



JD Capital plc  
HHF 303/304,  
Hal Far Industrial Estate,  
Buzzebbuga BBG 3000  
Malta

**Date:** 26<sup>th</sup> April 2022

**Reference:** 43/2022

## COMPANY ANNOUNCEMENT

### VARIANCES

The following is a company announcement issued by JD Capital plc (the “Company”), having company registration number C 82098, issued in terms of the Prospects Rules, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange (“Prospects MTF”).

#### **QUOTE**

The Board of Directors of the Company, on 26<sup>th</sup> April 2022, considered and approved the Company’s Audited Consolidated Financial Statements for the financial year ended 31 December 2021.

The Board of Directors notes that material variances resulted between the Financial Sustainability Forecasts for 2021 which were published on 29<sup>th</sup> April 2021 having reference JDC35, and the Actual Audited results for the financial year ended 31 December 2021. Any material differences are detailed below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Audited Financial Statements</b>	<b>Original Consolidated Projections</b>	<b>Variance</b>
	Note	31.12.2021	31.12.2021	31.12.2021
		€	€	€
Turnover		16,268,211	16,000,000	268,211
Cost of sales		(14,448,372)	(13,580,828)	(867,544)
<b>Gross profit</b>		<b>1,819,839</b>	<b>2,419,172</b>	<b>(599,333)</b>
Selling and distribution expenses	1	(151,333)	(118,900)	(32,433)
Administrative expenses		(807,288)	(867,343)	60,055
Other income	2	293,852	7,400	286,452
<b>Operating profit</b>		<b>1,155,070</b>	<b>1,440,329</b>	<b>(285,259)</b>
Finance income	3	205,822	241,309	(35,487)
Finance costs		(583,652)	(547,087)	(36,565)
Other losses	4	(11,700)	-	(11,700)
Impairment of financial assets	5	(297,423)	(217,834)	(79,589)
<b>Profit before tax</b>		<b>468,117</b>	<b>916,717</b>	<b>(448,600)</b>
Tax		(308,719)	(320,851)	12,132
<b>Profit after tax</b>		<b>159,398</b>	<b>595,866</b>	<b>(436,468)</b>
<b>Other comprehensive income</b>				
Revaluation of land and buildings, net of tax	6	7,856,800	-	7,856,800
<b>Total comprehensive income for the year</b>		<b>8,016,198</b>	<b>595,866</b>	<b>7,420,332</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>Audited Financial Statements</b>	<b>Original Consolidated Projections</b>	<b>Variance</b>
	Note	31.12.2021	31.12.2021	31.12.2021
		€	€	€
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	23,627,306	14,331,974	9,295,332
Investment property		4,522,715	4,522,184	531
Intangible assets		224,497	224,497	-
Trade receivables		1,084,518	1,088,000	(3,482)
Financial assets at amortised cost	3	1,618,922	5,118,241	(3,499,319)
		<u>31,077,958</u>	<u>25,284,896</u>	<u>5,793,062</u>
<b>Current assets</b>				
Financial assets at amortised cost	3	3,150,896	1,512,138	1,638,758
Inventories	8	1,529,296	1,374,963	154,333
Contract assets	9	4,514,034	2,255,541	2,258,493
Trade and other receivables	7	6,646,982	3,023,122	3,623,860
Cash and cash equivalents	10	361,040	20,191	340,849
		<u>16,202,248</u>	<u>8,185,955</u>	<u>8,016,293</u>
<b>TOTAL ASSETS</b>		<u>47,280,206</u>	<u>33,470,851</u>	<u>13,809,355</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

		Audited Financial Statements	Original Consolidated Projections	Variance
	Note	31.12.2021	31.12.2021	31.12.2021
		€	€	€
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital		7,546,700	7,546,700	-
Revaluation reserve	6	7,856,800	-	7,856,800
Retained earnings	11	1,183,295	1,513,991	(330,696)
<b>TOTAL EQUITY</b>		<b><u>16,586,795</u></b>	<b><u>9,060,691</u></b>	<b><u>7,526,104</u></b>
<b>Non-current liabilities</b>				
Borrowings	14	7,397,971	8,598,032	(1,200,061)
Lease liabilities		3,492,124	3,499,293	(7,169)
Trade and other payables	12	3,898,722	4,408,517	(509,795)
Deferred tax liability	6	1,592,788	360,000	1,232,788
Tax liability	13	507,947	665,690	(157,743)
		<b><u>16,889,552</u></b>	<b><u>17,531,532</u></b>	<b><u>(641,980)</u></b>
<b>Current liabilities</b>				
Borrowings	14	3,602,339	1,313,078	2,289,261
Lease liabilities	15	36,004	31,541	4,463
Contract liabilities	16	2,212,033	696,385	1,515,648
Current tax liabilities	13	1,080,212	405,044	675,168
Trade and other payables	12	6,873,271	4,432,580	2,440,691
		<b><u>13,803,859</u></b>	<b><u>6,878,628</u></b>	<b><u>6,925,231</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>30,693,411</u></b>	<b><u>24,410,160</u></b>	<b><u>6,283,251</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>47,280,206</u></b>	<b><u>33,470,851</u></b>	<b><u>13,809,355</u></b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Financial Statements	Original Consolidated Projections	Variance
Note	31.12.2021	31.12.2021	31.12.2021
	€	€	€
<b>Cash flows from operating activities</b>			
Profit before tax	468,117	916,718	(448,601)
Adjustments for:			
Finance costs	583,652	547,087	36,565
Depreciation	831,760	808,444	23,316
Impairment of financial assets	5 297,423	217,834	79,589
Amortisation of bond issue costs	10,670	10,670	-
Loss on disposal of motor vehicles	4 11,700	-	11,700
Finance income	3 (205,789)	(241,309)	35,520
	<u>1,997,533</u>	<u>2,259,444</u>	<u>(261,911)</u>
Increase in trade receivables and contract assets	7,9 (7,130,580)	(958,813)	(6,171,767)
Increase in Inventories	8 (154,334)	-	(154,334)
Increase in trade payables and contract liabilities	12,16 3,618,872	121,501	3,497,371
Cash (used in)/from operations	<u>(1,668,509)</u>	<u>1,422,132</u>	<u>(3,090,641)</u>
Interest paid	14 -	(118,165)	118,165
Taxes paid	13 (59,802)	(467,120)	407,318
<b>Net cash flows (used in)/from operating activities</b>	<u>(1,728,311)</u>	<u>836,847</u>	<u>(2,565,158)</u>
<b>Cash flows from investing activities</b>			
Payments for additions of:			
Property , plant and equipment	6 (216,846)	(101,000)	(115,846)
Investment property	17 (531)	-	(531)
Receipt from disposal of motor vehicles	4 2,300	-	2,300
Net receipts from loans	3 2,348,591	-	2,348,591
Movement in amounts due from parent and related company	2,3 (591,296)	-	(591,296)
<b>Net cash flows from/(used in) investing activities</b>	<u>1,542,218</u>	<u>(101,000)</u>	<u>1,643,218</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED**

