RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
Simonds Farsons Cisk plc
The Brewery,
Mdina Road, Mriehel,
Birkirkara BKR 3000,
Malta

23 September 2020

Dear Sirs,

Simonds Farsons Cisk plc –update to the Financial Analysis Summary (the **"Update FAS"**)

In accordance with your instructions and in line with the requirements of the Listing Authority Policies, we have compiled the Update FAS set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Update FAS is that of summarising key financial data appertaining to Simonds Farsons Cisk p.l.c. (the "**Company**" or "**Issuer**"). The data is derived from various sources or is based on our own computations and analysis of the following:

(a) Historical financial data for the three years ended 31 January 2020 has been extracted from the Issuer's audited statutory financial statements for the three years in question, as and when appropriate.
(b) The forecast data for the financial year ending 31 January 2021 has been provided by management and approved by the Directors of the Issuer.
(c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.
(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Update FAS.
(e) Relevant financial data in respect of the comparative set in Part D has been extracted from public sources such as the web sites of the companies concerned, or financial statements filed with the Registry of Companies.

The Update FAS is provided to assist potential investors by summarising the more important financial data of the Issuer. The Update FAS does not contain all data that is relevant to potential investors and is intended to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

Update 2020

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013.

23 September 2020

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Important Information

Purpose of the Document

Simonds Farsons Cisk plc (the "**Company**", "**Group**" or the "**Issuer**") issued €20 million 3.5% Unsecured Bonds 2027 pursuant to a prospectus dated 31 July 2017 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the Listing Policies as issued and last updated by the MFSA on 5 March 2013. The purpose of this report is to provide an update to the FAS (the **"Update FAS**") on the performance and on the financial position of the Company.

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (www.farsons.com) and the Company's audited Financial Statements for the years ended 31 January 2018, 2019 and 2020 and forecasts for financial year ending 31 January 2021.

Forecasts that are included in this document have been prepared by management and approved for publication by the directors of the Company, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st February to 31st January. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Previous FAS Issued

The Company has published the following FAS which are available on its website:

FAS dated 31 July 2017 (appended to the prospectus)

FAS dated 16 July 2018

FAS dated 15 July 2019

1 INTRODUCTION

From its origins in 1928, Simonds Farsons Cisk plc (the "**Company**", "**Group**" or "**Issuer**") is the result of the amalgamation of L. Farrugia & Sons Limited, H & G Simonds and The Malta Export Brewery. The construction of the brewery in Mriehel was completed in 1950 under the direction of managing director Mr Lewis V. Farrugia. Further enhancements and additions to the brewery were undertaken over the years, extending the facilities to bottling plants for soft drinks as the Group embarked on an expansionary strategy across various segments of the food and beverage industry.

The Group is made up of three distinct segments:

i. Brewing, production & sale of branded beers & beverages

ii. Importation, wholesale & retail of food & beverages, including wines & spirits

iii. Operation of franchised food retailing establishments

2 GOVERNANCE & SENIOR MANAGEMENT

The strategic direction of the Company is entrusted to a board of eight directors, the majority of whom act in a non-executive capacity.

Board of Directors	Role
Mr Louis A. Farrugia	Executive Chairman
Mr Marcantonio Stagno d'Alcontres	Non-Executive Vice Chairman
Mr Michael Farrugia	Executive Director
Mr Roderick Chalmers	Non-Executive Director
Dr Max Ganado	Non-Executive Director
Ms Marina Hogg	Non-Executive Director
Marquis Marcus John Scicluna Marshall	Non-Executive Director
Baroness Christiane Ramsay Pergola	Non-Executive Director

The Group's company secretary is Ms Antoinette Caruana.

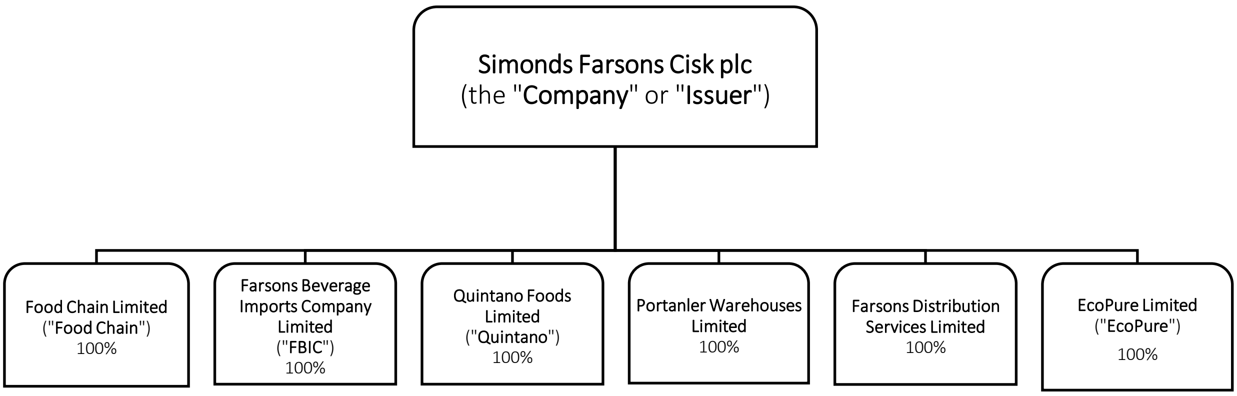
The Company's board is assisted by a complement of senior executive management in the execution of the board's strategic direction.

Senior Management	Position
Mr Norman Aquilina	Group Chief Executive Officer
Mr Michael Farrugia	Executive Director, Operations and Business Development Officer
Ms Anne Marie Tabone	Group Chief Financial Officer
Mr Eugenio Caruana	Chief Operating Officer
Mr John Bonello Ghio	Group Head of Food Business
Mr Pierre Stafrace	General Manager FBIC
Mr Chris Borg Cardona	Group Head of Logistics & General Manager EcoPure
Ms Antoinette Caruana	Group Human Resources Manager
Mr Philip Farrugia	Group Head of IT & Business Services
Ms Susan Weenink Camilleri	Head of Sales & Marketing

The Group engaged an average staff complement of 860 (full time equivalent) employees during the last financial reporting period (31 January 2020) across the various group companies, including the operation of the franchised food retailing establishments.

