche**	(i) up to €25,000,000, which may be issued solely in Tranches forming part of this Series 1 or in combination with Tranche/s forming part of one or more separate Series. (ii) up to €14,000,000.
6.	**(i) Issue Price of Tranche** **(ii) Net proceeds**	(i) €100. (ii) A maximum of €8,600,000 which will emanate from the Tranche 1 Bonds to be issued under these Final Terms.
7.	**Specified Denomination**	€100.
8.	**Number of Bonds offered for subscription**	up to a maximum of 140,000.
9.	**(i) Issue Date** **(ii) Interest Commencement Date**	(i) 25 November 2022 (ii) 25 November 2022
10.	**Maturity Date**	25 November 2032
11.	**Early Redemption Date/s**	Not applicable.
12.	**Redemption Value**	Redemption at par.
13.	**Register Cut-Off Date**	15 Business Days prior to the Interest Payment Date
INTEREST		
14.	**Rate of Interest**	4.7% per annum payable annually in arrears.
15.	**Interest Payment Date/s**	25 November of each year between and including each of the years 2023 and the year 2032, provided that if any such day is not a Business Day, such interest payment date will be carried over to the next following day that is a Business Day.
GENERAL PROVISIONS		
16.	**Taxation**	As per section 18 (***"Taxation"***) of the Base Prospectus.

PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue and admission to trading on the Official List of the MSE of the Tranche of Bonds described herein pursuant to the Secured Bonds Issuance Programme of a maximum of €25,000,000, in terms of the Base Prospectus dated 3 October 2022.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Board of Directors of JD Capital p.l.c. by Mr Josef Dimech

JOSEF DIMECH
Director

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING AND LISTING

Admission to Listing	The Bonds were authorised as admissible to listing on the Official List of the Malta Stock Exchange by virtue of a letter of the MFSA dated 3 October 2022.
Admission to Trading	Application has been made to the MSE for the Bonds being issued pursuant to these Final Terms to be admitted to trading thereon. The Bonds are expected to be admitted to the MSE with effect from 25 November 2022 and trading is expected to commence on 28 November 2022.
Previous admission to trading	Not applicable.
Estimate of total expenses relating to Admission to Trading	Approximately €400,000. Such expenses shall be borne by the Issuer.
Dates of the corporate authorisations for issuance of the Bonds	Resolution of the Board of Directors dated 23 September 2022.

2. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Reasons for the Offer / Use of Proceeds	The Bonds to be issued under these Final Terms will be used for the purposes set out in section 15.2.3.1 of the Base Prospectus.
Estimated Expenses	Approximately €400,000, with approximately €175,000 being attributed to selling commission fees and €225,000 to professional fees, MSE, regulatory and ancillary fees. There is no particular order of priority with respect to such expenses. The professional fees shall be paid from the proceeds of the Bonds to be issued under these Final Terms, whereas all other expenses shall be borne by the Issuer.
Estimated Net Proceeds	A maximum of €8,600,000.
Conditions to which the Offer is subject	The offer of the Tranche 1 Bonds is conditional upon: (i) the Tranche 1 Bonds being admitted to the Official List; (ii) the Collateral being constituted in favour of the Security Trustee; and (iii) the Tranche 1 Bonds being fully subscribed. In the event that any of these conditions is not satisfied, the subscription for the Tranche 1 Bonds shall be deemed not to have been accepted by the Issuer, any application monies will be returned without interest by direct credit into the Applicant's bank account, and the issue of Tranche 1 Bonds shall be cancelled forthwith.

3. YIELD

Yield	4.7%
Method of calculating the yield	Yield will be calculated on the basis of the interest per annum, the Issue Price and the Redemption Value of the Tranche 1 Bonds at Maturity Date.

4. EXPECTED TIMETABLE

Meeting of Prospects Bondholders	24 October 2022
Applications available to Prospects Bondholders	25 October 2022
Closing date for Applications to be received from Prospects Bondholders	15 November 2022 (by 12:00 CET)
Offer Period	25 October 2022 - 15 November 2022 at 12:00 CET
Announcement of basis of acceptance	18 November 2022
Refund of unallocated monies, if any	25 November 2022
Dispatch of allotment letters	25 November 2022
Commencement of interest	25 November 2022
Expected date of admission of the Bonds to listing	25 November 2022
Issue date of the Bonds	25 November 2022
Expected date of commencement of trading in the Bonds	28 November 2022
The Issuer reserves the right to shorten or extend the closing of the Offer Period, in which case, the remaining events set out above will be brought forward or moved backwards (as the case may be) in the same chronological order set out above. In the event that the timetable is revised as aforesaid, the Interest Payment Dates and the Maturity Date may change, in which case the revised dates will be communicated by the Issuer by company announcement and, or on its website, without the requirement to amend these Final Terms.	

5. METHOD OF DISTRIBUTION AND ALLOCATION

Offer Period	the period between 25 October 2022 at 08:30 CET and 15 November 2022 at 12:00 CET.
Plan of Distribution and Allotment	Save with respect to the part of the Tranche 1 Bonds which shall be offered exclusively to the holders of Prospects Bonds as part of an offer for the exchange of Prospects Bonds for Tranche 1 Bonds, distribution of Bonds shall be by way of an intermediaries' offer through placement in favour of Authorised Financial Intermediaries (on their own account or on account of their underlying investors). In this regard, the Issuer may enter into subscription agreements with Authorised Intermediaries for the subscription of Tranche 1 Bonds (the **"Subscription Agreements"**). In terms of the Subscription Agreements, the Issuer will undertake to issue, and Authorised Intermediaries will undertake to subscribe for, Tranche Bonds subject to: (i) the Tranche 1 Bonds being admitted to trading on the Official List; (ii) the Collateral being constituted in favour of the Security Trustee; and (iii) Tranche 1 being fully subscribed. In the event that any of the aforesaid conditions are not satisfied, the Security Trustee shall return Bond Issue proceeds raised from the Tranche 1 Bonds to applicants who subscribed for Bonds under such Tranche. In terms of the Subscription Agreements, Authorised Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either: (i) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or (ii) instruct the Issuer to issue a portion of the Bonds subscribed by them directly to their underlying customers.
Reservation of Tranche, of part thereof, in favour of specific class of investors	The Issuer has reserved a maximum aggregate amount of up to €5,000,000 of the Tranche 1 Bonds for subscription by holders of Prospects Bonds appearing on the register of Prospects Bonds as at close of business on 7 October 2022. The Tranche 1 Bonds reserved for Prospects Bondholders shall be offered at a premium of two Euro (€2) per Prospects Bond exchanged for Tranche 1 Bonds, representative of interest due on the Prospects Bond between the date of surrender of the Prospects Bonds and the Issue Date of the Tranche 1 Bonds.
Minimum amount of application	€2,000 and multiples of €100 thereafter.

Description of application process	All Applications for the Bonds must be submitted on the appropriate Application within the time limits established therein. All Applications are to be lodged with any of the Authorised Financial Intermediaries by not later than 12:00 CET on 15 November 2022, together with payment of the full price of the Bonds applied for, in Euro (€). Payments may be made in cash or by cheque payable to the respective Authorised Financial Intermediary, save that in the case of Prospects Bondholders subscribing for the same number of Bonds as the number of Prospects Bonds held as at the relevant record date, no additional payment shall be required. In the event that a cheque accompanying an Application is not honoured on its first presentation, the Authorised Financial Intermediary and, or the Issuer acting through the Registrar, reserve the right to invalidate the relative Application. Applications shall be subject to the “Terms and Conditions of Application for Tranches of Bonds” as set out in in section 17 of the Base Prospectus.
Oversubscription and refunds	The Issuer may refuse and, or reduce subscriptions in any of the following events: a) in the event of over-subscription of the offer of the Tranche 1 Bonds; and, or b) insofar as the Allocation Policy so determines, If an Application is not accepted or is accepted for a lesser amount than is applied for, the full amount or the excess amount (as applicable) will be returned by the Registrar without interest by direct credit to the Applicant’s bank account as indicated in the Application. The Issuer shall not be responsible for any loss or delay in transmission.
Payment and delivery	As per the *“Terms and Conditions of Application for Tranches of Bonds”* in section 17 of the Base Prospectus.
Allocation policy	Pursuant to the Prospects Bond Exchange Offer, the amount of €5.0m in Tranche 1 Bonds has been reserved for Prospects Bondholders. Prospects Bondholders receiving Tranche 1 Bonds in exchange for the Prospects Bond will be paid a premium of two Euro (€2) per Prospects Bond exchanged for Tranche 1 Bonds. **If the Prospects Bond Exchange Offer is accepted:** i. an amount of €5.0 million of Tranche 1 Bonds shall be allocated to the Prospects Bondholders; and ii. following the allocation in terms of (i) above, the Company will be allocating the remaining Tranche 1 Bonds to: a. Prospects Bondholders applying for additional Tranche 1 Bonds in excess of the Prospects Bonds held by them; and b. Authorised Financial Intermediaries participating in the Intermediaries’ Offer, with no order of preference between them. **If the Prospects Bond Exchange Offer is not accepted:** The Issuer will allocate Tranche 1 Bonds to: i. Prospects Bondholders wishing to apply for Tranche 1 Bonds notwithstanding that the Prospects Bond Exchange Offer has not been accepted, in exchange for Prospects Bonds up to the amount of Prospects Bonds held by the respective Prospects Bondholder, and for additional amounts of Tranche 1 Bonds applied for in cash; and ii. Authorised Financial Intermediaries participating in the Intermediaries’ Offer. provided that, the Issuer will be applying a more favourable allocation according to the priority detailed in (i) to (ii) above.

Results of the offer	The results of the offer of the Tranche 1 Bonds shall be announced by the Issuer by way of publication of a company announcement on its website on https://www.jsdimech.com/investor-relations by not later than 18 November 2022.
Selling Commission	1.25%.

6. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Except for the fees payable to the advisers of the Issuer in connection with the offer of the Tranche 1 Bonds, so far as the Issuer is aware, no person involved in the offer of the Bonds has any other interest that is material to the offer.

7. THIRD PARTY INFORMATION

Not applicable.

ANNEX I – ISSUE SPECIFIC SUMMARY

This summary (the **"Summary"**) is prepared in accordance with the requirements of the Prospectus Regulation. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds to be issued pursuant to the Final Terms. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Base Prospectus and the Final Terms, as the case may be.

1. INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer and the Tranche 1 Bonds, summarised details of which are set out below:

Full legal and commercial name of the Issuer	JD Capital p.l.c.
Registered address	HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta
Registration number	C 82098
Legal Entity Identification (LEI) Number	391200C8XW0F6K1ROJ82
Date of Registration	9 August 2017
Telephone number	+356 21653689
Email	info@jsdimech.com
Website	https://www.jsdimech.com/investor-relations/
Nature of the securities	The Tranche 1 Bonds are secured bonds of an aggregate principal amount of up to fourteen million Euro (€14,000,000), of a nominal value of €100 per Bond, issued at par and redeemable at their nominal value on 25 November 2032, and bearing interest at the rate of 4.7% per annum.
ISIN of the Bonds	MT0001831214
Competent authority approving the Base Prospectus	The Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta).
Address, telephone number and official website of the competent authority approving the Base Prospectus	Address: Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta; Telephone number: +356 21 441 155; Official website: www.mfsa.mt
Base Prospectus approval date	3 October 2022

Prospective investors are hereby warned that:

(i) this Summary should be read as an introduction to the Base Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Tranche 1 Bonds being offered pursuant to the Base Prospectus and these Final Terms. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;

(ii) any decision of the investor to invest in the securities should be based on consideration of the Base Prospectus and these Final Terms as a whole by the investor;

(iii) an investor could lose all or part of the capital invested in subscribing for the Tranche 1 Bonds;

(iv) where a claim relating to the information contained in the Base Prospectus and these Final Terms is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Base Prospectus and these Final Terms before the legal proceedings are initiated; and

(v) civil liability attaches only to those persons who have tabled the Summary including any translation thereof but only if the Summary, when read together with the other parts of the Base Prospectus and these Final

Terms, is misleading, inaccurate or inconsistent or does not provide key information in order to aid investors when considering whether to invest in such securities.

2. KEY INFORMATION ON THE ISSUER

2.1. WHO IS THE ISSUER OF THE SECURITIES?

2.1.1. Domicile and legal form, its LEI and country of incorporation

The Issuer is JD Capital p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta) with company registration number C 82098. The legal entity identifier (LEI) number of the Issuer is 391200C8XW0F6K1ROJ82.

2.1.2. Principal Activities of the Issuer

The Issuer was registered on 9 August 2017 and was established as the holding company, financing, re-financing and investment arm of the Group. The Issuer, therefore, does not carry out any trading or operating activities of its own, other than the carrying out of financing and re-financing activities, including the advancing of funds to companies forming part of the Group to fund the Group's funding requirements as and when the demands of the Group's business so require. Accordingly, the Issuer is economically dependent on the operations undertaken by its operating Subsidiaries.

2.1.3. Major Shareholders of the Issuer

Mr. Josef Dimech is the sole ultimate beneficial owner of the Issuer, ultimately holding *circa* 98% of the ownership interests of the Issuer: (i) directly as the registered holder of 0.0004% of the issued share capital of the Issuer; and (ii) indirectly as the registered holder of 97.92% of the issued share capital of JD Holdings Limited, the immediate parent company and majority registered shareholder of the Issuer.

2.1.4. Board of Directors of the Issuer

The Board of Directors of the Issuer is composed of the following persons: (a) Josef Dimech (executive director & Group CEO); (b) Jonathan Pace (executive director); (c) Stanley Portelli (non-executive and independent director); (d) Stephen Muscat (non-executive and independent director); and (e) Jesmond Manicaro (non-executive and independent director).

2.1.5. Statutory Auditors

The auditors of the Issuer as at the date of this Summary and for the financial years ended 2019, 2020 and 2022 are RSM Malta of Triq l-Imdina, Haz-Zebbug, ZBG 9015, Malta. The Accountancy Board registration number of RSM Malta is AB/26/84/53.

2.2. WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

The Group's audited financial statements as at 31 December 2021, 2020 and 2019 are published on the Issuer's website. The Group's revenue was increasing at a compounded annual growth rate of 19.8% and was recording an operating profit over the three financial years.

The Group has been actively conducting liquidity strategies such as negotiating and refinancing its current liabilities, including privileged payables to manage its working capital. In FY21, the Group recorded a working capital surplus amounting to €2.4 million.

JD Capital p.l.c. **Consolidated summary of key financial information**					
	31 Dec 2021 *(Audited)* *Euro 000*	**31 Dec 2020** *(Audited)* *Euro 000*	**31 Dec 2019** *(Audited)* *Euro 000*	**30 June 2022** *(Unaudited)* *Euro 000*	**30 June 2021** *(Unaudited)* *Euro 000*
Statement of profit or loss					
Revenue	16,268	15,145	11,329	4,524	8,211
Operating profit	1,155	1,394	1,338	302	561
Statement of financial position					
Total assets	47,280	33,260	30,910	49,460	38,451
Statement of cash flows					
Net cash flows from / (used in) operating activities	(1,728)	(1,008)	(1,251)	1,017	(1,770)
Net cash flows from / (used in) investing activities	1,542	(304)	(1,063)	(1,866)	497
Net cash flows from / (used in) financing activities	36	1,756	1,998	1,496	1,142

2.3. WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?

The most material risk factors specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

2.3.1. Risks relating to the Issuer's role as the holding and financing company of the Group

The Issuer does not carry out any trading activities of its own and its sole purpose is to raise funds in the capital markets for the purpose of on-lending to companies forming part of the JD Capital Group. As a result, the only cash-generating activities of the Issuer are the receipt of interest income on funds advanced to Group companies and dividends received from its Subsidiaries, if any, from time to time. Accordingly, the Issuer is economically dependent on the operational results, the financial position and the financial performance of the Group companies to which it provides financing and its Subsidiaries. The underperformance of any of these companies may have an adverse effect on the performance of the Issuer which, in turn, may affect its ability to service payments under the Bonds. The key risks associated with the Group, on which the Issuer is dependant as aforesaid, are contained in the Base Prospectus and prospective investors are strongly advised to carefully consider all such risk factors with their own independent financial and other professional advisors.

Key economic and financial risks

2.3.2. Risks relating to the economic repercussions of the COVID-19 pandemic and its impact on the business and activities of the Group

As a direct result of the spread of COVID-19, global economic activity has experienced a general downturn, with certain industry sectors and market segments having been affected more harshly than others. The Group's business, operations, and financial performance remain susceptible to the risk relating to the uncertainty surrounding the constantly changing circumstances within which it finds itself operating as a result of COVID-19, as well as the risks of the effects of the corresponding restrictive or prohibitive measures that have been, and may in the future, be introduced as a result thereof or in connection therewith.

2.3.3. Risks relating to the Group's financing and investment strategies and historical gearing level

The Group may not be able to obtain the financing it requires for the continued operation of its business, completion of major projects, and investments, on commercially reasonable terms, or at all. Failure to obtain, or delays in obtaining, the financing required, including increases in borrowing costs or decreases in debt capacity or funding availability, may limit the Group's growth, and adversely affect its business, financial condition, results of operations and its prospects. The Group further has a number of bank credit facilities and loan facilities outstanding as at the date of the Base Prospectus and the Group's capital structure is, and is expected to remain, relatively highly geared, thereby absorbing a significant portion of cash flows generated by the Group's operations. Adverse movements in the Group's actual or projected cash flows will reduce the actual or projected level of debt service cover and the ability of the Issuer to fulfill its obligations under its debt or other securities, including the Bonds, as well as the ability of the Group to fulfil its obligations under any financial indebtedness outstanding from time to time.

Furthermore, the Group is subject to various covenants and restrictive undertakings stipulated by the terms and conditions of its third-party financing arrangements, which could limit the Group's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally, or otherwise inhibit the ability to conduct necessary operational activities. If the Group were to default on its obligations under its third-party financing arrangements, it may be liable to default interest and, or contractual penalties and third-party financiers may exercise seek measures to enforce any security interests constituted in their favour.

Key business and operational risks

2.3.4. Risks relating to industrial aluminium, steel and glass works, design, manufacturing, supply and project delivery

The Group's principal operational risks relate to its ability to deliver projects as committed, within project budgeted costs and the stipulated deadlines. Inability to comply with such projected deliverables, contractual arrangements and, or applicable regulatory and legal requirements relating thereto could result in significant liabilities (which may include penalties, fines, and, or pre-liquidated damages) and the forfeiture of any performance guarantees put up by the Group as security for the due performance of its project delivery commitments. Project contractual arrangements may limit the Group's ability to recover cost overruns or other additional expenses incurred in the delivery of a project and may also be susceptible to the right of its customers to reject goods or other supplies, or to request a variation in the agreed project works. The abovementioned risks could consequently adversely impact the Group's relations with its customers, prejudice its goodwill, and, or could result in a material adverse effect on its financial position, financial performance, and operational results.

2.3.5. Risks relating to the temporary title over the Hal Far Factory

The Hal Far Site and Hal Far Factory are held by JD Operations Limited under title of a 65-year temporary emphyteusis granted unto JD Operations Limited by INDIS, effective as from 6 March 2018.

Failure to abide with the terms and conditions to which said emphyteutical grant is subject may have an adverse material effect on the operations of the Group, its financial performance and financial condition resulting from the imposition of contractual penalties or the enforcement of an event of default under the emphyteutical deed, the occurrence of which may entitle INDIS to terminate the temporary emphyteusis. The inability of the Group to carry out its operations at the Hal Far Factory at any time due to failure to adhere with the terms and conditions of the emphyteutical grant could have a material adverse effect on the results of the operations of the Group, its financial performance and financial condition.

3. KEY INFORMATION ON THE SECURITIES

3.1. WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

Pursuant to these Final Terms, up to 140,000 Bonds are being issued in an aggregate amount of up to €14,000,000, with a nominal value of €100 per Bond issued and redeemable at par and redeemable on 25 November 2032. The Tranche 1 Bonds bear interest at the rate of 4.7% per annum on the nominal value of the Bonds. The Tranche 1 Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Tranche 1 Bonds shall have the following ISIN: MT0001831214 and shall be freely transferable.

The only rights attached to the Bonds are the right to: (i) attend and vote at meetings of Bondholders in accordance with the Terms and Conditions; (ii) receive payment of capital and interest subject to and in accordance with the ranking as specified in the Terms and Conditions; and (iii) benefit of the Collateral and the Collateral Account through the Security Trustee.

