



COMPANY ANNOUNCEMENT

Errata Corrige relative to Company Announcement reference TST10 issued by the company Testa Finance P.L.C in relation to Rule 4.11.12 of the Prospectus Rules on the 15th of January, 2020. The following announcement replaces *in toto* the previous announcement reference TST10.

Date: 16 January 2020

Ref No: TST11

Company Announcement relative to Rule 4.11.12 of the Prospectus Rules.

The following is a company announcement issued by Testa Finance P.L.C (The Company) pursuant to Rule 4.11.12 of the Prospectus Rules.

Quote

The Company refers to the obligation which Prospectus MTF Companies are subject to, in terms of Rule 4.11.03 and Rule 4.11.12 relating to the publication of twelve-month financial information as defined in Table 1 paragraph 3 of the Prospectus Rules and, specifically, the publication and dissemination (via a company announcement) of Financial Sustainability Forecasts (hereinafter referred to as "FSFs"), including applicable management assumptions. The Issuer, Testa Finance plc, confirms that the projections contained in the Company Admission Document dated 20 December 2018 are in line with expectations for the year 2020.

At a Group and consolidated level, the below copy of the FSFs, as approved by the Board of Directors, is based on the following assumptions:

Revenue

The Testa Group's (i.e. Testa Properties Limited, Testa Catering Concepts Limited and Testa Finance plc) revenue for the twelve months ending 31 December 2020 is expected to total €5.5m should the number of outlets operating remain the same. This income shall be generated through the operation of the catering establishments owned by the Group, namely: French Affaire, Cibo, RossoPomodoro and Beefbar.

Direct costs

Direct costs are calculated based on historic averages which are quite standard in the catering industry and the Testa Group in general. These mainly concern the acquisition of food items to be used in the establishments.

Administrative costs

Administrative costs consist of fixed costs and variable costs. The latter are calculated based on historic performance and industry averages.

Finance costs

Finance costs relate primarily to interest on the Group's borrowings, which mainly constitute the bond issued on Prospects MTF. Other finance costs include bank charges and EPOS commissions, interest on the general banking facility and finance costs in relation to the leases as per IFRS 16.

Taxation

Current taxation is based on the corporate tax rate in Malta of 35%.

Working Capital

The Group's main line of business is the operation of catering establishments. Consequently, trade debtors are quite limited and usually comprise of deposits or prepayments made by the Group for the acquisition of inventory or other assets. The Group's working capital mainly comprises of the net impact of trade and other receivables together with trade and other payables. Trade and other payables include both trade payables and capital creditors.

Comparative figures

Comparative figures for the year 2019 were not included below. The Group is currently being externally audited and, as per the Prospects Rules, will publish financial information for the year 2019 by the end of March 2020. Publishing unaudited figures which are not final so close to the date of approval of accounts would, in the opinion of the Board, result to be misleading for the stakeholders and users of the financial information. Unaudited results up to June 2019 are available on the Company's website.

Changes in shareholders' capital

No changes in shareholders' capital are expected in the year 2020.

Expected earnings per share and outstanding shares

Should the below projections materialise, earnings per share would result to be €0.329. No dilution effects are envisaged during the period. The shares of the Group are owned privately and there are no outstanding shares from any class. This is not expected to change during 2020.

Earnings trend and financial position

The year 2020 is expected to be the first year where all the outlets of the Group are in operation. During 2019, the largest outlet of the Group was still under construction and it opened after the summer season. In 2020, the Group does not envisage any extraordinary events that would have a material effect on the earnings.

Other information

The next report of annual earnings is planned to be published by the end of March 2020, as per the Prospects Rules, on the Company's website and through a Company Announcement. Any profits from the below period, 2020, are expected to be retained to build up equity. The Group is yet to plan the exact date of the next annual general meeting.

