



**Smartcare Finance P L C**

326, Mdina Road, Qormi, Malta

Co. Reg. No. C 90123

The “**Company**”

**COMPANY ANNOUNCEMENT**

The following is a Company Announcement issued by the Company, issued in terms of the rules of Prospects MTF Rules, specifically Rules 4.11.03 and 4.11.12 relating to the publication of financial information as defined in Table 1 paragraph 3 and particularly the publication and dissemination via an announcement of Financial Sustainability Forecasts including management assumptions thereon ('FSFs').

**Quote**

**Financial Sustainability Forecast for Year 2020**

The projections for the year 2020 have been approved by the Board of Directors of the Company and are available on the Company's website [www.smartcaremalta.com](http://www.smartcaremalta.com). These have been prepared on the basis of the following assumptions, which have been reviewed taking into account the experience obtained by the Company during its initial period preceding the 31<sup>st</sup> December 2019.

Annual revenues and costs have been forecasted based on management experience and management expectations concerning future business growth of the Company.

27<sup>th</sup> December 2019

**Unquote**

A handwritten signature in blue ink, appearing to be "Dr Sam Abela". The signature is written in a cursive style with a large, stylized initial 'S'.

**Dr Sam Abela LLD**  
Company Secretary  
27<sup>th</sup> December 2019

## **Revenue**

The Group's predominant revenue for the year ending 31<sup>st</sup> December 2020, was projected to be generated from the provision of beds to the Government of Malta under an agreement for the provision of beds.

Due to circumstances which were outside management's control, the agreement signed with the Government of Malta as at 5<sup>th</sup> December 2019 covered 90 beds. It is being projected that during the financial year 2020, the occupancy of the Dar Pinto (OPH) will reach an average of 75%.

In addition, the projected revenue as per admission document dated 28<sup>th</sup> May 2019, assumed that mix between various dependency level will be 50% medium dependency and 50% high dependency. Notwithstanding, as at end of November 2019 the mix of the residents is 20% low dependency, 34% medium dependency and 46% high dependency. Therefore, it is being projected that the mix for the financial year 2020, will remain unchanged.

## **Direct costs**

The direct cost primarily consists consumables, payroll costs and direct costs. These expenses have been projected at the rates experienced during the period ended 30<sup>th</sup> September 2019 adjusted for the projected increase in the occupancy, as indicated the Revenue section above.

## **Administrative expenses**

Administrative expenses consist primarily of payroll costs, directors' fees, advertising costs, professional fees, listing fees, depreciation and other general expenses.

All expenses have been projected on the basis of the expenses that the Group incurred for the period ended 30<sup>th</sup> September 2019.

## **Finance costs**

Finance costs consist the projected interest cost which the Group will pay to bond holders.

## **Taxation**

Current taxation is provided at 35% of the Group's chargeable income for the period. In addition to the latter the Group obtained an investment tax credit certificate from Malta enterprise for the investment undertaken on the OPH. The latter allows the Group's taxable income which is derived from the operation of the OPH, subject to the limits as allowed in the said certificate, will not be subject to tax.

## **Working capital**

The Group's working capital mainly comprise the net impact of trade receivables, inventory and trade payables and is based on the historical trends as at 30<sup>th</sup> September 2019.

The table below shows the Group's projected consolidated profit and loss accounts for the period ending 31<sup>st</sup> December 2020.

	Projected € 000s
Revenue	2,351
Direct cost	(998)
Gross profit	<u>1,353</u>
Other indirect costs	(513)
EBITDA	<u>839</u>
Depreciation	(236)
EBIT	<u>603</u>
Finance costs	(250)
Profit before tax	<u>353</u>
Tax	(38)
Profit after tax	<u>315</u>

The table below shows the Group's projected consolidated balance sheet for the period ending 31<sup>st</sup> December 2020.

	2020 Projected € 000s
Fixed assets	
Investment property	663
Property, plant and equipment	<u>2,750</u>
	<u>3,412</u>
Current assets	
Trade receivables	962
Amounts due from related parties	1,186
Cash and cash equivalents	-
	<u>2,148</u>
Total assets	<u><u>5,560</u></u>
Equity and liabilities	
Equity	
Share capital	0
Retained earnings	<u>(741)</u>
	<u>(741)</u>
Current liabilities	
Trade payables	344
Taxation	38
Capital creditors	564
Amounts due to related parties	401
Short term borrowings	<u>118</u>
Total current liabilities	<u>1,465</u>
Non-current liabilities	
Debt securities in issue	<u>4,835</u>
	<u>4,835</u>
Total liabilities	<u>6,300</u>
Total equity and liabilities	<u><u>5,560</u></u>

The table below shows the Group's projected consolidated statement of cash flow for the period ending 31<sup>st</sup> December 2020.

	2020 Projected € 000s
Cash flow from operating activities	
EBITDA	839
Movement in working capital	
Movement in trade and other payables	-
Movement in trade and other receivables	(618)
Cash generated from operations	<u>221</u>
Taxation paid	-
Finance cost	<u>(250)</u>
Net cash (used in)/from operating activities	<u>(29)</u>
Movement in cash and cash equivalents	(29)
Cash and cash equivalents at beginning of year	<u>(89)</u>
Cash and cash equivalents at the end of year	<u>(118)</u>

The table below shows the projected profit and loss account of the issuer for the period ending 31<sup>st</sup> December 2020.

<b>Year</b>	<b>2020</b>
	Projected € 000s
Revenue	385
Administrative expenses	<u>(48)</u>
EBITDA	337
Depreciation	<u>(21)</u>
EBIT	317
Finance costs	<u>(250)</u>
Profit before tax	67
Income tax	<u>(38)</u>
Profit for the year	<u>28</u>

The table below shows the projected balance sheet of the issuer for the period ending 31<sup>st</sup> December 2020.

	<b>2020</b>
	Projected
	€ 000's
Assets	
Non-current assets	
Financial assets	4,814
Total non-current assets	<u>4,814</u>
Current assets	
Cash and cash equivalents	<u>74</u>
Total current assets	<u>74</u>
Total assets	<u><b>4,887</b></u>
Equity and liabilities	
Capital and reserves	
Share capital	48
Retained earnings	<u>(34)</u>
Total equity	<u><b>14</b></u>
Non-current liabilities	
Debt securities in issue	<u>4,835</u>
Total-non current liabilities	<u><b>4,835</b></u>
Current liabilities	
Current tax payable	<u>38</u>
Total current liabilities	<u><b>38</b></u>
Total liabilities	<u><b>4,874</b></u>
Total equity and liabilities	<u><b>4,887</b></u>

The table below shows the projected cash flow statement of the issuer for the period ending 31<sup>st</sup> December 2020.

Year	2020 Projected € 000's
CASH FLOWS FROM OPERATING ACTIVITIES	
EBITDA	337
Movement in working capital	
Cash flows generated from operations	337
Income tax (paid) / refund	-
Interest paid	(250)
Net cash flows operating activities	<u>87</u>
Net movement in cash and cash equivalents	87
Cash and cash equivalents at the beginning of year	<u>(14)</u>
Cash and cash equivalents at the end of year	<u>74</u>