3. Group Structure

The Company is the parent of a group of companies – the Group. Hereunder is the organisation chart showing the various subsidiaries within the Group:



4. MAJOR ASSETS

Property, plant and equipment (PPE) represents the major component of the Group's assets. This component represents the assets required for the operation of the Group's business, and comprise:

Components of PPE	Net Book Value FY2020
Land and Buildings	€80.6 million
Assets in Course of Construction	€3.9 million
Plant, Machinery & equipment	€35.1 million
Total	**€119.6 million**

PPE makes up just under 64% of the Group's total asset base. Assets in course of construction as at the end of financial year 2020 consisted of the works in progress on the Old Brewhouse.

Trade and other receivables were the next most significant category of assets of the Group, at €28.2 million, representing 15% of total assets. Inventories, which at the end of FY2020 reached almost €17 million, included almost €4 million of raw materials and consumables used in the production and bottling of beverages and food items relating to Food Chain Limited's food products; €9.3 million in finished goods and goods for resale; and €3.6 million relating to the depreciated value of containers, other packaging / bottling materials and spare parts.

5. Reportable Segments

The Group's main operating segments are as outlined in section 1 above. Further information relating to these business segments is provided below:

Brewing, Production and Sale of Branded Beers & Beverages

The 'brewing, production and sale of branded beers and beverages' segment includes Eco Pure and the Company, i.e. Simonds Farsons Cisk plc. This segment remains the core business of the Group and is therefore the segment that is the most material and the largest contributor to Group profitability. The Company produces and distributes its own brands including Kinnie™, Cisk™, Blue Label Ale™, Farsons Classic Brews™, Hopleaf Pale Ale™, Cisk Lacto™ and San Michel™. The Company is also the exclusive franchisee in Malta to PepsiCo, Budweiser and Carlsberg, having the rights to produce, bottle, sell and distribute the said products, amongst other related products, including Skol™, LikeCola™ and 7Up™. Meanwhile, Eco Pure Ltd is the company responsible for the marketing, sales and distribution of 18.9 and 10 litre containers of San Michel water, providing also water dispensers and coolers for rental or purchase.

Importation, Wholesale and Retail of Food & Beverages, Including Wines & Spirits

The 'importation, wholesale and retail of food and beverages, including wines & spirits' is carried out through FBIC and Quintano. While the former focuses mostly on wines and spirits and other beverage brands, the latter imports and distributes food-related items. In the beverage sector, FBIC nurtures and continues to increase its representation of renowned international producers and brands. In the food importation segment, Quintano also represents a wide variety of renowned international brands. FBIC also operates Farsonsdirect, through which it retails a selection of these brands. During FY2020, the Company continued to add new brands to its portfolio. These include some highly ranked global wine names including Henschke, Sigalas, Arnaldo Caprai, La Spinetta, Bibi Graetz and Petrolo, serving to further increase customer choice.

Operation of Franchised Food Retailing Establishments

In Malta, the internationally renowned franchises KFC™, Burger King™ and Pizza Hut™ are exclusively operated by Food Chain. This segment '*Operation of franchised food retailing establishments'* operates a total of fourteen outlets under these franchises.

6. COVID-19 – THE GREATEST GROUP CHALLENGE SINCE THE SECOND WORLD WAR[1]

Just after the end of the financial year under review (FY2020), Covid-19 reached Europe and on 11 March 2020, the World Health Organisation (WHO) declared it a global pandemic. Within a matter of days, the authorities in Malta introduced various measures which included the closure of restaurants and bars as well as that of the Malta International Airport. In effect, Malta's tourist market, a key sector for the Group and Malta's economy, was effectively shut for business. Towards the end of May and therefore a full two months after closure, the authorities began to gradually unwind certain measures. On 22 May 2020, restaurants were allowed to reopen for business in an effort to gradually restart the economy, and the airport was reopened for commercial flights from 1 July 2020.

The impact of the above measures on the Group have been and remain material. However, it is important to highlight that the Group ended FY2020 in a very healthy financial position and therefore entered the pandemic from this position of strength following many years of significant investment and profit retention. This has allowed the Group to generate substantial levels of profits and build balance sheet strength.

As soon as the government measures were announced, the Board and management moved rapidly to implement important operational and cost saving initiatives. Spending was curbed and other cash conservation measures were quickly introduced. Furthermore, application was made for temporary capital moratoria on several bank loans. In the light of all measures taken and in view of the healthy position pre-pandemic, it was concluded that the sustainability of operations was well in check including the ability of the Group to generate positive cash flow at the greatly reduced levels of activity that were anticipated would occur.

Notwithstanding the unprecedented measures taken by governments as they struggle to combat the pandemic and to support businesses, jobs and the economy generally, the nature of the pandemic and the consequent impact on business are still causing great uncertainty.

As at the time of publication of this report, the Covid-19 pandemic remains very much a present day reality that continues to bring uncertainty on what the future holds and to what extent it will continue to impact economic activity and reshape the way business is conducted. As a result, the Board continues to examine various scenarios as to how this significant ongoing challenge will impact the Group's business during the current year (FY2021) and beyond. The conclusion is that it is expected that it may

[1] *Source: Annual Report 2019/20 page 3 – Chairman's Statement dated 27 May 2020.*

take several years for activity to be restored fully to levels seen in calendar year 2019 and previously and that certain aspects of business operations may change in nature on a permanent basis.

7. Operational Developments & Ongoing Investments

During FY2020, the Group increased its capital investment programme by a further €10 million through the major initiatives highlighted last year. Works continued on the restoration and transformation of the Old Brewhouse into an office and leisure centre, a brew pub, a brand store, a cafeteria and the Cisk Sky Bar. This major project is co-ordinated alongside the Trident Business Park development (another major project being undertaken by Trident Estates plc), and as indicated in the FAS 2019, was scheduled for completion in the first quarter of 2021. These two projects have long been planned, are substantial in nature and were always regarded as long-term investments. Notwithstanding the onset of the pandemic in March 2020, works have continued, and although some delays have been experienced, remain on schedule for completion by the first half of 2021. The transformed Old Brewhouse will be an architectural celebration of one of Malta's most iconic industrial buildings.