The Tranche 1 Bonds constitute the general, direct, unconditional, and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves, but they shall rank with priority or preference over all unsecured indebtedness of the Issuer, if any. The Tranche 1 Bonds are secured by the following collateral constituted in favour of the Security Trustee for the benefit of Bondholders:

(i) the first ranking special hypothec granted by JD Operations Limited over the *utile dominium* held by it over Hal Far Site, together with all and any constructions and other buildings developed thereon;
(ii) the second ranking special hypothec granted by JD Birkirkara Limited over the Birkirkara Site, together with all and any constructions and other buildings developed thereon, subject to a maximum of €7.0 million;
(iii) the Pledge Agreement; and
(iv) the Collateral Account;

Provided that following the Cancellation, the special hypothec granted in terms of the Birkirkara Collateral shall be converted into a first ranking special hypothec over the Birkirkara Site and any and all constructions and other buildings developed thereon. Accordingly, until the Cancellation, the Birkirkara Collateral shall secure an amount equivalent to the difference between (a) the aggregate value of the Birkirkara Site and any buildings constructed thereon and (b) the amount of up to €2.5 million due by JSDimech Limited to Bank of Valletta p.l.c., subject to a maximum of €7.0 million. Following the Cancellation, the converted first ranking special hypothec shall be increased to the full value of the Bond Issue, plus one year interest thereon; and

Provided further that in the event that the Security Trustee were to enforce the Collateral in the case of an Event of Default in terms of the Base Prospectus, in accordance with the Security Trust Deed, recourse is to first be made to:

a. the Birkirkara Collateral (which shall, pre-Cancellation, be for the value of the Birkirkara Site and any and all constructions and other buildings developed thereon less the amount of up to €2.5 million secured in favour of Bank of Valletta p.l.c. pursuant to its first ranking special hypothec, subject to a maximum amount of €7.0 million; or, post-Cancellation, be the full value of the Birkirkara Site and any and all constructions and other buildings developed thereon); and

b. the Collateral Account.

The Security Trustee shall be obliged to make recourse to the Birkirkara Collateral and Collateral Account, as aforesaid, prior to enforcing the Hal Far Collateral for any remaining balance. As a result, recourse to the Hal Far Collateral would be limited to the extent of the difference between the value of the Bonds outstanding as at the date of default and the aggregate sum of the Collateral Account and the amount recovered through the said enforcement of the Birkirkara Collateral.

3.2. WHERE WILL THE SECURITIES BE TRADED?

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.

3.3. WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES?

3.3.1 Suitability of the Bonds

An investment in the Bonds may not be suitable for all recipients of the Base Prospectus and prospective investors are urged to read and fully understand the Base Prospectus and the Final Terms, and to consult an independent investment advisor before making an investment decision, with a view to ascertaining that an investment in the Bonds is suitable for the investor's risk profile.

3.3.2 Status and ranking of the Bonds and additional indebtedness or security

The Bonds constitute the general, direct, unconditional, and secured obligations of the Issuer. There can be no guarantee that the value of the Secured Property over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds. In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry in Malta. The Issuer shall secure its obligations under the Bond Issue by virtue of, *inter alia*, a second-ranking special hypothec to be granted by JD Birkirkara Limited over the Birkirkara Site and any constructions and other buildings developed thereon in favour of Bank of Valletta p.l.c.. Accordingly, should the Issuer default under its obligations of the Bond Issue prior to the repayment of such facility and consequent cancellation of such prior ranking security, Bank of Valletta p.l.c. shall be paid out of the enforcement proceeds from the sale of the Birkirkara Site and any constructions and other buildings developed thereon, in priority to the Security Trustee, up to an amount of €2.5 million. Additionally, the Issuer may incur further borrowings or other indebtedness, and may, for the purpose of securing existing or additional borrowings or other indebtedness, create or permit to subsist additional security interests which may rank with priority or preference to the Collateral.

3.3.3 Subsequent changes in interest rate and potential impact of inflation

The Bonds are fixed rate debt securities and investment therein involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. The price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Moreover, the coupon payable on the Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Bond coupons. In a period of high inflation, an investor's real return on the Bonds will be lower than the Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Bonds on the secondary market.

3.3.4 No prior market for the Bonds

Prior to the Bond Issue and Admission, there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the price of the Secured Bonds will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue.

3.3.5 Orderly and liquid secondary market

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Bonds at any given time. Securities admitted to trading on the Official List are often thinly traded. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Moreover, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.

3.3.6 Conditions precedent

The issue and allotment of the Bonds is conditional upon: (i) the Tranche 1 Bonds being admitted to the Official List; (ii) the Collateral being constituted in favour of the Security Trustee, and and (iii) the Tranche 1 Bonds being fully subscribed. In the event that any of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds raised from the Tranche 1 Bonds to applicants who subscribed for Bonds under such Tranche.

3.3.7 Amendments to the Terms and Conditions

If the Issuer wishes to amend any of the Terms and Conditions of the Bonds, it shall call a meeting of Bondholders. Defined majorities of Bondholders may bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1. UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?

4.1.1. Expected timetable

Meeting of Prospects Bondholders	24 October 2022
Applications available to Prospects Bondholders	25 October 2022
Closing date for Applications to be received from Prospects Bondholders	15 November 2022 (by 12:00 CET)
Offer Period	25 October 2022 - 15 November 2022 at 12:00 CET
Announcement of basis of acceptance	18 November 2022
Refund of unallocated monies, if any	25 November 2022

Dispatch of allotment letters	25 November 2022
Commencement of interest	25 November 2022
Expected date of admission of the Bonds to listing	25 November 2022
Issue date of the Bonds	25 November 2022
Expected date of commencement of trading in the Bonds	28 November 2022

The Issuer reserves the right to shorten or extend the closing of the offer period, in which case, the remaining events set out above will be brought forward or moved backwards (as the case may be) in the same chronological order set out above. In the event that the timetable is revised as aforesaid, the Interest Payment Dates and the Maturity Date may change, in which case the revised dates will be communicated by the Issuer by company announcement on its website, without the requirement to amend the Final Terms.

4.1.2. General terms and conditions; admission to trading on a regulated market; and plan of distribution

The Bonds are being issued with a minimum subscription amount of €2,000 per Applicant.

Save with respect to the part of the Tranche 1 Bonds which shall be offered exclusively to Prospects Bondholders as part of the Prospects Bond Exchange Offer, the Tranche 1 Bonds are available for subscription through any of the Authorised Financial Intermediaries from 08:30 CET on 25 October 2022 to 12:00 CET on 15 November 2022. The Issuer may refuse and reduce subscriptions: (a) in the event of over-subscription of the offer; and, or (b) in the event that the allocation policy of the Issuer so determines.

Application has been made to the MSE for the Bonds to be listed and traded on the Official List. Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List. The offer of the Bonds under this Tranche 1 is conditional upon: (i) the Tranche 1 Bonds being admitted to the Official List; (ii) the Collateral being constituted in favour of the Security Trustee; and (iii) the Tranche 1 Bonds being fully subscribed. In the event that any of these conditions is not satisfied, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, any application monies will be returned without interest by direct credit into the Applicant's bank account, and the Bond Issue shall be cancelled forthwith.

4.1.3. Total Estimated Expenses

Total estimated expenses are approximately €400,000 (*circa* €175,000 being attributed to selling commission fees and €225,000 to professional fees, MSE, regulatory and ancillary fees). There is no particular order of priority with respect to such expenses. The professional fees shall be paid from the proceeds of the Tranche 1 Bonds, whereas all other expenses shall be borne by the Issuer.

4.2. WHY IS THIS PROSPECTUS BEING PRODUCED?

4.2.1. The use and estimated net amount of the proceeds

The net proceeds from the Tranche 1 Bonds (which excluding the €5,000,000 reserved for allocation to Prospects Bondholders pursuant to the Prospects Bond Exchange Offer, are expected to amount to €8,600,000) will be used for the following purposes:

(i) the amount of €5,000,000 will be loaned by the Issuer to JD Operations Limited, pursuant to the JD Capital – JDO Loan, for the purpose of the Hal Far Phase 1 Financing; and

(ii) the remaining balance of €3,600,000, will be used by the Issuer for General Corporate Funding.

4.2.2. Underwriting agreement

The Bond Issue is not underwritten.

4.2.3. Conflicts of Interest

Mr. Josef Dimech is the sole ultimate beneficial owner of the Issuer and the Group and sits as a director of JD Operations Limited and JD Birkirkara Limited, being the operating subsidiaries of the Issuer and companies in which Mr. Dimech has an ultimate beneficial ownership interest. Accordingly, Mr. Dimech is susceptible to conflicts between the potentially diverging interests of the different companies forming part of the Group. Other than those disclosed above, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Issuer or the Group.

ANNEX II – LIST OF AUTHORISED INTERMEDIARIES

Name	Address	Telephone
Bank of Valletta p.l.c.	475 Triq il-Kbira San Guzepp St Venera SVR 1011	+356 22 751 732
Calamatta Cuschieri Investment Services Limited	Ewropa Business Centre Triq Dun Karm, Birkirkara BKR 9034, Malta	+356 25 688 688
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0A St Marta Street Victoria, Gozo VCT 2550	+356 22 587 000

ANNEX III – FINANCIAL ANALYSIS SUMMARY

Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
JD Capital p.l.c.
HHF303, Industrial Estate,
Hal Far, Birzebbugia,
BBG3000,
Malta

3 October 2022

RE: FINANCIAL ANALYSIS SUMMARY – 2022

Dear Sirs,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to JD Capital p.l.c. (the "**Issuer**") as explained in part 1 of the Analysis. The data 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 2019, 2020 and 2021 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the financial years ending 2022 and 2023 has been provided by management.

(c) Our commentary on the Issuer's results and financial position is based on the explanations set out by the Issuer in the Prospectus and on the MFSA Listing Policies.

