

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Calamatta Cuschieri Moneybase plc ("the Company"), in terms of the Rules of Prospects MTF, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange ("Prospects MTF Rules").

Update to Financial Sustainability Forecast

Date: 26th August, 2024

Reference: CCF/CA- 86/24

Quote

The Board noted material variances between the Company's forecasts for the year 2024 and the interim financial statements for the financial period ending 30th June 2024 (as published in company announcement 85/24) as follows:

Statement of Comprehensive Income and Expense:

- *Revenue variance is a result of better-than-expected results across most lines of business;*
- *Wages and salaries positive variance arose due to a cost-containment exercise; and*
- *Other income variance is a result of value changes on the proprietary investment portfolio due to market conditions.*

Statement of Financial Position:

- *Fair value through profit and loss investments variance is due to a portion of the portfolio being invested in interest bearing demand deposits;*
- *Trade receivables/trade payables variances mainly arose from timing differences of working capital movements;*
- *Advances to banks and amounts due customers variance is due to the higher-than-expected balances held by customers; and*
- *Retained earnings variance is a result of the higher-than-expected profit for the year.*

The Board has therefore reviewed and approved an updated Financial Sustainability Forecast for 2024, which is being annexed to this announcement.

Unquote



Kari Pisani
B.A, LL.D. MSc.
Company Secretary

About Calamatta Cuschieri Moneybase

Calamatta Cuschieri Moneybase offers a wide spectrum of investment solutions and manages a total of €1.8 Billion in Clients Investment Assets and €1.1 Billion of assets under administration. Calamatta Cuschieri Moneybase was established in 1971 where it pioneered the local financial services industry and has grown from strength to strength with a reputation of offering unbiased and professional investment advice together with innovative technology which are backed by ISO9001 certification on customer care.

Financial Suitability Forecast

Summary of Significant Assumptions and Accounting Policies

A. Introduction

The forecast statement of financial position, the forecast statement of profit or loss, and the forecast statement of cash flows (hereafter “the Forecasts”) of the Issuer for the periods ending 31st December 2024 have been prepared to provide financial information for the purposes of the announcement of Financial Sustainability Forecasts. The assumptions set out below are the sole responsibility of the Directors of the Company.

The Forecasts are intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions which the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. We draw your attention to the risk factors set out in the Admission Document, which describes the primary risks associated with the business to which the Forecasts relates.

The Forecasts are not intended to and do not provide all the disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

These updated Forecasts were formally approved on 26th August 2024 by the Directors, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the Forecasts are described in Section B below.

B. Basis of preparation and significant assumptions

Basis of Preparation

The Forecasts show the projected financial performance and position of Calamatta Cuschieri Moneybase plc (“the Company”) in accordance with International Financial Reporting Standards as adopted by the European Union (“EU-IFRS”) except that, due to the nature of Forecast Financial Information, the Forecasts do not include all the disclosure requirements under EU-IFRS and other laws or securities regulations, including but not limited to the Maltese Companies Act (Cap. 386).

Macro-economic assumptions relating to the environment in which the Company operates which are exclusively outside the influence of the Directors and which underlie the forecasts, are the following:

The rate of inflation will be in line with historic trends,

The basis and rates of taxation, direct and indirect, will not change materially throughout the period covered by the Forecast Financial Information,

Other significant assumptions

Other assumptions taken by the Directors, which underlie the Forecasts are the following:

Revenue

Annual revenue has been projected using H1 2024 trends as basis.

Wages and salaries

Employee costs have been projected using H1 2024 as basis with planned increases in staff numbers in line with the group’s growth strategy.

Other administrative expenses/IT costs

Administration expenses include marketing, utilities, and professional fees and other general or corporate overheads. These costs are based on H1 2024 costs and known new agreements.

Finance costs

Finance charges include bond interest payable at an interest rate of 4.25% and finance costs on lease agreements in accordance with IFRS 16 and interest payable on bank facilities.

Income tax

Income tax is composed of current and deferred tax. Current taxation is provided at 35% of chargeable income for the period. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the forecasts and the corresponding projected tax bases in the computation of taxable profit.

Intangible assets/property plant and equipment

Intangible assets/property plant and equipment have been forecasted based on 2023 net book values less depreciation/amortisation for 2024.

Depreciation/Amortisation

Depreciation is provided on a straight-line basis and at rates intended to write down the cost of the assets or revalued amounts over their expected useful lives. The annual rates used are as follows:

Freehold Buildings	-	1% per annum
Improvements to premises	-	10% per annum
Furniture, fittings and other equipment	-	10% - 33% per annum
Motor Vehicles	-	20% per annum

Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss to write off the cost of intangible assets less any estimated residual value over their estimated useful lives.