Coupled with the above, continuing investment was committed on the operational front to further improve productivity and related quality standards. On the logistics side, a new control room brought together the warehousing and distribution functions of Farsons, FBIC and Eco Pure. The modernisation of its truck fleet also continued in line with plans disclosed last year. This included material investment in a new car fleet which includes the introduction of electric cars. 14% of the Group's car fleet are now electric.

The announced introduction of the Beverage Container Refund Scheme (BCRS) entails the compulsory introduction of a deposit on all relevant beverage containers and is a significant development in the market to manage one-way packaging waste. The Group is fully aligned with the environmental objectives of the BCRS and has pledged its support to ensure that operational arrangements will deliver the set objectives in the most effective and efficient way possible. Significant investment and co-ordination between the various stakeholders will be required and it is expected this scheme will become operational in late 2021 or early 2022.

8. Market Trends and Overview

The European food and beverage industry represents the largest manufacturing sector in the European (EU) and therefore is a major contributor to Europe's economy generating a turnover of €1.2 billion (in 2017 – later figures were not available at the time of publication of this report). It contributes approximately 2.1% to Europe's gross value added. It is estimated that the average household in Europe spends approximately 14% of its income on food and beverage[2].

This sector is also generally competitive on a global scale as it produces high quality food and beverage items. Nonetheless, the European Commission notes that *"… in recent years, the sector is facing a decrease in its relative competitiveness compared to other world food producers, mostly in terms of slower growth in labour productivity and added value. Certain problems have been observed in the functioning of the EU food supply chain linked to transparency, sub-optimal business-to-business relationships, a lack of attractiveness for skilled workers and low market integration across EU countries."*[3] Trade disputes which lead to tariffs being imposed on European produced products can also impact this sector.

The European Market for Beverages

The European beverage market has experienced sustainable growth in the past few years and this development can principally be attributed to the global perception of the high quality of European products and increasing incomes driving higher consumer demand for beverage products in emerging countries. The conclusion of a series of free trade agreements with non-EU countries in the last years has also contributed to increased market opportunities.

With other regions acknowledging the value of the high quality of EU products and adopting similar legal frameworks, this competitive edge may weaken in the coming period if no further action is taken. Possible initiatives to maintain or strengthen the competitive edge of the European industry can be categorised into strengthening the international trade position, supporting productivity, and improving the functioning of the supply chain.

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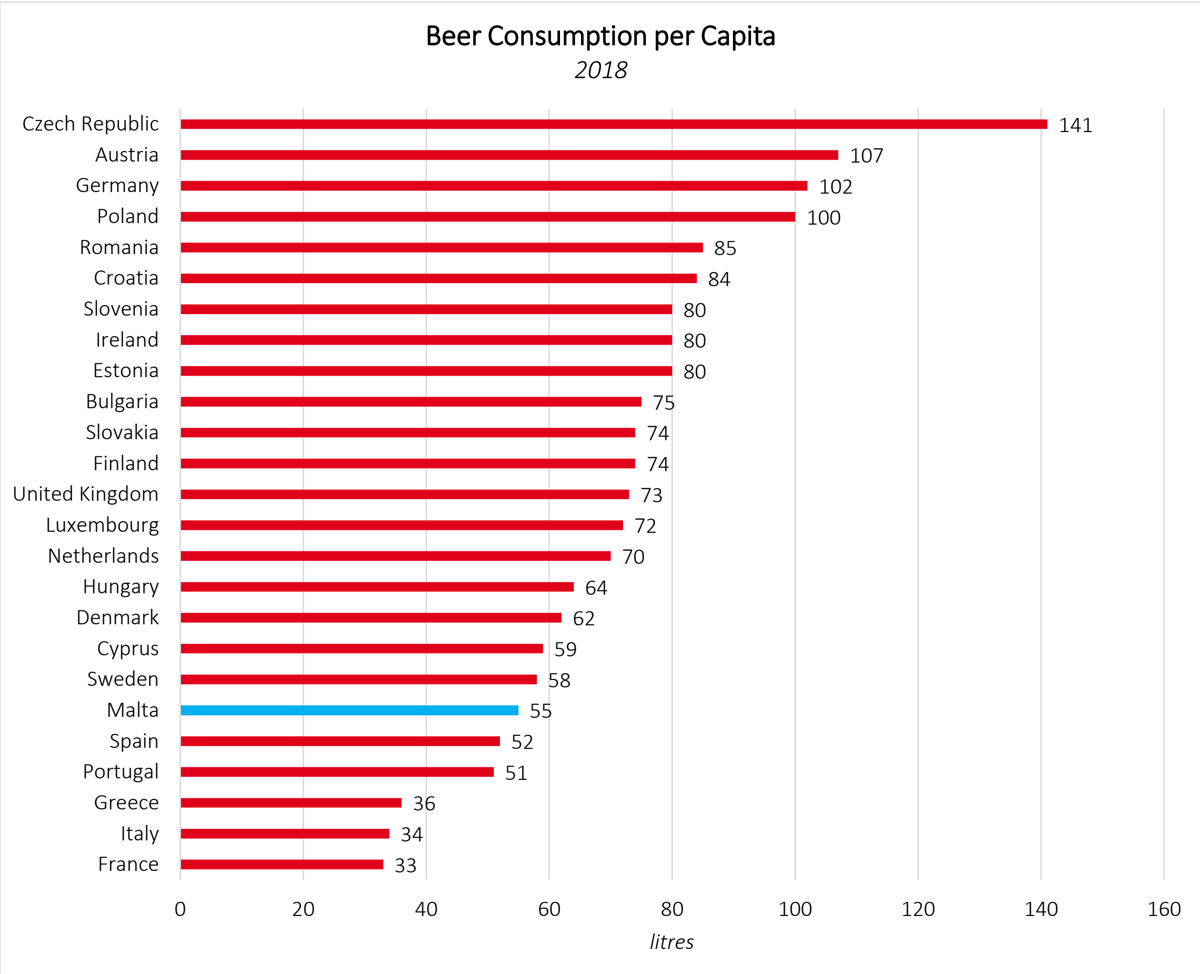
[2] *FoodDrinkEurope 2019, Data & Trends of the European Food and Drink Industry 2019, FoodDrinkEurope, viewed 07 September 2020, <https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_-_Data__Trends_2019.pdf>*