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

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

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS SUMMARY 2022

JD CAPITAL PLC

3 October 2022

Prepared by Calamatta Cuschieri Investment Services Ltd

TABLE OF CONTENTS

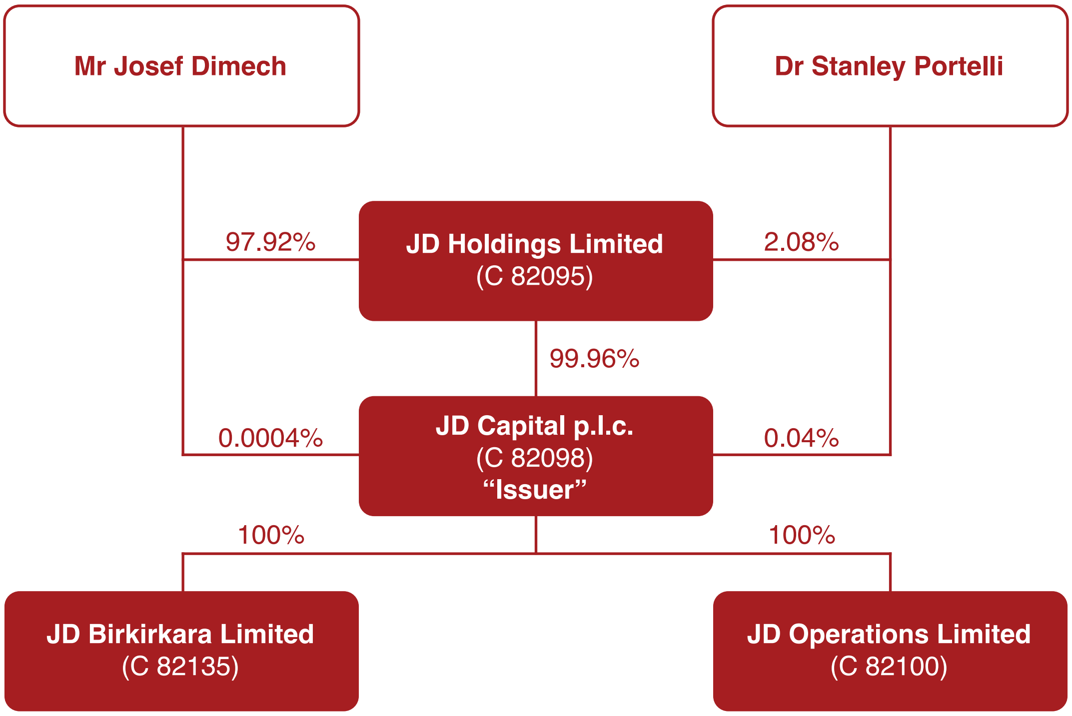
Part 1 - Information about the Group

JD Capital p.l.c. (the "**Issuer**") has applied for a bond issue in respect of €14m 4.7% 2032 bonds under a Secured Bonds Issuance Programme as defined in the prospectus dated 3 October 2022 issued by the Issuer (the "**Prospectus**").

This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

1.1. ISSUER'S KEY ACTIVITIES AND STRUCTURE

The Group structure is as follows:



The Issuer was incorporated on 9 August 2017 and has, at the date of this Analysis, an authorised and issued share capital of €7,546,700 divided into 7,543,621 Ordinary Shares of and 3,079 Ordinary A shares of €1 each, all fully paid up. The Issuer along with its two subsidiaries constitute the "Group". The Issuer acts as both the holding company and financing arm to its subsidiaries. JD Capital p.l.c. is, except for 3,079 ordinary A shares held by Dr Stanley Portelli ("**SP**") and 31 ordinary shares held by Mr Josef Dimech ("**JD**"), a fully owned subsidiary company of JD Holdings Limited.

JD Holdings Limited ("**JDH**") was incorporated on 9 August 2017. The authorised share capital of JDH consists of 10,000 ordinary shares made up of 9,900 ordinary shares and 100 ordinary A shares, all of nominal value of €1. As at the date of this Analysis, the issued share capital of JDH was of €4,800, made up of 4,700 ordinary shares held by JD and 100 ordinary A shares held by SP.

JD, through his shareholding in JDH, is the majority shareholder of the Group. JD is also an executive director and the CEO of the Group. JD has over 30 years' experience in the business of aluminium and stainless steel works. JD set up JSDimech Limited ("**JSD**") in 2004, which was controlled by himself as an individual and which went from strength to strength reaching revenue of €10.8m in 2016. In 2018, JD founded the Group and transferred all operations from JSD to the Group.

JD Birkirkara Limited ("**JDB**") and JD Operations Limited ("**JDO**") are subsidiaries of the Issuer. JDB was incorporated on 11 August 2017 and has an authorised and issued share capital of 200,000 shares with nominal value of €1 per share, which are fully paid up and owned by the Issuer. JDB's principal activity is to act as a property investment company.

JDO was incorporated on 9 August 2017 and has an authorised and issued share capital of 3,501,200 shares with a nominal value of €1 each, which are fully paid up and owned by the Issuer. JDO's principal activity is to manufacture, assemble and install aluminium, steel, wrought iron, large-scale glass formats and stainless steel works.

The Group operates in mainly two lines of business, these being the manufacturing business line and the property development business line. The manufacturing business line includes the production and installation of wrought iron, apertures, steel railings, curtain walling, structural glazing, steel structures, composite cladding, large glass and different door systems. On the other hand, the property development line includes the development of the site of Birkirkara for commercial use.

As mentioned previously, in 2018, JD commenced a restructuring process whereby the operations of the manufacturing and property development business line, which were previously carried out by JSD, were transferred to the Group for a total consideration of €11.9m. The key terms of the transfer included the site in Hal Far, plant and equipment and intellectual property with a combined value of €11.9m to be transferred to JDO whilst the site in Birkirkara which was valued at €4m to be transferred to JDB. These major assets are discussed further in section 1.3.

As per the company admission document dated 16 May 2018 issued by the Issuer, the Issuer issued €5m unsecured bonds maturing in 2028 (**"2018 Prospects MTF Bonds"**). These bonds trade on the Prospects MTF List of the Malta Stock Exchange. Out of this issue, €3.85m was used to partially settle the amount of €11.9m mentioned previously in respect of the transfer of assets from JSD to the Group whilst the remaining €1.05m was to be used for existing and increased working capital and trade finance requirements. The issue costs for this issue was of *circa* €0.1m.

1.2. DIRECTORS AND KEY EMPLOYEES

Board of Directors - Issuer

As of the date of this Analysis, the following persons constitute the board of directors of the Issuer:

Name	
Mr Josef Dimech	Executive Director and Group CEO
Mr Jonathan Pace	Executive Director
Dr Stanley Portelli	Independent Non-executive Director
Mr Stephen Muscat	Chairman and Independent Non-executive Director
Dr Jesmond Manicaro	Independent Non-executive Director

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

Dr Jesmond Manicaro is the company secretary of the Issuer.

The board of the Issuer is composed of five directors who are entrusted with its overall direction and management. The executive directors are in charge of the decision-making and the day-to-day management of the Issuer, whereas the non-executive directors, all of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny.

1.3. MAJOR ASSETS OWNED BY THE GROUP

1.3.1. Hal Far Factory (the "Factory")

On 6 March 2018, INDIS Malta Ltd (**"INDIS"**) granted JDO a temporary emphyteusis contract for a period of 65 years relating to a site in the Hal far Industrial Estate. The site has a footprint of 16,245m^2 consisting of a manufacturing plant of 5,308m^2 and adjoining land of 10,937m^2.

The Factory includes a stainless steel and aluminium manufacturing area, a steel section manufacturing area, an alucabond section, a spray-painting block, a glass section, and an administration block. The Factory was last valued at €17m. The Group negotiated with INDIS to allow JDO to use the site as collateral for the Bonds and use the site for additional activities unrelated to JDO's core business.

1.3.2. Birkirkara site

The site in Birkirkara is situated in Triq Dun Karm, corner with Triq Kanonku Karm Pirotta, with a total area of 1,437m^2. This site was originally purchased by JSD on 12 May 2015. It was then transferred to JDB on 8 March 2018 for €4m. JD Birkirkara Limited submitted a development permit application for the development of the Birkirkara Site into a commercial office block, comprised of circa 4,000 m^2 of office space over six overlying floors, together with 128-car spaces over five underlying floors, for a total built up space of 10,000 m^2.

The Group submitted a development request (PA/04895/16) on 23 June 2016 to remove the existing columns stubs and excavate the Birkirkara Site a depth of 18 metres. This application was followed by another development request (PA/04369/19) for six-car park levels, a store and six floors of Class A offices. To this end, JD Birkirkara Limited obtained development permits relative to both above applications on 31 August, 2022. On 15 July 2022, the land was revalued to €4.5m by iAS Limited.

1.4. OPERATIONAL DEVELOPMENTS

1.4.1. Hal Far site

The re-development of the Hal Far site will be split into two phases. It is envisaged that the footprint of the Factory will increase from 5,308m^2 to 27,011m^2. This increase in land area will consist of an office block which will be suspended over a three-storey high steel truss of 1,722m^2, an industrial area of 19,812m^2, a loading and storage area of 3,427m^2, and a common area of 2,050m^2. The Factory extension is expected to be constructed using steel framing manufactured by JDO itself.

Management noted that part of the Factory will be rented out to third parties. Phase 1 constitutes the construction of the Factory extension and offices whilst phase 2 relates to the construction of the rentable area which is expected to generate substantial revenue for the Group. As such, phase 2 will come into play with the second tranche of the Bond issue and will not be expanded upon in this Analysis. Phase 1 of the re-development is expected to be concluded in H2 2023.

Use of proceeds

The net proceeds of the Bonds, which are expected to amount within the region of €13.6 million, are earmarked by the Issuer for the following purposes:

- *Circa* €5.0m reserved for allocation to bondholders of the 2018 Prospects MTF Bonds;
- *Circa* €5.0m for financing phase 1 of the redevelopment of the Factory;
- *Circa* €3.6m to be kept for general corporate funding purposes.

Bond issue costs are estimated at €400k and consist of selling commission fees, professional fees, exchange regulatory and ancillary fees.

1.5. COVID-19 IMPACT ON THE GROUP'S OPERATIONAL AND FINANCIAL PERFORMANCE

The Issuer and the Group's business, operations, and financial performance remain susceptible to the risk relating to the uncertainty surrounding the constantly changing circumstances within which it finds itself operating as a result of COVID-19, as well as the risks of the effects of the corresponding restrictive or prohibitive measures that have been, and may in the future, be introduced a result thereof or in connection therewith.

Such risks may also impact the Group indirectly as a result of their effect on the Group's clients, whose ability to effect payment for services rendered by the Group may be impacted by the effects of the pandemic.

Management has also continued to focus on managing the impact and hazards of the pandemic giving particular attention to the rise in raw material prices due to the global increase in transportation costs, which has led to a slight decrease in profit margin on certain projects.