Projected consolidated income statement for the year ending 31

December	2020
	€
Revenue	5,533,203
Cost of Sales	(1,598,481)
Gross profit	3,934,722
Administrative expenses	(2,169,988)
Operating profit	1,764,734
Finance costs	(359,707)
Depreciation and amortisation	(1,080,383)
Profit before tax	324,644
Taxation	(113,625)
Net profit	211,019

Projected consolidated statement of financial position as at 31

December	2020
	€
Assets	
Property, Plant and Equipment	5,472,002
Intangible asset	651,252
Investment property	640,152
Deferred tax assets	24,877
Right-of-use asset	2,492,010
Total non-current assets	9,280,293
<i>Current Assets</i>	
Cash and cash equivalents	1,465,966
Trade and other receivables	316,988
Inventories	138,330
Total current assets	1,921,284
Total assets	11,201,577

**Projected consolidated statement of financial position as at 31
December (continued)**

2020
€

Equity and liabilities

Equity

Share capital	641,356
Retained earnings	(254,664)
Non-controlling interest	1
	386,693

Liabilities

Interest bearing liability	3,900,000
Finance lease liability	2,742,431
Other payables	461,645
Total non-current liabilities	7,104,076

Current liabilities

Accruals	1,024,940
Trade and other payables	2,474,513
Finance lease liability (current)	211,355
Total current liabilities	3,710,808

Total liabilities	10,814,884
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Total equity and liabilities	11,201,577
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**Projected consolidated statement of cash flows for the year ending
31 December**

2020
€

Cash flows from operating activities	
Operating profit	1,764,734
Decrease in trade payables	(540,695)
Increase in inventory	(61,480)
Finance costs paid	(273,432)
Net cash generated from operating activities	889,127
Cash flows from investing activities:	
Additions to property, plant and equipment and other non-current assets	(302,500)
Net cash used in investing activities	(302,500)
Cash flows from financing activities:	
Net repayment of finance lease liabilities	(586,958)
Net cash used in financing activities	(586,958)
Cash and cash equivalents at beginning of year	1,466,297
Net increase/(decrease) in cash and cash equivalents	-331
Cash and cash equivalents at end of year	1,465,966

The Directors also confirm that:

1. the Issuer (the Company) has sufficient working capital available for current operating requirements, for at least the next twelve (12) months from the date of publication of this document; and
2. such representation has been given after having made a complete, careful and due enquiry by the Company and the required financing facilities exist; and
3. the related profit and loss forecasts are based on realistic and achievable assumptions stated therein clearly distinguishing between assumptions which the Directors of the Company can influence and assumptions about factors which are exclusively outside their influence; and
4. a report has been prepared by independent Accountants stating that in their opinion the forecast or estimate has been properly compiled on the basis stated on the managements' assumptions and that the basis of accounting used for the profit and loss and cash flow forecast are consistent with the accounting policies of the Company; and

5. the Corporate Advisor has co-signed the directors' confirmations as stated in these paragraphs and their declaration is annexed to this announcement.

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By order of the Board of Directors of the Company, \



Reuben Debono ID 422778M

Company Secretary

Testa Finance plc
RU 19, The Pjazza
The Point, Tigne Point
Sliema Malta

16 January 2019

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Dear Board Members,

RE: Financial Suitability Forecasts for the year 2020

As independent accountants, we state that, in our opinion, the forecast and estimates contained in the Financial Suitability Forecasts as prepared by Testa Finance plc have been properly compiled on the basis stated and on managements' assumptions. The assumptions and the basis of accounting used for the profit and loss and cash flow forecast are consistent with the accounting policies of the Company.

Further to the above, in our capacity as Prospects Advisors, we confirm that we have noted the following Director confirmations as per Appendix 4.7 of the Prospects Rules in relation to Financial Sustainability Forecasts. The Directors of Testa Finance plc have confirmed that:

Quote

1. the Issuer (the Company) has sufficient working capital available for current operating requirements, for at least the next twelve (12) months from the date of publication of this document; and

2. such representation has been given after having made a complete, careful and due enquiry by the Company and the required financing facilities exist; and

3. the related profit and loss forecasts are based on realistic and achievable assumptions stated therein clearly distinguishing between assumptions which the Directors of the Company can influence and assumptions about factors which are exclusively outside their influence; and

4. a report has been prepared by independent Accountants stating that in their opinion the forecast or estimate has been properly compiled on the basis stated on the managements' assumptions and that the basis of accounting used for the profit and loss and cash flow forecast are consistent with the accounting policies of the Company.

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5. the Corporate Advisor has co-signed the directors' confirmations as stated in these paragraphs and their declaration is annexed to this announcement.

Unquote

This document is the annex mentioned in point 5 above. The Firm and its personnel do not accept any direct or indirect liability resulting from the information contained in this letter that arises from incorrect information or assumptions provided to the firm by Testa Finance plc or any of its group companies.

Yours sincerely,



Bernard Charles Gauci
Partner