Addendum to the Financial Analysis Summary dated 29th April 2019 in relation to the Bortex Group Finance p.l.c. "BGF FAS2019".

Following the publication of the BGF FAS2019, we wish to bring the following clarifications to the attention of the general public:

1. Section 2.1: Issuer's Income Statement

Further information regarding the Issuer's financial figures:

The Issuer's finance income in 2018 was lower than that anticipated in last year's FAS forecast, the reasons being that:

a) Forecasted finance income of 2018 included the interest receivable together with a facility fee. During 2018, it was decided that no facility fee will be charged by the Issuer and only interest sufficient to cover the repayment of the coupon plus costs will be charged; and
b) 2018 was a shorter year (11 months) as the charge of interest started accruing as from 1 December 2017 (the bond issue date), which was not taken into account in the projections.

2. Section 2.2: Issuer's Financial Position

Further information regarding the Issuer's financial figures:

In last year's FAS, forecasted current assets did not take into consideration of any receivables as at 31 October 2018. However, the actual current assets for 2018 included receivables as interest was received on 1 December 2018. Correspondingly, current assets for forecasted year 2019 takes into account the expected interest receivable from the Group subsidiaries.

3. Section 2.3: Issuer's Cash Flow

Further information regarding the Issuer's financial figures:

In conjunction with the Issuer's Income Statement part 2.1 of the BGF FAS2019, 2018 was a shorter year (11 months) and the facility fee forecasted in last year's FAS was not received by the Issuer as the interest received covered all costs incurred, consequently this resulted in the actual cash flows from operations in 2018 to be lower than the forecasted cash flows from operations in last year's FAS.

4. Section 2.4: Group's Income Statement

In line with prior FASs, the Gross Profit Margin is being included hereunder:

Ratio Analysis	2016A	2017A	2018A	2019F
Profitability				
Growth in Revenue (YoY Revenue Growth)	-5.1%	-3.4%	-9.9%	32.4%
Gross Profit Margin (Gross Profit / Revenue)	32.5%	34.4%	37.7%	41.5%
EBITDA Margin (EBITDA / Revenue)	6.2%	3.0%	3.9%	17.3%
Operating (EBIT) Margin (EBIT / Revenue)	2.6%	-1.0%	-0.4%	22.8%
Net Margin (Profit for the year / Revenue)	1.5%	5.6%	-1.3%	13.5%
Return on Common Equity (Net Income / Total Equity)	1.2%	3.9%	-0.8%	10.9%
Return on Assets (Net Income / Total Assets)	0.7%	2.6%	-0.5%	6.2%
Interest Coverage (EBITDA / Cash interest paid)	4.5x	2.3x	4.3x[1]	6.1x

[1] During FY2018 part of the interest cost was capitalised and should the full finance costs have been expensed the interest coverage for FY2018 would have been of 1.3x.

In addition to the inclusion of the Gross Profit Margin we also note that:

Return on Common Equity - The calculation methodology was changed to take the average equity rather than the end of year equity in the 2018 FAS. The glossary section was updated to reflect these changes.

Interest Coverage - The calculation methodology was changed to take the cash interest paid found within the cash flow for the 2019 FAS rather than the finance expenses in the 2018 FAS. The glossary section was updated to reflect these changes.

5. Section 2.5: Group's Balance Sheet

Further information regarding the Group's financial figures:

In 2018, total liabilities increased by €11.8 million, mainly as a result of the €12.75 million bond issue. Moreover, during 2018 the Group utilised a higher overdraft facility than anticipated, and as a result current liabilities in 2018 were higher than that forecasted in last year's FAS. Management is projecting a decrease in liabilities of €3.9 million for financial year 2019, which mainly reflects the re-payment of bank borrowings. These are expected to be financed from the proceeds following the sale of the TEN Apartments, which should occur towards the end of the financial year 2019 and the beginning of 2020. This anticipated decrease in the debt of 2019 will automatically result in a lower net debt and combined with an expected improved EBITDA will result in the Net Debt to EBITDA ratio to decrease to 3.8x in 2019 compared to 26.0x in 2018. The expected improvement in the EBITDA is primarily due to the inclusion of the Hotel 1926 operations, in addition to the anticipated growth of the apparel segment following the roll-out of the internationalisation of the Gagliardi brand.

6. Section 2.6: Group's Cash Flow

Further information regarding the Group's financial figures:

The lower cash flows from operating activities is a result of the actual cash movement in inventories being circa €1 million higher than anticipated in last year's FAS forecast. Moreover, the Group experienced lower cash flows from financing activities than anticipated in the previous year FAS as a result of a dividend distribution during 2018 that was not anticipated in the forecasts.

The Group is expecting to improve its cash flows in 2019 as a result of the operations of the Hotel 1926, in addition to the expected proceeds from the sale of the TEN Apartments.

Yours sincerely,

Nick Calamatta
Director
4th June 2019