Part 2 - Historical Performance and Forecasts

The financial information below is extracted from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2019, 2020 and 2021. Group management has provided the projected financial information for the year ending 31 December 2022 and 2023.

The projected financial information relates to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1. ISSUER'S STATEMENT OF COMPREHENSIVE INCOME

Issuer's Statement of Comprehensive Income for the year ended 31 December	2019A	2020A	2021A	2022P	2023P
	€'000s	**€'000s**	**€'000s**	**€'000s**	**€'000s**
Administrative expenditure	(30)	(50)	(61)	(54)	(55)
EBITDA	**(30)**	**(50)**	**(61)**	**(54)**	**(55)**
Depreciation and amortisation	(10)	(10)	(11)	(48)	(48)
EBIT	**(40)**	**(60)**	**(72)**	**(102)**	**(103)**
Finance cost	(250)	(250)	(250)	(400)	(883)
Finance income	313	1,130	318	505	1,116
Impairment of financial assets	(15)	-	-	-	-
Profit/(loss) before tax	**8**	**820**	**(4)**	**3**	**130**
Taxation charge	-	(284)	(66)	(1)	(46)
Profit/(loss) after tax	**8**	**536**	**(70)**	**2**	**84**

Ratio Analysis	2019A	2020A	2021A	2022P	2023P
Profitability					
Gross Profit Margin (Net Finance costs / Finance income)	20.1%	77.9%	21.4%	20.8%	20.9%
Net Margin (Profit after tax / Finance income)	2.6%	47.4%	-22.0%	0.4%	7.5%

As mentioned in section 1.1 of the Analysis, the Issuer acts as both the holding and financing arm of the Group and as such has no operations itself. It is because of this that the Issuer has no revenue or cost of sales in the above financial statements. The increase in administrative expenses in FY20 comes mainly from higher professional fees whilst the increase in FY21 comes from increased directors' fees. As expected, amortisation of bond issue costs remained steady at around €10k. Finance costs represent the interest payable to the bondholders and remained stable at €250k throughout the years. Moving into forecasts for FY22 and FY23, as expected, finance costs, finance income and the corresponding bond amortisation costs all increased due to the Bonds issue.

Finance income, is made up of interest receivable from related parties and dividend income. In FY19 and FY21 finance income remained relatively stable whilst in FY20 there was added dividend income of €0.8m received from JDC which boosted income to €1.1m for the year. The Issuer posted consistently positive Gross Profit Margin which means that it is comfortably satisfying its debt obligation. In FY19 there was a one off impairment on financial assets, which did not feature in the following years. Profit before tax was €8k, €0.8m and (€4k) in FY19, FY20 and FY21 respectively. The higher profit before tax in FY20 led to higher income tax of €0.3m and a profit after tax of €0.5m. Profit after tax in FY19 and FY21 was €8k and (€0.1m) respectively. In FY22 and FY23 on the other hand, profit after tax is expected to be €2k and €0.1m respectively.

2.2. ISSUER'S STATEMENT OF FINANCIAL POSITION

Issuers Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022P	2023P
	€'000s	€'000s	€'000s	€'000s	€'000s
Assets					
Non-current assets					
Financial assets at amortised cost	4,885	4,885	4,885	13,500	24,500
Investment in subsidiaries	7,502	7,502	7,502	7,502	7,502
Total non-current assets	**12,387**	**12,387**	**12,387**	**21,002**	**32,002**
Current assets					
Financial assets at amortised cost	45	53	56	41	41
Trade and other receivables	201	201	202	202	201
Cash and cash equivalents	1	-	-	51	228
Total current assets	**247**	**254**	**258**	**294**	**470**
Total assets	**12,634**	**12,641**	**12,645**	**21,296**	**32,472**
Equity					
Share capital	245	245	7,547	7,547	7,547
Other equity	7,302	7,302	-	-	-
Retained earnings	10	19	(51)	(49)	35
Total equity	**7,557**	**7,566**	**7,496**	**7,498**	**7,582**
Liabilities					
Non-current liabilities					
Borrowings	4,896	4,906	4,917	13,565	24,612
Total non-current liabilities	**4,896**	**4,906**	**4,917**	**13,565**	**24,612**
Current liabilities					
Borrowings	13	3	3	-	-
Current tax liabilities	-	-	48	49	94
Trade and other payables	168	166	181	184	184
Total current liabilities	**181**	**169**	**232**	**233**	**278**
Total liabilities	**5,077**	**5,075**	**5,149**	**13,798**	**24,890**
Total equity and liabilities	**12,634**	**12,641**	**12,645**	**21,296**	**32,472**

"Financial assets" and "investments in subsidiaries" made up 100% of non-current assets from FY19 to FY21 and remained stable throughout the years at €12.4m. Financial assets at amortised costs refers to a loan made to a subsidiary at an interest of 6.5% per annum and is repayable by no later than 30 September 2027 whilst investments in subsidiaries consist of a holding of €4.0m in JD Birkirkara limited and a €3.5m investment in JD operations totaling €7.5m.

When it comes to current assets throughout the three historical years, there was a slight increase in "financial assets at amortised cost" which represent minimal amounts owed to the Issuer by the subsidiaries and the ultimate parent, which were interest free and payable on demand. Total assets amounted to around €12.6m from FY19 to FY21. Total assets are expected to increase significantly in FY22 and FY23 mainly due to increased financial assets at amortised cost related to the Bonds issue.

Although total equity remained stable from FY19 to FY21 at around €7.5m, in FY21 amounts owed to the parent company which were part of other equity were converted into shares and going forward will make up part of the Issuers share capital. Total equity is expected to remain stable in FY22 and FY23. The borrowings that make up non-current liabilities relate to the €5m bond issue in the Prospects MTF whilst current liabilities were minimal leading to total equity and liabilities of 12.6m throughout the 3 years. In FY22 and FY23, non-current liabilities are expected to increase significantly due to the Bonds issue pushing total equity and liabilities to €21.3m in FY22 and €32.5m in FY23.

2.3. ISSUER'S STATEMENT OF CASH FLOWS

Issuers Statement of Cash Flows for the year ended 31 December	2019A	2020A	2021A	2022P	2023P
	€'000s	€'000s	€'000s	€'000s	€'000s
Cash flows from operating activities					
Profit before tax	**8**	**820**	**(4)**	**3**	**130**
Adjustments for:					
Finance costs	250	250	250	400	883
Depreciation					
Impairment on financial assets	15	-	-	-	-
Amortisation of bond issue costs	10	10	11	48	48
Loss on disposal of motor vehicles	-	-	-	-	-
Finance and dividend income	(313)	(318)	(318)	(505)	(1,116)
	(30)	**762**	**(61)**	**(54)**	**(55)**
Movement in working capital					
Movement in trade and other receivables	-	-	(1)	-	-
Movement in trade and other payables	3	(2)	15	4	-
Cash flow from operations	**(27)**	**760**	**(47)**	**(50)**	**(55)**
Taxation paid	-	(284)	(19)	-	(1)
Interest received	-	252	319	101	1,116
Net cash flows generated from/(used in) operating activities	**(27)**	**728**	**253**	**51**	**1,060**
Cash flows from investing activities					
Movement in amounts due from subsidiary and related parties	145	59	(3)	(8,600)	(11,000)
Net cash flows generated from/(used in) investing activities	**145**	**59**	**(3)**	**(8,600)**	**(11,000)**
Cash flows from financing activities					
Net proceeds from bonds issue	-	-	-	9,000	11,000
Interest paid	(250)	(250)	(250)	(400)	(883)
Movement in amounts due to subsidiary	13	(10)	-	-	-
Dividends paid	-	(527)	-	-	-
Net cash flows generated from/(used in) financing activities	**(237)**	**(787)**	**(250)**	**8,600**	**10,117**
Movement in cash and cash equivalents	**(119)**	**-**	**-**	**51**	**177**
Cash and cash equivalents at start of year	119	-	-	-	51
Cash and cash equivalents at end of year	**-**	**-**	**-**	**51**	**228**

Cash flows from operations were highest in FY20 at €0.8m mainly due to the higher profit before tax for that year. Interest received in FY21 was the main driver that led to positive cash flows from operations of €0.3m in FY21. The only item included in cash flows from investing activities were movements in amounts due from subsidiary and related parties, which were highest in FY19 at €0.1m and lowest in FY21 at (€3k). The biggest movement in cash flows from financing activities came in FY20 from dividends paid of €0.5m. These cash flow movements together led to a (€0.1m) movement in FY19 and negligible movements in both FY20 and FY21. Moving into FY22 and FY23, cash flow from operations are expected to be positive at €0.1m and €1.1m respectively mainly due to increased finance income from the Bonds issue. The "movements in amounts due from subsidiary and related parties" which is part of cash flows from investing activities and "net proceeds from bonds issue" which is part of financing activities are expected to net due to the flow of funds of the Bond issue down to the group's subsidiaries. This means that in FY22 net cash used in investing activities is expected to amount to €8.6m whilst inflow from financing activities is expected to also to be around €8.6m. On the other hand, in FY23, cash used in investing activities is expected to amount to €11.0m whilst inflow from financing activities is expected to also to be around €10.1m.