	Audited Financial Statements	Original Consolidated Projections	Variance
Note	31.12.2021	31.12.2021	31.12.2021
	€	€	€
<b>Cash flows from financing activities</b>			
Movement in bank borrowings	14 757,310	(273,556)	1,030,866
Interest paid	14 (406,760)	(250,000)	(156,760)
Payment of lease liabilities	(211,140)	(210,465)	(675)
Movement in amounts due to subsidiary, ultimate shareholder and related company	2 (103,874)	-	(103,874)
<b>Net cash flows from/(used in) financing activities</b>	<b>35,536</b>	<b>(734,021)</b>	<b>769,557</b>
<b>Net movement during the period</b>	<b>(150,557)</b>	<b>1,826</b>	<b>(152,383)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>10,503</b>	<b>10,503</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>	<b>(140,054)</b>	<b>12,329</b>	<b>(152,383)</b>

**Note 1 – Selling and distribution expenses**

The variance in selling and distribution expenses relates to an increased fuel consumption.

**Note 2 – Other income**

The increase in other income relates to a management fee charged by the group's main operating arm, JD Operations Ltd, to one of its related companies.

**Note 3 – Finance income and financial assets at amortised cost**

The group's parent company had a loan balance with one of its subsidiaries. During 2021 the parent company made a substantial payment, apart from the usual yearly repayment, to reduce the pending loan balance drastically, thus resulting in a decrease in the group's finance income, earned from interest income, and also reduce its financial asset booked at amortised cost.

**Note 4 – Other losses**

This relates to the disposal of a number of motor vehicles for which the residual book value was impaired and written off.

**Note 5 – Impairment of financial assets**

The group's increase in contract assets has led to an increase in the impairment of financial assets in line with IFRS 9 – Financial Instruments standards.

**Note 6 – Property, plant and equipment, revaluation reserve and deferred tax liability**

The group's property, plant and equipment, increased by €9.3m when compared to the projected figure. The main increase is a result of a revaluation exercise that was carried out during the year on the group's factory. This also led to the increase in the deferred tax liability and revaluation reserve in accordance with IAS 12 – Income Taxes and IAS 16 – Property, Plant and Equipment.

**Note 7 – Trade and other receivables**

These have increased as the group's debtors did not pay according to the timeframe assumed in our projections.

**Note 8 – Inventories**

Due to the significant rise in raw material prices caused by the Covid-19 pandemic, the group decided to purchase a larger quantity of its fast-moving stock items prior to the increase in prices.

**Note 9 – Contract assets**

The method used to calculate the contract asset amount is in line with the requirements of IFRS 15 – Revenue.

**Note 10 – Cash and cash equivalents**

An explanation is provided in the notes related to the line items of the consolidated statement of cashflows.

**Note 11 – Retained Earnings**

The retained earnings figure as per the audited consolidated financial statements is less than that projected as the forecasted profit was more than the actual profit earned by the group for the year ended 2021. This is further reflected in the notes applicable to the line items of the consolidated statement of comprehensive income.

**Note 12 – Trade and other payables**

The group's trade and other payables have risen when compared to the original consolidated projections. This relates to amounts due to trade payables and outstanding amounts due to the government in 2021 for which the company is in negotiations to enter into a payment program agreement to settle the pending balances in phased payments.

**Note 13 – Tax**

The non-current and current tax liabilities represent tax due relating to prior years and the year under review. For the former the group has entered into a payment agreement schedule to settle these in monthly installments hence the non-current tax liability portion.

**Note 14 – Borrowings**

The group's borrowings increased during the year under review as it obtained further financing which was used to meet the business' working capital requirements as clients did not settle their invoices within the projected credit days.

**Note 15 – Lease liabilities**

This represents the obligation to make lease payments and is measured at the present value of future lease payments in accordance with IFRS 16 – Leases.

**Note 16 – Contract liabilities**

Contract liabilities have increased when compared to the projected figures. These relate to certain payments received on contracted projects which were classified as due to third parties, until the works performed and paid for will have their economic benefit transferred to the contractor in order to be in line with IFRS 15.



**Note 17 – Investment Property**

This minor variance is a result of a valuation exercise that was carried out during the year on the group's investment property.

**UNQUOTE**

By order of the board

A handwritten signature in blue ink, appearing to be 'J Manicaro', written over a horizontal line.

**Dr. Jesmond Manicaro**  
**Company Secretary**