Investment property

Investment property has been forecasted based on 2023 valuation.

Fair value through profit and loss investments

The Fair value through profit and loss investments portfolio has been forecasted based on the June valuation of the portfolio and assuming further 4% increase in value.

Working Capital

The Company's working capital comprises the net impact of trade receivables, inventory and trade payables and is based on historical trends.

Borrowings

The projected debt relates to €3.85m bond still in issue, net of deferred bond issue costs.

Consolidated Statement of Comprehensive Income

	Original FY24 Forecast (€'000s)	Revised FY24 Forecast (€'000s)
Revenue	15,640	17,734
Direct costs	(1,362)	(1,691)
Gross margin	14,278	16,043
Wages and salaries	(7,263)	(7,651)
IT costs	(1,510)	(1,619)
Other administrative costs	(1,249)	(1,347)
Share of profit in joint venture	-	50
Other income	24	120
EBITDA	4,280	5,596
Interest income	-	36
Interest expense	(210)	(209)
Depreciation and amortisation	(1,500)	(1,462)
Profit before tax	2,570	3,961
Tax charge	(514)	(1,021)
Profit for the year total comprehensive income for the year	2,057	2,940
Profit for the year attributable to minority shareholder	(140)	(100)
Profit for the year attributable to parent	1,917	2,840

Consolidated Statement of Financial Position

	Original FY24 Forecast (€'000s)	Revised FY24 Forecast (€'000s)
ASSETS		
Non-current assets		
Intangible assets	7,524	7,545
Property, plant and equipment	202	202
Investment Property	306	306
Right of use Asset - Lease	590	590
Fair value through profit and loss investments	2,367	1,231
Loans and receivables	45	45
Deferred tax asset	1,842	1,842
	12,897	11,762
Current assets		
Trade and other receivables	3,708	4,260
Inventories	17	17
Cash and cash equivalents	4,053	5,601
Advances to bank	64,348	74,873
Current tax asset	538	-
	72,664	84,751
Total assets	85,561	96,513
LIABILITIES		
Current liabilities		
Trade and other payables	2,540	2,165
Lease Liability - current	313	313
Amounts due to customers	64,348	74,873
Current tax liabilities	176	245
	67,377	77,597
Non-current liabilities		
Interest bearing loans and borrowings	3,750	3,750
Lease Liability - non current	405	405
	4,155	4,155
Total liabilities	71,532	81,752
Net assets	14,029	14,761
EQUITY		
Share capital	2,000	2,002
Share award reserve	430	430
Retained earnings and other equity	10,995	11,725
Investor compensation scheme	9	9
Attributable to equity holders of the parent	13,434	14,166
Non-controlling interest	595	555
Total equity	14,029	14,761

Consolidated Statement of Cashflows

	Original FY24 Forecast (€'000s)	Revised FY24 Forecast (€'000s)
Cash flows from operating activities		
Profit before tax	2,570	3,959
Adjustments for:		
Depreciation and amortisation	1,499	1,462
Amortisation of bond costs	4	4
Payment of Interest on lease liability	33	33
Fair value gain on FVTPL investments	-	120
Share award expense	226	226
Interest expense	210	210
Operating profit before working capital movement	4,542	6,015
Movement in trade and other receivables	(17)	(30)
Movement in trade and other payables	(168)	(344)
Movement in advances to Bank	(38,975)	(49,500)
Movement in amounts due to customers	38,975	49,500
Cash flows from operations	4,357	5,641
Interest paid	(243)	(243)
Income tax paid	(176)	(777)
<i>Net cash flows from operating activities</i>	<u>3,938</u>	<u>4,622</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles	(1,284)	(1,284)
Proceeds from sale of FVTPL investments	-	1,015
<i>Net cash flows from investing activities</i>	<u>(1,284)</u>	<u>(270)</u>
Cash flows from financing activities		
Payment of Bond Buy Back	(250)	(250)
Dividends Paid	(750)	(1,000)
Payment of principal on leases	(322)	(322)
<i>Net cash flows from financing activities</i>	<u>(1,422)</u>	<u>(1,572)</u>
Net movement in cash and cash equivalents	<u>1,232</u>	<u>2,780</u>
Cash and cash equivalents at the beginning of the year	2,821	2,821
Cash and cash equivalents at the end of the year	<u>4,053</u>	<u>5,601</u>

C. Conclusion

The Directors believe that the assumptions on which the Forecasts are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Company will be sufficient for the carrying on of its business.