2.4. GROUP'S STATEMENT OF COMPREHENSIVE INCOME

Group's Statement of Comprehensive Income for the year ended 31 December	2019A	2020A	2021A	2022P	2023P
	€'000s	€'000s	€'000s	€'000s	€'000s
Revenue	11,329	15,145	16,268	14,614	12,958
Cost of sales	(7,572)	(12,105)	(13,637)	(11,913)	(9,576)
Gross profit	**3,757**	**3,040**	**2,631**	**2,701**	**3,382**
Selling and distribution	(156)	(111)	(151)	(151)	(154)
Administrative expenditure	(1,583)	(741)	(776)	(838)	(853)
Other income	23	5	294	-	-
EBITDA	**2,041**	**2,193**	**1,998**	**1,712**	**2,375**
Depreciation and amortisation	(703)	(798)	(842)	(997)	(820)
EBIT	**1,338**	**1,395**	**1,156**	**715**	**1,555**
Finance cost	(476)	(525)	(584)	(796)	(1,257)
Finance income	61	241	206	74	78
Other losses	-	(90)	(12)	-	-
Impairment of financial assets	(56)	(200)	(297)	-	-
Profit/loss before tax	**867**	**821**	**469**	**(7)**	**376**
Taxation charge	(392)	(412)	(309)	(33)	(649)
Profit/loss after tax	**475**	**409**	**160**	**(40)**	**(273)**

Ratio Analysis	2019A	2020A	2021A	2022P	2023P
Profitability					
Growth in Revenue (YoY Revenue Growth)	-1.7%	33.7%	7.4%	-10.2%	-11.3%
Gross Profit Margin (Gross Profit/ Revenue)	33.2%	20.1%	16.2%	18.5%	26.1%
EBITDA Margin (EBITDA / Revenue)	18.0%	14.5%	12.3%	11.7%	18.3%
Operating (EBIT) Margin (EBIT / Revenue)	11.8%	9.2%	7.1%	4.9%	12.0%
Net Margin (Profit after tax / Revenue)	4.2%	2.7%	1.0%	-0.3%	-2.1%
Return on Common Equity (Net Income / Average Equity)	5.5%	4.7%	1.9%	-0.2%	-1.5%
Return on Assets (Net Income / Average Assets)	1.60%	1.3%	0.8%	-0.1%	-0.5%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	10.3%	8.7%	6.0%	4.3%	4.4%
EBITDA Growth	19.6%	7.4%	-8.9%	-14.3%	38.7%

During FY19 the Group carried out 330 contracts of which 87% were successfully completed by year-end. Manufacturing sales for FY19 resulted in a net revenue of €11.3m. During FY20 the Group carried out 313 contracts, six of which included projects above €0.5m. These six projects made up 71% of the Group's total revenue in 2020. Revenue in FY20 came in at €15.2m for the year.

During FY21, the Group also continued working on the outstanding projects from FY20 and commenced works on another two major projects. In FY21, the Group carried out 241 contracts with revenue totalling €16.3m for FY21.

The Group assumes that revenue from Manufacturing during FY22 will remain at the same level as in FY21. Since the Group envisages carrying out part of the re-development of the Factory in-house, any construction works carried out in the Factory will be excluded from manufacturing revenue and will be capitalised. As a result, revenue during FY22 and FY23 is expected to decrease by a total of Euro 5 million when compared to FY21 as the Group continues to develop the Hal Far and Birkirkara projects. This can be seen in the expected drop in Growth in Revenue forecasted for FY22 and FY23.

One can note a significant decrease in gross profit margin which dips from 33.2% in FY19 to 20.1% and 16.2% in FY20 and FY21 respectively. Margins are expected to recover to 18.5% and 26.1% in FY22 and FY23 respectively. The main reason for this is that the Group worked on a significant project in the period FY20-FY22 for which the Group expects to generate a total of 13.5m in revenue. In this 3 year period the margin on this project was lower than what the Group generally charges for smaller projects and this has negatively affected the overall margins of the Group.

Selling and distributive expenses remained relatively stable throughout the three historical years at around €0.1m. The most noticeable change in administrative expenses came from a reclassification of staff welfare costs during FY20 to wages and salaries in other direct costs that make up COS. Salaries in general were also lower by 8% in FY20.

Administrative expenses in FY21 remained fairly stable. Other income for the Group was minimal and pertains to sales of scrap materials in FY19, wage supplements in FY20 and mainly management fees in FY21. The Group's Return on Capital Employed shows that the Group is efficiently managing its capital albeit this efficiency decreasing consistently throughout the 5 year period. Depreciation and amortisation increased slightly throughout the 3 years from €0.7m in FY19 to €0.8m in FY21. This resulted in an EBIT of €1.3m in FY19, €1.4m in FY20 and €1.2m in FY21. The lower revenue in FY22 was the main reason for the lower EBIT the Group expects to register this year whilst for FY23 the Group is envisaging lower COS to make up for the loss of revenue and EBIT to be higher than previous years.

Finance costs increased minimally from FY19 to FY21 due to increased interest payments on bank borrowings, lease liabilities and late payments. Interest on bonds payable remained stable throughout. Finance costs are expected to rise significantly in FY22 and FY23 due to the premium that will be paid to the prospects MTF bondholders for calling the bond early, but mainly as a result of the interest that will be paid on the Bonds. Finance income, on the other hand, increased in FY20 but then fell marginally in FY21 due to fluctuating interest on loans receivable and is expected to continue falling in FY22 and FY23. Other losses relate solely to losses arising from disposals of vehicles by the Group.

Impairments on financial assets increased from €0.1m in FY19 to €0.2m in FY20 and continued increasing to €0.3m in FY21. These movements led to profit before income tax of €0.9m, €0.8m and €0.5m in FY19, FY20 and FY21 respectively. Taxation remained relatively stable throughout the years at around €0.4m and led to profit after tax of €0.5m in FY19, €0.4m in FY20 and €0.2m in FY21. These figures correspond to net margins of 4.2%, 2.7% and 1% respectively. Loss for the year in FY22 and FY23 is expected to amount to (€0.1m) and (€0.3m) respectively resulting in corresponding net margins of (0.3%) and (2.1%).

2.5. GROUP'S STATEMENT OF FINANCIAL POSITION

Group's Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022P	2023P
	€'000s	€'000s	€'000s	€'000s	€'000s
Assets					
Non-current assets					
Property, plant and equipment	15,413	15,039	23,627	28,857	37,660
Investment property	4,518	4,522	4,523	-	-
Intangible assets	225	225	224	224	224
Financial assets at amortised cost	6,988	5,925	1,619	4,236	4,314
Trade and other receivables	-	-	1,085	1,646	1,646
Deferred tax asset	-	5	-	-	-
Total non-current assets	**27,144**	**25,716**	**31,078**	**34,963**	**43,844**
Current assets					
Financial assets at amortised cost	811	1,789	3,151	45	45
Inventory	2,102	1,375	1,529	1,529	1,529
Contract assets	-	1,984	4,514	4,515	2,514
Trade and other receivables	838	2,385	6,647	7,816	4,830
Cash and cash equivalents	15	11	361	5,631	11,692
Total current assets	3,766	7,544	16,202	19,536	20,610
Total assets	**30,910**	**33,260**	**47,280**	**54,499**	**64,454**
Equity					
Share capital	245	245	7,547	7,547	7,547
Other equity	7,302	7,302	-	-	-
Revaluation reserve	-	-	7,857	7,857	11,336
Retained earnings	1,142	1,024	1,183	1,128	856
Total equity	**8,689**	**8,571**	**16,587**	**16,532**	**19,739**
Liabilities					
Non-current liabilities					
Borrowings	6,470	8,167	7,398	13,564	24,612
Lease liabilities	3,562	3,528	3,492	3,456	3,413
Trade and other payables	788	3,810	3,899	2,721	1,739
Deferred tax liabilities	360	360	1,593	1,593	2,115
Non-current tax liabilities	-	661	508	2,335	1,779
Total non-current liabilities	**11,180**	**16,526**	**16,890**	**23,669**	**33,658**
Current liabilities					
Borrowings	1,378	2,018	3,602	4,864	4,134
Lease liabilities	32	34	36	36	36
Contract liabilities	2,168	696	2,212	2,212	2,212
Current tax liabilities	801	556	1,080	2,389	1,610
Trade and other payables	6,662	4,859	6,873	4,797	3,065
Total current liabilities	**11,041**	**8,163**	**13,803**	**14,298**	**11,057**
Total liabilities	**22,221**	**24,689**	**30,693**	**37,967**	**44,715**
Total equity and liabilities	**30,910**	**33,260**	**47,280**	**54,499**	**64,454**

Ratio Analysis	2019A	2020A	2021A	2022P	2023P
Financial Strength					
Gearing 1 (Net Debt / Net Debt and Total Equity)	56.8%	61.6%	46.1%	49.6%	50.9%
Gearing 2 (Total Liabilities / Total Assets)	71.9%	74.2%	64.9%	69.7%	69.4%
Gearing 3 (Net Debt / Total Equity)	131.51%	160.26%	85.41%	98.53%	103.87%
Net Debt / EBITDA	5.6x	6.3x	7.1x	9.5x	8.6x
Current Ratio (Current Assets / Current Liabilities)	0.3x	0.9x	1.2x	1.4x	1.9x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.2x	0.8x	1.1x	1.3x	1.7x
Interest Coverage 1 (EBITDA / Cash interest paid)	6.2x	4.2x	4.9x	2.8x	2.2x
Interest Coverage 1 (EBITDA / Finance Costs)	4.3x	4.2x	3.4x	2.2x	1.9x

In FY19 non-current assets made up 87.8% of total assets of which 56.8% were property, plant and equipment ("PPE"). In FY19 there was a 43% increase in PPE due to the Group's adoption of IFRS 16 which also brought about a right of use asset mainly from the site in Hal Far of 2.6m. FY19 also saw significant construction works of €0.9m. During this year, plant and machinery dropped 11% mainly due to depreciation charge of €0.2m.

In FY20 construction works in the factory amounted to €0.3m, which included an extension to the factory and the construction of a boardroom. The Group also added a mobile crane of €0.1m in FY20. In FY21 PPE made up 50% of the Group's total assets. A revaluation of the site in Hal Far saw the value of the factory increase by 63% to €17m. Other significant items that make up the Group's non-current assets include Investment Property and Financial Assets at amortised cost. In FY22 and FY23 PPE is expected to increase substantially to €28.9m and €37.7m as a result of the development of the Hal far and Birkirkara properties.

The investment property refers to the site in Birkirkara. This site was valued at around €4.5m on 15 January 2018 by iAS Limited and remained relatively stable throughout the years. Financial assets at amortised cost relate to amounts owed to the Group by the ultimate parent and related parties, which fluctuate throughout the years as payments, are made back to the Group. Total non-current assets increased from €27.1m in FY19 to 31.1m in FY21 mainly due to the increase in PPE. Trade and other receivables increased rapidly over the three historical years and relate to trade receivables from the manufacturing business. This increase is in line with the growth in manufacturing sales.

