CCFinance Group

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by CC Finance Group 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').

Financial Suitability Forecast 2022
Date: 26th April 2022
Reference: CCF/CA- 57/22

Quote

"On 26th April 2022, the Board of Directors of CC Finance Group plc, considered and approved the Company's audited financial statements for the year ended 31st December 2021. The financial statements are available for viewing on the Company's website at: https://investors.cc.com.mt/

The Board further noted a material profit or loss variance between the company forecasts for the year 2021 and the financial statements for the financial year ending 31st December 2021 as follows:

- a) *Revenue variance was a result of lower-than-expected commissions and delays in launches of new products and services.*
- b) *Direct costs variance mainly arose due to higher-than-expected revenues from particular channels.*
- c) *Other administrative costs variance arose due to the higher-than-expected costs related to professional services and one-off charges from consolidation and re-organisation of the Group*
- d) *IT costs variance was a result of further investment in the Group's IT infrastructure.*

Furthermore, the Board noted certain material balance sheet variances as follows:

- a) *Right of use Asset / Investment property / lease liability variances resulted from lease termination.*
- b) *Trade receivables and payables variances mainly arose from timing differences of working capital movements.*
- c) *Advances to banks and customer liabilities variance is due to the higher-than-expected balances held by customers.*
- d) *Retained earnings variance is a result of the lower-than-expected profit for the year and the capitalization of reserves exercise.*
- e) *Share capital variance is a result of the capitalization of reserves up to €2m share capital which was not forecasted during 2021.*

The Board has also reviewed and approved the Financial Suitability Forecast for the year ending 31st December 2022 and in line with the Prospects MTF rule 4.11.12 Table 1, Items 3 & 4 has approved the publication of the attached Financial Suitability Forecast. A copy of the Financial Sustainability Forecast can be found at: https://investors.cc.com.mt/

Unquote

Kari Pisani
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Company Secretary

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 2022 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 describe 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 Forecasts were formally approved on 26th April 2022 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 CC Finance Group 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:

1. Revenue

Annual revenue has been projected using 2021 trends as basis with conservative increases in all revenue streams. It also includes new revenue streams from the launches of Moneybase and CCFS (Lux) Sarl projected for the beginning of Q2 and revenue from launch of CCTrader in new European jurisdictions.

2. Wages and salaries

Employee costs have been projected using 2021 as basis with planned increases in staff numbers in line with the group's growth strategy.

3. Other administrative expenses/IT costs

Administration expenses include mainly wages, utilities and professional fees and other general or corporate overheads. These costs are based on historical trends and agreements as adjusted for inflation, which for the purposes of these Forecasts is assumed to stand at 2%.

4. Finance costs

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

5. 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.

6. Intangible assets/property plant and equipment

Intangible assets/property plant and equipment have been forecasted based on 2021 net book values less depreciation/amortisation for 2022.

7. 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 so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives.

8. Investment property

Investment property has been forecasted based on 2021 valuation.

9. FVTPL investments

The FVTPL investment portfolio, which will be part of the assets taken over on restructuring, has been forecasted based on the 2021 valuation of the portfolio.

10. Loans and receivables

Loans and receivables comprise loan receivable from related party from sale of IP.

11. Working Capital

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

12. Borrowings

The projected debt relates to €4m bond issue, net of deferred bond issue costs.

Statement of comprehensive income

	FY22 Forecast ('000s) EUR
Revenue	14,132
Direct costs	(1,291)
Gross margin	12,841
Wages and salaries	(8,459)
IT costs	(1,378)
Other administrative costs	(1,989)
Share of loss in joint venture	(45)
Other income	28
EBITDA	999
Depreciation & Amortisation	(681)
Interest income	312
Interest expense	(100)
Bond interest	(170)
Profit before tax	359
Tax charge	(126)
Profit for the year total comprehensive expense for the year	234
Profit for the year attributable to minority shareholder	36
Profit for the year attributable to parent	198

CCFinance Group

Statement of financial position

	FY22 Forecast ('000s) EUR
ASSETS	
Non-current assets	
Intangible assets	**63**
Property, plant and equipment	**485**
Investment Property	**3,615**
Right of use Asset - Lease	**1,197**
Investment in joint venture	**105**
Fair value through profit and loss investments	**1,164**
Loans and receivables	**6,713**
	13,341
Current assets	
Trade and other receivables	**3,342**
Inventories	**35**
Cash and cash equivalents	**2,973**
Advances to bank	**3,350**
Deferred tax asset	**2,198**
	11,898
Total assets	**25,239**
LIABILITIES	
Current liabilities	
Trade and other payables	**3,576**
Lease Liability – current	**307**
Bank overdraft and loan	**1,216**
Amounts due to customers	**3,350**
Current tax liabilities	**201**
	8,650
Non-current liabilities	
Interest bearing loans and borrowings	**3,979**
Lease Liability – noncurrent	**1,041**
	5,020
Total liabilities	**13,670**
Net assets	**11,569**
EQUITY	
Share capital	**2,000**
Share award reserve	**36**
Retained earnings and other equity	**9,433**
Investor compensation scheme	**6**
Attributable to equity holders of the parent	**11,475**
Non-controlling interest	**95**
Total equity	**11,569**

Statement of cashflows

	FY22 Forecast ('000s) EUR
Cash flows from operating activities	
Profit before tax	**359**
Adjustments for:	
Royalty fee	**325**
Depreciation and amortisation	**675**
Amortisation of bond costs	**6**
Share of loss in joint venture	**45**
Interest income	**270**
Interest expense	**(312)**
Operating profit before working capital movement	**1,370**
Movement in trade and other receivables	**141**
Movement in trade and other payables	**(503)**
Movement in inventories	**34**
Cash flows from operations	**1,042**
Interest received	**210**
Income tax refunds	**(329)**
Net cash flows from operating activities	**923**
Cash flows from financing activities	
Repayment of bank loan	**(94)**
Payment of principal on leases	**(353)**
Interest paid	**(212)**
Net cash flows from financing activities	**(659)**
Net movement in cash and cash equivalents	**264**
Cash and cash equivalents at the beginning of the year	**1,558**
Cash and cash equivalents at the end of the year	**1.822**

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.