[3] *Food & Drink Industry, European Commission, viewed 07 September 2020 <https://ec.europa.eu/growth/sectors/food_en>*

The European Beer Market

Latest figures reported by the Brewers of Europe show that production and consumption of beer in Europe have continued to grow. Active breweries in the EU continued to increase in number and in 2018 surpassed the 10,000 mark mainly on the back of a surge in the number of SME and microbreweries. The graph below shows beer consumption per capita in Europe by country. Malta ranked 20th (from amongst the 25 European countries for which data is available) with 55 litres of beer consumed per capita in 2018.

Other key factors contributing to the growth in the beer market are mainly attributable to: (i) the availability of low/non-alcoholic beer; (ii) product innovation; (ii) improved disposable income; and (iv) the effect of creative marketing by brewers.

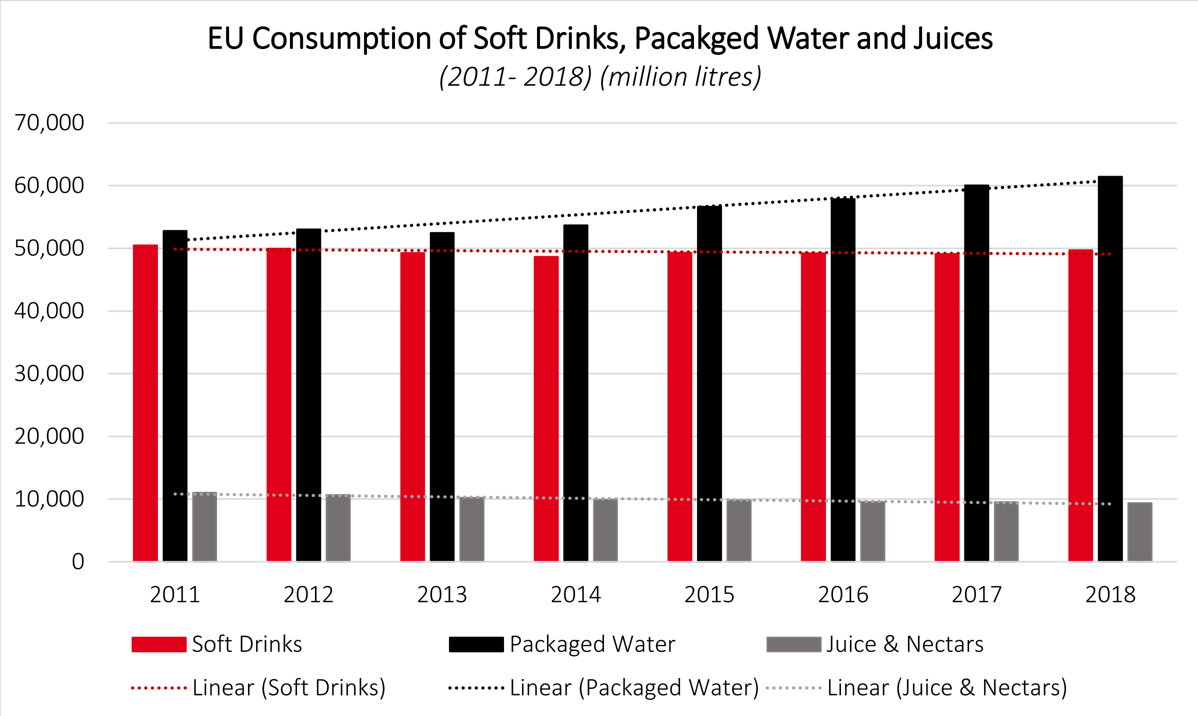


Source: *Brewers of Europe, European Beer Trends: Statistics Report – 2019 Edition, viewed 07 September 2020,* <*https://brewersofeurope.org/uploads/mycms-files/documents/publications/2019/european-beer-trends-2019-web.pdf*>

No update is available as at the date of this report on 2019 figures

THE EUROPEAN SOFT DRINKS, PACKAGED WATER AND NECTAR MARKET

The consumption of 'Soft Drinks' as well as 'Juices & Nectars' across Europe have seen a marginal decline in consumption over the past couple of years reflecting a shift in favour of beverages having a lower sugar content. Meanwhile, as part of European consumers' broader healthier lifestyles, consumption of packaged water across Europe registered a steady growth rate since 2012.



Source: *GlobalData Soft Market Insights 2019, Industry Volume Data, UNESDA, viewed 07 September 2020,* *<https://www.unesda.eu/wp-content/uploads/2020/07/EU-UNESDA-2019.xlsx>*