The average collection period in FY21 deteriorated from 30 days to 125 days and was mainly due to the delays in recovering balances due from three new projects entered into in FY21 totalling €5.0m, however, the Group still believes that the provisions of €0.3m are enough to cover any future losses. Inventory levels remained relatively stable throughout the years and comprise mainly of raw and work in progress materials used in the manufacturing business line. In FY20 and FY21 the Group also recognised contract assets on its books which refer to amounts which were recognised as revenue during the year but which still require fulfilment of its performance obligations before they can be considered as a receivable balance. Total current assets increased from €3.8m in FY19 to €7.6m to FY20 and increased further to €16.2m in FY21. Total assets on the other hand stood at €30.9m, €33.3m and €47.3m on FY19, FY20 and FY21 respectively. Total assets for FY22 and FY23 are expected to increase significantly following the investment to be made as a result of the Bond issue. The three gearing ratios show an improving situation for the Group until FY21, with a slight increase forecasted for FY22 and FY23.

On 4 May 2021, the Group capitalised its portion of other equity into issued share capital. FY21 also saw a revaluation of €7.9m on the Hal Far Factory, which pushed total equity up to €16.6m from €8.6m in FY20. In FY23, the Group also expects to revalue the site in Birkirkara with a valuation of €5.5. In FY22, total equity is expected to remain stable whilst in FY23 the revaluation reserve is expected to increase by €3.4m and push total equity to €19.7m.

As at FY21 borrowings comprised of the Prospects MTF bond, a bank loan of €2.6m which was obtained to finance the general working capital of the group, a bank loan of €2.2m obtained to help finance the HUGO project and a bank overdraft facility which the Group occasionally makes use of. These borrowings are split between current and non-current liabilities depending on their term/maturity. Borrowings are expected to increase substantially due to the Bonds issue.

Deferred tax liabilities increased significantly in FY21 mainly due to the revaluation mentioned previously. Lease liabilities remained stable throughout the 3 years. On the other hand, trade payables, which relate to outstanding balances payable to third parties from the manufacturing business line increased in FY20 and remained at these levels in FY21 in line with the influx of business.

Total current liabilities remained relatively stable in the three historical years going from €11.0m in FY19 to €8.1m in FY20 and increasing to €13.8m in FY21. The biggest contributor to current liabilities were trade and other payables making up around 50% in each of the three years. The Group's current ratio remained below 2.0x between FY19 and FY21 and is expected to remain below 2.0x in FY22 and FY23 which means the Group's liquidity situation is a comfortable one. Total liabilities for the three years came in at €22.2m, €24.7m and 30.7m in FY19, FY20 and FY21 respectively.

In FY22 and FY23, borrowings are expected to increase significantly due to the Bonds issue and so, total non-current liabilities are expected to be €23.7m and €33.7m respectively. On the other hand, current liabilities are expected to remain relatively stable with movements coming mainly from lower trade and other payables and higher borrowings.

As explained in other parts of the FAS, the Group will concentrate on the developments of the Hal Far and Birkirkara projects in the immediate future at the cost of third party revenue growth. Whilst management anticipate that this will have a limited negative affect on EBITDA result, interest cover will decrease due to increased interest cost as a result of the new Bond issue, from 4.3 in FY19 to 1.9 in FY23.

2.6. GROUP'S STATEMENT OF CASH FLOWS

Group's Statement of Cash Flows for the year ended 31 December	2019A	2020A	2021A	2022P	2023P
	€'000s	€'000s	€'000s	€'000s	€'000s
Cash flows from operating activities					
Profit before tax	**867**	**821**	**468**	**(7)**	**376**
Adjustments for:					
Finance costs	476	525	584	212	1,084
Depreciation	693	788	832	949	772
Revaluation of investment property	-	-	-	-	-
Impairment on financial assets	56	200	297	-	-
Amortisation of bond issue costs	10	10	11	48	48
Loss on disposal of motor vehicles	-	90	12	-	-
Finance and dividend income	(60)	(241)	(206)	454	(267)
	2,042	**2,193**	**1,998**	**1,656**	**2,013**
Movement in working capital					
Movement in inventories	(2,102)	727	(154)	-	-
Movement in trade and other receivables	(909)	(3,609)	(7,131)	(1,243)	4,909
Movement in trade and other payables	(203)	(252)	3,619	(118)	(3,526)
Cash flow from operations	**(1,172)**	**(941)**	**(1,668)**	**295**	**3,396**
Interest paid	(78)	(65)	-	-	-
Taxation paid	-	(1)	(60)	(538)	(425)
Net cash flows generated from/(used in) operating activities	**(1,250)**	**(1,007)**	**(1,728)**	**(243)**	**2,971**

Cash flows from investing activities					
Acquisition of property, plant and equipment	(1,086)	(537)	(217)	(1,656)	(6,095)
Intangible assets	-	-	(1)	-	-
Movement in amounts due from related company	40	-	-	-	-
Investment property	(18)	(4)	-	-	-
Receipt from disposal of motor vehicles	-	23	2	-	-
Interest received	-	241	-	-	-
Movement in amounts due from subsidiary and related parties	-	(313)	(591)	-	-
Receipts from loan	-	286	2,349	-	-
Net cash flows generated from/(used in) investing activities	**(1,064)**	**(304)**	**1,542**	**(1,656)**	**(6,095)**
Cash flows from financing activities					
Net proceeds from bonds issue	-	-	-	9,000	11,000
Interest paid	(250)	(463)	(407)	(621)	(1,084)
Movement in amounts due to subsidiary	43	309	(104)	-	-
Interest paid on lease liabilities	-	-	(177)	-	-
Payment on finance leases	(144)	(33)	(34)	-	-
Advance/(repayment of banks loan	-	(2,313)	(1,680)	(710)	(731)
Net proceeds from borrowings	2,349	4,783	2,438	-	-
Dividends paid	-	(527)	-	-	-
Net cash flows generated from/(used in) financing activities	**1,998**	**1,756**	**36**	**7,669**	**9,185**
Movement in cash and cash equivalents	**(316)**	**445**	**(150)**	**5,770**	**6,061**
Cash and cash equivalents at start of year	(118)	(434)	11	(139)	5,631
Cash and cash equivalents at end of year	**(434)**	**11**	**(139)**	**5,631**	**11,692**

Ratio Analysis	2019A	2020A	2021A	2022P	2023P
	€'000s	€'000s	€'000s	€'000s	€'000s
Cash Flow					
Free Cash Flow (Net cash from operations + Interest - Capex)	(2,198)	(1,394)	(1,884)	(1,361)	(2,699)

Using the direct method, profit before tax remained relatively stable over the years between €0.9m in FY19 and €0.6m in FY21. All non-cash adjustments also remained relatively steady throughout the three years. The biggest non-cash contributors were depreciation followed by finance costs. When it comes to movements in working capital, the largest changes came from movements in trade and other receivables/payables.

This reflects the increase in trade receivables in the corresponding periods seen in the statement of financial position. Similarly, the sharp increase in movements in trade payables for FY21 reflects the higher trade payables in the statement of financial position, which has a positive effect on cash flows since the Group is making full use of its payment period terms. The positive movement seen in movement of inventories shows the Groups increased efficiency in managing inventories and increased finished goods.

In FY20 and FY21, the Group took a number of steps to strengthen its liquidity including renegotiation of debtor terms and the better use of the facilities provided by a local bank to cover any delays in the collectability of the trade receivables. These measures are expected to pay off immediately as net cash flows from operations are expected to be marginally negative in FY22 and to be substantially positive in FY23. Having said this, Free Cash Flow is expected to continue being negative in FY22 and FY23 which means that the Group needs to continue its efforts in bettering its net cash from operations.

When it comes to cash flows from investing activities, in FY19 we can see a large investment in PPE. This was mainly related to additions made in the Factory to increase its production facilities in relation to the Quad project. Another significant item part of investing activities are receipts from loans in FY21, which related mainly to cash injections. Cash flows from investing activities turned positive in FY21 at €1.5m whilst in FY20 and FY19 this figure stood at (€0.3m) and (€1.1m) respectively which narrates an improving story in this regard. In FY22 and FY23, the Group expects to invest heavily in PPE which will increase cash outflows from investing activities substantially to (€1.7m) and (€6.1m) respectively.

Finally, when looking at cash flows from financing activities it is clear that additional financing facilities were obtained by the Group in FY20 and FY21 as mentioned previously. In FY20, the Group received €4.8m in short term borrowings and also made repayments in regard to its bank loan of €2.3m. The Group also paid out dividends of €0.5m, which were eventually re-injected within the Group.

Alternatively, in FY21 €2.4m was received in the form of short-term borrowings whilst €1.7m was paid back to banks. Interest paid remained at a relatively constant level throughout the three years. Cash flows from financing activities stood at €2.0m, €1.8m and €36k in FY19, FY20 and FY21 respectively. Main inflows from financing activities in FY22 and FY23 are expected to relate to the new bond issue.

Part 3 – Key Market and Competitor Data

3.1. GENERAL MARKET CONDITIONS

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2021. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.2. ECONOMIC UPDATE[1]

The Bank's Business Conditions Index indicates that annual growth in business activity is at its long-term average estimated since January 2000. The European Commission survey shows that in July, economic sentiment in Malta edged down from a month earlier, but stood at its long-term average, which is estimated since November 2002. When compared with June, sentiment deteriorated in all sectors covered by the survey, except in the retail sector.

Additional survey information shows that price expectations eased in the services sector and among consumers but rose in the remaining sectors. The largest increase was recorded in the construction sector. In July, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased when compared with June. Lower uncertainty was notably driven by developments in services and industry. In June, industrial production contracted in annual terms, though at a smaller rate compared with a month earlier.

The volume of retail trade rose at a slower pace. The unemployment rate stood at 3.0% in June, marginally lower from a month earlier and the lowest rate on record. Commercial permits fell in June relative to their year-ago level, but residential permits rose. In July, both the number of promise-of-sale agreements and final deeds of sale fell on a year-on year basis. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 6.8% in July, up from 6.1% in the previous month.

Inflation based on the Retail Price Index (RPI) edged up to 6.8% in July, from 6.2% a month earlier. Maltese residents' deposits expanded at an annual rate of 9.8% in June, following an increase of 11.1% in the previous month, while annual growth in credit to Maltese residents stood at 7.0%, marginally above the rate of 6.8%

1 Central Bank of Malta – Economic Update 8/2022

recorded a month earlier. In June 2022 the deficit on the Consolidated Fund narrowed substantially when compared with a year earlier as government revenue rose while government expenditure declined

3.3. ECONOMIC OUTLOOK[2]

The Central Bank of Malta expects Malta's gross domestic product (GDP) to grow by 5.2% in 2022, 4.5% in 2023 and 3.7% in 2024. Compared to the previous projections, the Bank's latest forecast represents downward revisions of 0.2% in 2022, 0.4% in 2023, and of 0.1% in 2024. The downward revisions reflect the strong pick-up in inflationary pressures as well as a further deterioration in the international economic environment due to the recent cuts in gas supplies to European countries. Net exports are expected to be the main driver of growth in 2022, reflecting the correction in import-intensive investment outlays from the exceptionally high levels reached in 2021.

