

Addendum to the Financial Analysis Summary dated 20 June 2019 in relation to 1923 Investments p.l.c. (“FAS2019”)

Following the publication of the FAS2019, we wish to bring the following clarifications, additions and/or corrections to the attention of the general public:

Section 2 – Directors and Senior Management

1. Senior management of the Company is composed of the following persons:

Rudolph Mifsud Saydon	Chief Financial Officer
Dr Godwin Caruana	Chief Technical Officer
Aristarco Cefai	Director of Human Resources
Michelle Dandria	Director of Marketing

Section 7 – Financial Information

2. A review of the cash flow results of the Company is provided hereunder:

Net cash used in operating activities during 2018 amounted to €1.9 million, compared to €0.4 million in the prior financial year, primarily on account of the loss incurred before tax and net adverse changes in working capital. With regard to investing activities, the Group used €1.6 million in 2018 to acquire property, plant and equipment and effect payments to related companies. In comparison, the Group generated €0.7 million in FY2017 from investing activities as the Group received €3.0 million from related companies and acquired entities.

Net cash from financing activities in 2018 amounted to €1.7 million compared to €1.3 million used in the prior year. During the reviewed year, the Group received €14 million from an increase in equity and repaid a net amount of €10.3 million of outstanding bank loans. In addition, the Group effected dividend payments of €2.0 million during 2018.

3. The 'key accounting ratios' tables have been replaced as follows:

Key Accounting Ratios	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2020 Projection
Operating profit margin <i>(EBITDA/revenue)</i>	5%	4%	3%	6%	9%
Interest cover (times) <i>(EBITDA/net finance cost)</i>	1.58	1.69	1.41	3.19	4.73
Net debt to EBITDA (years) <i>(Net debt/EBITDA)</i>	9.80	10.98	11.76	5.63	4.71
Net profit margin <i>(Profit after tax/revenue)</i>	-1%	-1%	-1%	0%	2%
Earnings per share (€) <i>(Profit after tax/number of shares)</i>	-0.09	-0.02	-0.02	0.00	0.07
Return on equity <i>(Profit after tax/shareholders' equity)</i>	-16%	-2%	-3%	0%	9%
Return on capital employed <i>(Operating profit/total assets less current liabilities)</i>	9%	5%	4%	8%	11%
Return on assets <i>(Profit after tax/total assets)</i>	-1%	-1%	-1%	0%	2%

Source: Charts | A Division of MeDirect Bank (Malta) plc

Key Accounting Ratios	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2020 Projection
Net assets per share (€) <i>(Net asset value/number of shares)</i>	0.57	0.95	0.77	0.77	0.85
Liquidity ratio (times) <i>(Current assets/current liabilities)</i>	1.03	1.00	1.13	1.03	1.03
Gearing ratio <i>(Net debt/net debt and shareholders' equity)</i>	90%	58%	52%	52%	58%

Source: Charts | A Division of MeDirect Bank (Malta) plc

Part 3 – Comparables

4. The following statement has been included below the chart entitled 'Bond yield to maturity':

The Company's bonds are presently trading at a yield of 4.41%, which is *circa* 40 basis points lower than other corporate bonds of a similar maturity. The premium over FY2024 Malta Government Stock is 426 basis points.



Evan Mohnani
Head of Corporate Finance
18 July 2019