

COMPANY ANNOUNCEMENT

This is an announcement of the company KA Finance P.L.C (the “Company”), a company incorporated under the laws of Malta, having company registration number C 91544 and registered address at Project Technik, Cannon Road, Qormi, QRM 9032, Malta.

Date: 15 December, 2022

Ref No: KAF35

Company Announcement relative to Rule 4.11.12 of the Prospects Rules.

The Company refers to the obligation which Prospects MTF Companies are subject to, in terms of Rule 4.11.03 and Rule 4.11.12 relating to explanations of material changes to published forecasts of any financial information. To this end, the Company is accordingly making this announcement to guide the market with regards to the forecasts it had issued for the year 2022, through the publication and dissemination of updated Financial Sustainability Forecasts (hereinafter referred to as “FSFs”), including applicable management assumptions. The below copy of the FSFs, as approved by the Board of Directors, is based on the following assumptions:

General Outlook

Although the activity of the group (which comprises the Company and its parent KA Holdings Limited) is rapidly returning to normal following the impact of the COVID-19 pandemic, financial results inevitably continue to be affected by the delays that the pandemic has had on the execution of its medium-term business plan. The directors remained satisfied that the group’s profitability and cash flow will revert to projected results in the near future.

Revenue

The group is expected to register revenues of €2.0M for the year ending 31st December 2023, a decrease of €438K from what was forecasted in the Company Admission Document (“CAD”). As described above, the COVID-19 pandemic delayed the achievement of full occupancy at Centris II, which is expected to reach 92% by the end of 2022, and full occupancy during 2023. Projected revenues will also be impacted by the Swieqi property which will be rented out on long lets instead of short lets as previously forecasted in the Company Admission Document. Revenue from the Centris I property is projected to be in line with the figures projected in CAD. The Gzira property, which was planned to be transformed into a boutique hotel in the CAD, is instead being currently rented out on a long let.

Direct costs

Direct costs are projected to amount to €236K, a decrease of €26K from the figure forecasted in the CAD. This is as a direct result of renting out in 2023 the Swieqi property on short lets as opposed to long term lets.

Administrative costs

Administrative costs are projected to amount to €136K, a decrease of €243K from the figure forecasted in the CAD. Similar to Direct Costs, this is the result of renting out in 2023 the Swieqi property on short lets rather than long lets.

Net profit

Net profit is projected to amount to €936K, a decrease of €108K from the €1.04M forecasted in the CAD. This decrease is mainly attributable to a lower revenue from Swieqi and Gzira properties and the fact that the vacant space in Centris II will be rented out during 2023. This income will not be reflected in full during the next financial year.

Assets, equity, and liabilities

Total assets are projected to amount to €30.25M while equity and total liabilities are projected to amount to €16.68M and €13.58M respectively.

Cashflow

It is projected that the company will close the year with a positive cash balance of €424K, €2.46M lower than that forecasted in the CAD.

Consolidated forecasted income statement for the year ending 31st December 2023

Income statement	FSF 2023	CAD 2023	Variance
	€	€	€
Total Revenue	1,999,566	2,437,342	(437,776)
Cost of Sales	(235,842)	(261,548)	25,706
Gross Profit	1,763,724	2,175,794	412,070
Total Administrative Expenses	(136,271)	(378,999)	242,728
EBIDTA for the period	1,627,453	1,796,795	169,342
Depreciation	-	(57,000)	57,000
Total Interest	(424,791)	(386,214)	(38,577)
Taxation	(266,387)	(309,977)	43,590
Net Profit	936,275	1,043,605	(107,330)

Consolidated forecasted statement of financial position for the year ending 31st December 2023

Balance Sheet	FSF 2023	CAD 2023	Variance
	€		€
Assets			
Total Non-Current Assets	29,649,618	28,600,936	1,048,682
Total Current Assets	603,914	3,481,084	(2,877,170)
Total assets	30,253,532	32,082,020	(1,828,488)
Equity & Liabilities			
Total Equity	16,676,343	19,786,627	(3,110,284)
Total Non-Current Liabilities	12,147,494	10,797,106	1,350,388
Total Current Liabilities	1,429,695	1,498,287	(68,592)
Total Liabilities	13,577,189	12,295,393	1,281,796
Total Equity & Liabilities	30,253,532	32,082,020	(1,828,488)

Consolidated forecasted statement of cash flow for the year ending 31st December 2023

Cash Flow Forecast	FSF 2023	CAD 2023	Variance
	€	€	€
Cash flows from operating activities			
Net income	936,275	1,043,605	(107,330)
Interest	424,791	386,214	38,577
Tax	266,387	309,977	(43,590)
Operating profit	1,627,453	1,739,796	(112,343)
Depreciation	-	57,000	(57,000)
Changes in working capital	(27,500)	(160,771)	133,271
Interest Paid	(410,463)	(374,214)	(36,249)
Tax Paid	(179,948)	(301,970)	122,022
Cash from operating activities	1,009,542	959,841	49,701
Cash flows from investing activities			
Purchase of property plant and equipment	-	-	-
Cash flows from financing activities	(745,574)	(153,102)	(592,472)
Net cash movement for the period	263,967	806,739	(542,772)
Opening cash balance	160,470	2,073,356	(1,912,886)
Closing cash balance	424,437	2,880,095	(2,455,658)



Rachel Bonavia
EMCS Ltd
Company Secretary