The contribution of domestic demand is expected to be positive but significantly lower compared to that of 2021, as growth in activity normalises following the strong rebound last year. In the following years, domestic demand is expected to lead the expansion in economic activity, especially from private consumption. The contribution of net exports is projected to ease over the projection horizon, reflecting the gradual normalisation of tourism exports and decelerating growth in foreign demand more generally. Employment growth in 2022 is expected to reach 3.5% from 2.8% in 2021. It is set to moderate to just above 2% by 2024.

The unemployment rate is projected to decline to 3.1% this year, from 3.5% last year and it is expected to hover within this range over the outlook period. In view of the expected increase in inflation this year, wage growth is projected to be relatively strong. Nevertheless, nominal wage growth is projected to remain below that of inflation due to some lag in the transmission from prices to wages. In the following years, wage pressures are expected to moderate as the labour market becomes less tight. Annual inflation based on the Harmonised Index of Consumer Prices is projected to pick-up sharply in 2022 and remain high also in 2023. Indeed, it is envisaged to accelerate to 5.9% in 2022, from 0.7% in 2021. The sharp pick-up in inflation reflects a broad-based increase across all sub-components of HICP except for energy inflation.

Import price pressures are expected to moderate somewhat by the beginning of next year, although these are envisaged to remain high by historical standards. Hence, HICP inflation is expected to moderate to 3.8% by 2023, driven by lower contributions from all subcomponents except for energy inflation. Inflation is set to ease further in 2024 to 2.1%. The general government deficit is projected to recede to 5.6% of GDP in 2022, from 7.9% in 2021. It is expected to narrow further to 4.0% in 2023 and to 3.2% in 2024. This profile is driven by the unwinding of COVID-19 support measures in 2022, which offset outlays on price mitigation measures. The latter are set to remain in place but assumed to diminish over the projection horizon.

The general government debt-to-GDP ratio is projected to stand at 58.8% of GDP in 2024. On balance, risks to economic activity are tilted to the downside, especially for 2023 though uncertainty even during 2022 remains high. The main downside risks relate to the evolution of energy supply from Russia to Europe. This could lead to severe shortages of energy supplies going into the winter, which could in turn adversely affect production abroad and amplify supply bottlenecks. Foreign demand could also be weaker than expected if monetary policy in advanced economies continues to tighten more forcibly than assumed in this projection round.

These downside risks are mitigated somewhat by domestic fiscal policy which is cushioning partly the impact of imported inflation. In addition, the savings ratio could fall faster than is being assumed in this projection, while upward surprises in tourism could further boost net exports and GDP growth. Risks to inflation are on the upside during the entire projection horizon. Indeed, further escalation in cuts in gas supplies could trigger a stronger than envisaged rise in commodity prices, which would put further upward pressures on the prices of imported goods and freight costs.

In addition, the EU policy to sharply reduce dependence on Russian fossil fuels could also lead to stronger than expected increases in import costs, particularly in the short-run. The risk of second-round effects from wages and mark-ups grows if high inflation persists for longer. On the fiscal side, risks mainly relate to a larger deficit in 2022 and 2023. These mostly reflect the likelihood of additional Government support to mitigate rising commodity prices and the likelihood of state aid to the national airline.

2 Central Bank of Malta – Economic Projections 2022 – 2024 (08/2022)

3.4. CONSTRUCTION OF COMMERCIAL PROPERTY IN MALTA

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. This has contributed to an increase in the demand for rental of office and commercial space in Malta. To address such growing demand, the supply of office and commercial space in Malta has considerably increased over the last couple of years. Of note, there are several traditional business areas in Malta. For instance, Sliema attracts many international brands and companies. Likewise, Valletta, being Malta's capital city, is considered as the hub for law firms and many long-established family businesses.

Other traditional commercial areas include the likes of St. Julian's, which is popular for its sea-view offices, and Floriana, which attracts businesses that want to be located in the vicinity of Valletta. In furtherance, there are also top-quality commercial developments in the proximity of the airport and in other residential areas such as Naxxar, Mosta, Mellieha and in parts of the south of Malta. The variety of commercial and office space in Malta cater for every type of business, from start-ups to established global organisations. In this regard, numerous business centres have recently been developed, with new centres in the pipeline. These include SkyParks, The Quad, Trident Park, The Centre and Aragon House Business Centre.

Data specifically related to commercial property in Malta is limited, thus making it more challenging to identify the exact state of this sector. Nevertheless, it is evident that Malta has, over recent years, completely evolved and has attracted a numerous amount of foreign companies related to sectors within the financial services, gaming and IT. It is therefore apparent that the demand for good commercial property has drastically increased, whereby Malta's property sector has been dominated by a situation of demand seemingly excessing supply. The latter has resulted into the majority of high-quality commercial developments being fully let.

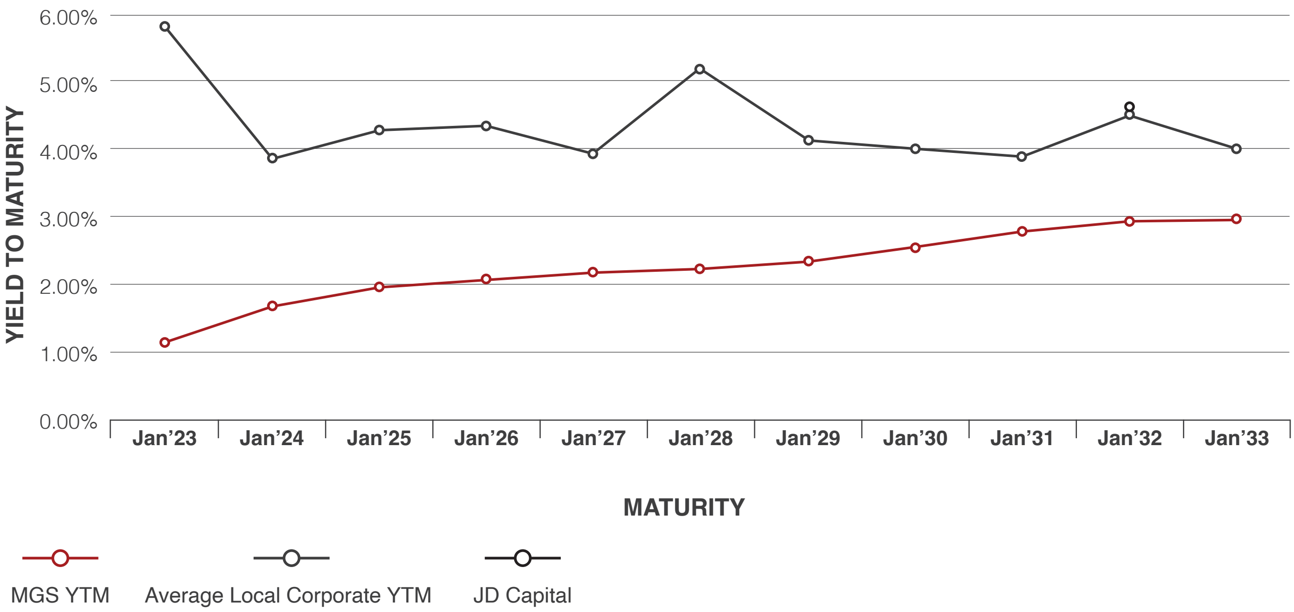
In line with latest statistical data issued by Eurostat[3], the index reflecting office building permits within the European Union, indicated a marked increase throughout 2021, further strengthening the argument that a recovery was underway following the depressed levels in 2020. In Q1 2021 the index seemed to have bottomed at 106.7 from 138.2 in the previous quarter. Following this drop, the index showed consistent quarterly increases for Q2, Q3 and Q4 of 114.5, 128.8 and 135.9 respectively. In Q1 of 2022 however we saw a sharp drop to 116.3 in this index.

3 https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBIT-DA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€' millions)	(€' millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.12%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4% Cablenet Communication Systems plc Unsecured € 2030	40,000	3.85%	7.4x	88.3	8.4	90.5%	82.6%	2.6x	0.5x	-42.5%	-8.5%	13.9%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.09%	1.2x	32.6	13.1	59.8%	51.6%	20.9x	2.4x	-2.1%	-9.9%	8.8%
3.5% GO plc Unsecured € Bonds 2031	60,000	3.45%	27.6x	368.6	109.9	70.2%	52.6%	1.7x	1.0x	8.8%	5.4%	4.6%
3.9% Browns Pharma Holdings plc Unsec Call € Bonds 2027-2031	13,000	3.70%	6.5x	67.3	26.9	60.0%	40.9%	3.7x	1.1x	9.3%	6.8%	26.7%
3.65% Mizzi Organisation Finance plc € Unsecured 2028-2031	45,000	3.40%	3.7x	274.3	82.2	70.0%	54.7%	7.9x	0.9x	6.4%	4.8%	0.0%
4.25% Central Business Centres plc Unsecured € 2033	21,000	4.25%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%	227.7%	19.1%
4.3% Mercury Project Finance plc Secured € 2032	50,000	4.11%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.7% JD Capital plc Secured € 2032		4.70%	4.9x	47.3	16.6	64.9%	46.1%	7.1x	1.2x	1.9%	1.0%	7.4%
	Average:	3.87%										

Source: Latest available audited financial statements
*Average figures do not capture the financial analysis of the Issuer

YIELD CURVE ANALYSIS



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

As at 26 August 2022, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 9-11 years was 117 basis points. Meanwhile, the new proposed 4.7% JD Capital plc bond is expected to be issued at a spread of 190 basis points over the equivalent MGSs.

Moreover as at 26 August 2022 the Bond would be trading at a premium of 73 basis points in comparison to the market of comparable corporate bonds. It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.

Part 4 - Glossary and Definitions

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

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Return on Capital Employed	Return on capital employed (ROCE) measures the relative profitability of a company after taking into account the amount of capital used during a relative financial performance.
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/ Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.

Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio 1	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Interest Coverage Ratio 2	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/ Company to refinance its debt by looking at the EBITDA.

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

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JD CAPITAL PLC