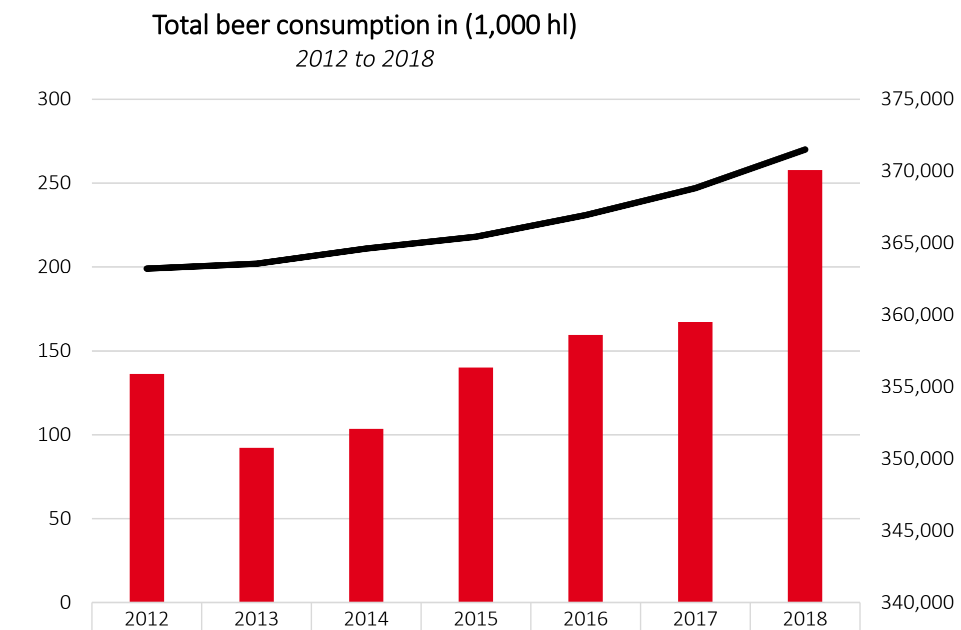
No update is available as at the date of this report on 2019 figures

THE FOOD AND BEVERAGE MARKET IN MALTA

Pre COVID, the overall growth experienced in the food and beverage market in Malta has been driven by the growth in Maltese GDP as the population became more affluent. The substantial growth in inbound tourism also played a very important part. The increasing population of foreign nationals and the changing lifestyles with people resorting to fast food services had also contributed to the patterns seen.

Beer Consumption

Beer consumption in Malta has increased over the past six years at an average growth rate of 5.2%, a rate higher than the trends experienced in other European countries. Moreover, Malta also experienced a 9% growth in 2018 for beer consumption, whilst the EU average consumption increased by only 2.9%. This (pre COVID) growth can mostly be attributed to the country's positive economic performance, the growth of the tourism industry, the continuous product innovation, the advent of craft beer and the effective marketing initiatives that had been undertaken by the Group.



	2012	2013	2014	2015	2016	2017	2018
Europe - total consumption	355,892	350,763	352,082	356,350	358,631	359,494	370,092
Malta - total consumption	199	202	211	218	231	247	270

Source: *Brewers of Europe, European Beer Trends: Statistics Report – 2019 Edition, viewed 07 September 2020,* *<https://brewersofeurope.org/uploads/mycms-files/documents/publications/2019/european-beer-trends-2019-web.pdf>*

No update is available as at the date of this report on 2019 figures

The Company's financial year extends from 1 February to 31 January. Forecasts for financial year ending 31 January 2021 have been provided by management and approved by the Board of Directors. These forecasts have been compiled on the basis of the best information that was available at the time of their preparation, and include the assessments of management and of the Board of the forward impact on the Group's businesses resulting from the ongoing COVID-19 pandemic. Recent events have indicated that the pandemic has not yet been suppressed and that governments around the world are having to implement policy changes at short notice in response to rising infection rates. This environment gives rise to significant uncertainty and the lack of forward visibility. The Board believes that readers of this FAS should therefore take these uncertainties into account and appreciate that these forward-looking forecasts come with a lesser degree of confidence and assurance than would ordinarily be the case in normal business circumstances.

9. INCOME STATEMENT

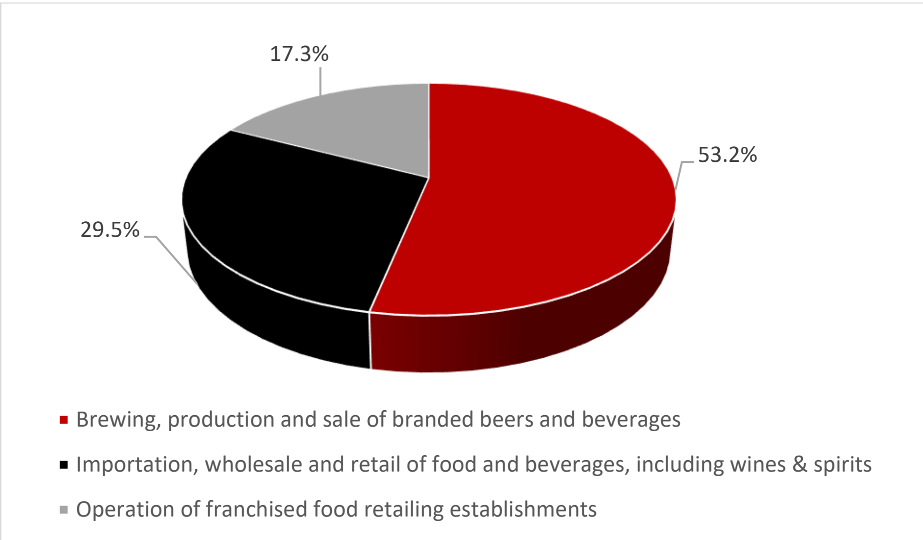
The table below presents the Group's income statement for the periods ending 31 January 2018, 2019 and 2020 along with the forecasts for financial year 2021.

as at 31 January	*Actual* ***2018*** *€'000*	*Actual* ***2019*** *€'000*	*Actual* ***2020*** *€'000*	*Forecast* ***2021*** *€'000*
Revenue	94,980	99,798	103,491	79,197
Cost of Sales	(57,920)	(60,125)	(62,950)	(52,716)
Gross Profit	**37,060**	**39,673**	**40,541**	**26,481**
Selling & Distribution Costs	(10,332)	(11,496)	(12,602)	(10,837)
Administrative Expenses	(12,066)	(12,843)	(14,249)	(12,150)
Operating Profit	**14,662**	**15,334**	**13,690**	**3,494**
Depreciation & Amortisation & One-off Adjustments	*7,449*	*7,886*	*9,045*	*8,801*
EBITDA	*22,111*	*23,220*	*22,735*	*12,295*
Finance Costs	(1,207)	(1,239)	(1,370)	(1,116)
Profit before Tax	**13,455**	**14,095**	**12,320**	**2,378**
Tax Income/(Expense)	949	1,036	(451)	(500)
Discontinued Operations	(642)	-	-	-
Profit for the Year	**13,762**	**15,131**	**11,869**	**1,878**
Shares outstanding	30,000	30,000	30,000	30,000
EPS – Earnings Per Share (€)	**0.459**	**0.504**	**0.396**	**0.063**

