



19-25, Conservatory Street, Floriana, Malta
Company Registration Number C89431
(the “Company”)

Company Announcement

The following is a company announcement issued by FES Finance p.l.c. (“FES” or the “Company”) pursuant to Rule 4.11.12 of the Prospectus Rules.

The Company refers to the obligation to which Prospectus MTF companies are subject to in terms of Rule 4.11.03 and Rule 4.11.12 relating to the publication of the twelve-month financial information as defined in Table 1 paragraph 3 and specifically the publication and dissemination via an announcement of Financial Sustainability Forecasts including management assumptions thereon (“FSFs”). The below copy of the Group FSFs (which consists of FES Projects Ltd and its subsidiaries FES Operations Ltd, FES Finance p.l.c. and Contractors Only Limited), as approved by the Board of Directors, are based on the following assumptions:

Revenues

The Group is expected to generate revenue of €9.1 million for the year ending 31 December 2022. As the Euro Guesthouse is temporarily closed in view of the development works expected to be undertaken in the forthcoming months following issue of permit and raising of finance, the projected revenue shall be derived from the turnkey contractor projects undertaken by Contractors Only Limited during 2022.

Direct costs

The direct costs relating to the contracted tenders are assumed at 80% of the contracted revenue that Contractors Only Limited shall generate during the projected period.

Administrative expenses

Administrative expenses are expected to amount to c. €0.3 million in FY2022, and primarily consist of administrative salaries, professional fees, insurance costs and depreciation and amortization costs.

Finance costs

Finance costs are expected to total €0.4 million in FY2022 and consist of interest on (i) the Bond; (ii) a €1 million facility issued by FCM Bank in 2021 to support the tenders in hand; (iii) issue of a €4.5 million facility in order to complete the envisaged development on the Euro Guesthouse, which facility is currently in negotiation. In line with IAS 23, part of this interest cost is expected to be capitalized as part of property, plant and equipment, given that the development on the Euro Guesthouse meets the qualifying asset criteria stipulated in the said standard.

Taxation

Current taxation is provided at 35% chargeable income for the period.

Consolidated income statement of FES Group

Projected consolidated income statement for the year ending

€000	FY2022
Revenue	9,067
Cost of sales	(7,271)
Gross profit	1,796
Administrative expenses	(297)
Operating profit	1,499
Net finance costs	(385)
Profit before tax	1,114
Tax expense	(390)
Profit after tax	724

Consolidated statement of financial position of FES Group


Projected consolidated statement of financial position as at

€000	31-Dec-22
Assets	
Non-current assets	
Property, plant and equipment	7,251
Total non-current assets	7,251
Current assets	
Inventory	50
Trade and other receivables	103
Cash and cash equivalents	5,779
Total current assets	5,932
Total assets	13,183
Equity and liabilities	
Equity	
Share capital	1,869
Retained earnings	70
Total equity	1,940
Non-current liabilities	
Borrowings	10,200
Current liabilities	
Trade and other payables	1,043
Total current liabilities	1,043
Total liabilities	11,243
Total equity and liabilities	13,183

Consolidated statement of cash flows of the FES Group

Projected consolidated statement of cash flows for the year ending

€000	FY2022
Cash generated from operating activities	1,806
Cash generated from investing activities	3,957
Net movement in cashflows	5,762
Opening balance in cash and cash equivalents	16
Closing balance in cash and cash equivalents	5,779



Dr Reuben Debono

Company Secretary

28 April 2022