FY2020 Review

Group total revenue reached a new record level of €103.5 million in FY2020, up from just under €100 million in FY2019, an increase of 3.7%. The Group registered turnover growth in the '*brewing, production & sale of branded beers & beverages*' and *franchised food* segments, but saw a minor contraction in the *importation, wholesale and retail of food and beverages* unit, caused in the main by refurbishment works at the Farsonsdirect outlet. The country's positive economic performance in FY2020 and the tourism growth experienced were the primary contributors to this overall record result at turnover level. Notwithstanding the growth in turnover, operating profits declined by 10.7% from €15.3 million in FY2019 to €13.7 million in FY2020. This decline resulted from a combination of intensified competition across all business segments and higher payroll costs experienced in a tight labour market. Furthermore, the latter part of FY2020 witnessed a slowdown in collections from customers (a pattern that continued post year-end) and the application of accounting standard IFRS9 to customer receivable balances required an impairment provision of €0.7 million for the year. This compared with a release of provision of €0.8 million in FY 2019, representing a negative year on year impact on profits of €1.5 million.

Revenue Generation by Segment – FY2020



Brewing, production and sale of branded beers and beverages segment

This segment is represented by Simonds Farsons Cisk plc and EcoPure. Over the years, Farsons maintained its strong market share with its own brands, principally Cisk™ and Kinnie™, with both brands remaining material contributors to the financial results of this segment. The beer market remains of strategic importance to the Group and this continues to develop at a fast pace as challenges as well as opportunities are constantly brought about by changing demand patterns and consumer preferences. The Group's beer portfolio registered a positive performance across all market segments with the range of beers constantly evolving to match these market expectations and trends. Interestingly, the number of people choosing beer over other beverages increased further also at a time when consumption of other alcoholic beverages is on a decreasing trend.

On the other hand, the other beverages subset within this segment (comprising principally non-alcoholic beverages) continues to feel the expected pressures mounting from the increasingly wide-ranging campaigns against excessive sugar consumption. In fact, soft drinks consumption remains flat overall, and while some brands are experiencing a decline in consumption, others are focusing on being innovative in introducing healthier alternatives. The Group's performance in this sector benefits from product innovation and the diversity of it range of brands.

Meanwhile, EcoPure reported an improved performance once again this year with growth registered in both turnover and profitability. The growth is a reflection of the efforts made to communicate the environmental credentials of the product to this segment's client base. Although competition both from local brands as well as an increasing number of international brands keeps intensifying, specifically targeted marketing campaigns have generated the desired results.

On the internationalisation front, the year under review was also a good year. Although still representing relatively modest volumes, exports continued to widen and deepen in both existing as well as new territories. The Italian and Bahraini markets experienced notable positive results in this regard. Moreover, interesting trends and developments were also registered in the UK, Sweden (a new market) as well as in Israel, South Korea, Australia, Canada, Poland, Belgium and Iraq (another new market).

Importation, wholesale and retail of food and beverages, including wines & spirits segment

This segment is represented by FBIC and Quintano. FBIC continued to hold on to its market share although profitability is under some pressure as a result on constantly intensifying competition and tightening margins. Nevertheless, a wider programme of sales and marketing activities as well as the increasing strength and diversity of the overall brand portfolio, positive trends were maintained largely through organic growth. The brand portfolio increased further over the year under review as the Group secured representation of a number of additional highly regarded ranked global wine names.

Operation of franchised food retailing establishments segment

This segment is represented by Food Chain. In this segment, the Group operates the franchises of KFC™, Pizza Hut™ and Burger King™ in Malta. Encouraging results were registered across the board as sales, guest count as well as average spend per ticket all experienced increases over the year under review. All three brands contributed to this improvement. Considerable emphasis was placed on improving delivery channels to enhance service levels and reduce waiting times. The drive through offering registered particularly encouraging results both at Burger King as well as at KFC.

EBITDA and Other Components

Group EBITDA registered a slight decline of 2% to €22.7 million compared to €23.2 million in FY2019 due in the main to the impact of the reduced operating profit (see above) and the introduction of IFRS 16 (Right of Use Assets), which resulted in a higher depreciation charge of €1.3 million.

The Group's net borrowing (excluding IFRS16) increased by €4 million, but borrowing costs were kept under control and the slightly higher level of finance costs for the year is attributable to finance lease costs under IFRS16. The Group's profit after tax amounted to €11.9 million compared to €15.1 million in FY2019, a decrease of 22% or €3.2 million. The higher tax charge is a result of the fact that it was not thought appropriate to add to the deferred tax asset in FY 2020 in view of the reduced reported profits for the year and the significantly lower (COVID impacted) profit expectations for FY 2021. In FY 2019 deferred tax assets were increased by €2.1 million.

Forecast FY2021

Significant uncertainty lies ahead. As is widely known, the pandemic has caused rapid, severe and unprecedented disruption across almost all economic sectors materially. The Group's activities will be particularly negatively impacted by the effective closure of the tourism and entertainment sectors for much of FY2021. Notwithstanding the gradual opening of business and lifting of various restrictions post the end of May and into the summer months, activity remains subdued. After some pick up in July and early August, the imposition of quarantine and other restrictions on tourists returning from visits to Malta has resulted in a decline in incoming tourist numbers. There remains much uncertainty and anxiety as to the extent and duration of the fall-out from the ongoing COVID-19 pandemic.

The FY2021 forecasts included in this FAS report that total revenue for FY 2021 is expected to decrease to €79.2 million, a contraction of €24.3 million or 23% on the FY2020 turnover of €103.5 million. Whilst cost of sales are also expected to decrease in line with the lower activity, gross profits are expected to drop by a more material 35% to €26.4 million compared to €40.5 million in FY2020. This decline in gross margin is due to a combination of lower production volumes, changing product mix and intensified market competition. Operational and cost efficiency measures and initiatives have been implemented to the extent possible and are reflected in forecast lower selling and distribution costs as well as in reduced administrative expenses. However, the overall impact of reduced turnover and lower gross margins on operating profits is significant. At just under €3.5 million compared to €13.7 million in FY2020, the impact of the pandemic on the Group's forecast results is very evident. Because of the reduced profits, Group EBITDA is forecast to register a drop of €10.4 million. Overall, the Group's net profit after tax for FY2021 is expected to reach just under €1.9 million, compared to €11.9 million in FY2020.

Perhaps the silver lining in the forecasts is that, notwithstanding the ravages of the COVID-19 pandemic, the early action taken by management and the Board should result in the Group being able to report a positive bottom line and a very respectable EBITDA for FY2021.

10. Cash Flow Statement

as at 31 January	Actual *2018* €'000	Actual *2019* €'000	Actual *2020* €'000	Forecast *2021* €'000
Net cash generated from operating activities	20,893	16,200	14,180	13,663
Net cash used in investing activities	(21,407)	(6,587)	(10,624)	(12,729)
Net cash generated from / (used in) financing activities	(656)	(1,402)	(7,479)	178
Net movement in cash & cash equivalents	**(1,170)**	**8,211**	**(3,923)**	**1,112**
Cash & cash equivalents at beginning of year	(1,322)	(2,492)	5,719	1,796
Cash & cash equivalents at end year	**(2,492)**	**5,719**	**1,796**	**2,908**

FY2020 Review

During FY2020, net cash generated from operations amounted to €14.2 million compared to €16.2 million in FY2019, reflecting working capital flows principally in relation trade receivable and payable movements. Net of these movements, cash generated from operations increased[4].

Net cash used in investing activities increased to €10.6 million as explained in Section 7 of this report principally in line with the Group's continued investment in its plant and the renovation of the Old Brewhouse. Net cash used in financing activities amounted to just under €7.5 million compared to just over €1.4 million the previous year. This difference was brought about by a drop in borrowings' drawdowns from €5.8 million to €1.3 million as well as a concurrent variance of almost €1 million related to payments of lease liabilities. The increase in dividends paid is also reflected in net cash movements (€400,000 from €3.6 million to €4 million).

Overall, the movements highlighted above resulted in cash at year end dropping from €5.7 million to €1.8 million made up of cash at bank and in hand amounting to €8.4 million and a bank overdraft of €6.6 million.

[4] See Page 102 (Note 31) of the 2020 Annual report for a detailed reconciliation of operating profit to cash generated from operations.

Forecast FY2021

The Company's net cash position for the year is forecast to improve marginally notwithstanding the material adverse impact expected to be witnessed by the business during the year under review. Cash is being preserved as a matter of priority.

Net cash generated from operating activities is expected to decrease to €13.6 million compared to €14.2 million in FY2020. Although operating profit is forecast to be materially lower as explained previously, management's action in rolling out various cash conservation measures and initiatives is forecast to have the desired effect.

Cash used in investing activities is forecast to remain elevated as a material portion of the previously planned projects and investment initiatives will continue although here again, certain capital expenditure programmes have been cancelled or deferred. Net cash used in financing activities is expected to reverse to a positive contribution to cash of just €178,000 as outflows such as dividends payments are expected to be severely curtailed. Capital repayment moratoria have also been negotiated on certain bank lines.

The Group expects to end FY2021 with a net positive movement in cash of just over €1.1 million bringing year end cash equivalents to €2.9 million.

11. STATEMENT OF FINANCIAL POSITION

as at 31 January	*Actual* *2018* *€'000*	*Actual* *2019* *€'000*	*Actual* *2020* *€'000*	*Forecast* *2021* *€'000*
Assets				
Non-Current Assets				
Property, Plant & Equipment	117,475	116,720	125,785	129,988
Intangible Assets	574	534	612	570
Deferred Tax Assets	5,341	7,446	8,195	7,695
Trade & Other Receivables	3,710	2,853	1,695	1,780
Total Non-Current Assets	127,100	127,553	136,287	140,033
Current Assets				
Inventories	13,652	15,165	16,772	15,934
Trade & Other Receivables	19,051	20,695	26,469	28,276
Current Tax Assets	5	5	5	5
Cash & Cash Equivalents	3,720	7,578	8,409	9,521
Total Current Assets	36,428	43,443	51,655	53,736
Total Assets	163,528	170,996	187,942	193,769
Equity and Liabilities				
Capital & Reserves				
Share Capital	9,000	9,000	9,000	9,000
Reserves	87,632	99,273	107,223	109,201
Total Equity	96,632	108,273	116,223	118,201
Non-Current Liabilities				
Trade & Other Payables	764	610	456	402
Lease Liabilities	-	-	4,965	4,717
Derivative Financial Instruments	436	383	273	153
Borrowings	33,188	35,058	32,994	32,872
Provision for other liabilities and charges	64	35	36	32
Total Non-Current Liabilities	34,452	36,086	38,724	38,176
Current Liabilities				
Provision for Other Liabilities & Charges	56	61	50	42
Trade & Other Payables	21,507	19,473	20,760	25,232
Lease Liabilities	-	-	1,426	1,355
Current Tax Liabilities	910	1,257	1,003	750
Derivative Financial Instruments	325	209	195	155
Borrowings	9,646	5,637	9,561	9,858
Total Current Liabilities	32,444	26,637	32,995	37,392
Total Liabilities	66,896	62,723	71,719	75,568
Total Equity & Liabilities	163,528	170,996	187,942	193,769
Net Asset Value per Share (€)	3.221	3.609	3.874	3.940

FY2020 Review

The Group's total asset base remains principally composed from '*property, plant & equipment*' (PPE). The main contributor to the increase in total assets between FY2019 and FY2020 is in fact reflective of the Group's continued commitment to its investment in various projects resulting in additional PPE. Trade receivables, inventories and cash have all registered increases in line with increased activity in FY2020, and the slowdown in debtor collections witnessed in the latter part of the year. Total equity also increased, reflecting the increased profits included in retained earnings (net of dividends distributed), which contributed to a 7% increase in total equity.

On the liabilities side, the application of IFRS16 results in the inclusion of both current and non-current lease liabilities amounting to €6.4 million. Overall Group borrowings (including the €20 million bond in issue) increased to €42.5 million (from €40.6 million at end of FY 2019) and as a result, Group gearing increased marginally from 23.4% in FY2019 to 25.8% in FY2020, However, this is inclusive of lease liabilities in terms of IFRS16. Net cash borrowings increased by just €1 million principally as a result of slower collections and investments undertaken during the year.

Below is an analysis of the Group's funding mix (historic and forecast):

as at 31 January	*Actual* ***2018*** *€'000*	*Actual* ***2019*** *€'000*	*Actual* ***2020*** *€'000*	*Forecast* ***2021*** *€'000*
Borrowings				
Bank overdrafts & short-term borrowings	9,646	5,637	9,561	9,858
Bank Borrowings (long-term)	12,898	14,889	13,241	13,112
Finance Lease Liability	585	448	-	-
3.5% Bonds 2017 -2027	19,705	19,721	19,753	19,760
Lease Liabilities (IFRS16)	-	-	6,391	6,072
Total Borrowings	**42,834**	**40,695**	**48,946**	**48,802**
Cash & equivalents	(3,720)	(7,578)	(8,409)	(9,521)
Net Debt	**39,114**	**33,117**	**40,537**	**39,281**
Equity				
Share Capital	9,000	9,000	9,000	9,000
Revaluation & Other Reserves	49,409	49,409	49,409	49,409
Hedging Reserves	(495)	(385)	(304)	(204)
Retained Earnings	38,718	50,249	58,118	59,996
Total Equity	**96,632**	**108,273**	**116,223**	**118,201**
Total Net Funding	**135,746**	**141,390**	**156,760**	**157,482**
Gearing *(Net Debt / Total Net Funding)*	28.8%	23.4%	25.8%	24.9%

Forecast FY2021

Despite the material impact caused by the pandemic, the ongoing capital expenditure programme will see PPE increasing to just under €130 million by the end of FY2021. The principal additions in this regard relate to ongoing investment in the Old Brewhouse project but also due to the ongoing (though reduced) investment in plant and machinery. While inventories are expected to decrease in view of the remarkably different and difficult landscape, receivables are forecast to remain at elevated levels for the same reason. Cash preservation measures in place for the period under review should enable the Group to see cash levels at the end FY2021 increase further to reach €9.5 million.

On the liabilities side, total borrowings are expected to decrease marginally to reach €48.8 million (which include €6.1 million in IFRS 16 lease liabilities). The marked increase in trade and other payables results from payment deferral arrangements on VAT and national insurance contributions announced by the authorities.

Total equity is expected to increase marginally from €116 million in FY2020 to €118 million at the end of FY2021. Given the current uncertainties arising as a result of the pandemic, for the purposes of the forecast it has been assumed that all net profits will be retained and that no interim dividends will be distributed during the year under review.

12. Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co. (Stockbrokers) Ltd using the figures extracted from annual reports as well as information provided by management.

Profitability Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to generate profitable sales from its assets.

	Actual *FY2018*	*Actual* *FY2019*	*Actual* *FY2020*	*Forecast* *FY2021*
Gross Profit margin *(Gross Profit / Revenue)*	39.02%	39.75%	39.17%	33.44%
EBITDA margin *(EBITDA / Revenue)*	23.28%	23.27%	21.97%	15.52%
Operating Profit margin *(Operating Profit / Revenue)*	15.44%	15.37%	13.23%	4.41%
Net Profit margin *(Profit for the period / Revenue)*	14.49%	15.16%	11.47%	2.37%
Return on Equity *(Profit for the period / Average Equity)*	12.52%	14.77%	10.57%	1.60%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	9.21%	10.49%	7.56%	1.13%
Return on Assets *(Profit for the period / Average Assets)*	7.94%	9.05%	6.61%	0.98%

Over the years under review, the Group generated healthy profitability margins and return on equity and assets. Despite the slight drop in results for FY2020, the above ratios are all considered to be satisfactory and reflective of the strong position that the Group is in. The resilience is notable and attests to the Group's clear strategic direction over these past years. This notwithstanding, for reasons amply highlighted in this report, FY2021 will see these figures hit materially. However, in view of the Group's solid fundamentals and timely and effective action taken by management, despite the pandemic's direct impact on all business segments, results are still expected to be relatively positive in the circumstances. If these forecasts materialise, this should be considered as being a great achievement in perhaps the most challenging time ever for the Group.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its short-term obligations.

	Actual *FY2018*	*Actual* *FY2019*	*Actual* *FY2020*	*Forecast* *FY2021*
Current Ratio *(Current Assets / Current Liabilities)*	1.12x	1.63x	1.57x	1.44x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.11x	0.28x	0.25x	0.25x

The Group's current ratio remains well over 1x. This is testament to the prudence adopted by management across all business lines that provides the necessary comfort that the Group is liquid and able to meet short term commitments easily. Despite the challenges and significantly lower business due to the pandemic, the quick response and effective action taken by management should enable these liquidity ratios to still register comfortable results.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its debt obligations.

	Actual *FY2018*	*Actual* *FY2019*	*Actual* *FY2020*	*Forecast* *FY2021*
Interest Coverage ratio *(EBITDA / Net finance costs)*	18.32x	18.74x	16.59x	11.02x
Gearing Ratio (1) *(Net debt / Total Equity)*	0.40x	0.31x	0.35x	0.33x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	30.71%	27.32%	29.63%	29.22%
Net Debt to EBITDA *(Net Debt / EBITDA)*	1.77x	1.43x	1.78x	3.19x

The Group's financial position remains very healthy and as reported earlier, the Group entered perhaps its most challenging period ever from a position of significant strength. As a result, while a slight deterioration in FY2020 figures is apparent and a further deterioration in FY2021 figures is unavoidable, the resilience and cash generating potential of the Group ensures that, despite the challenges and uncertainty, the Group's ability to meet its obligations remains very comforting.

13. VARIANCE ANALYSIS

Group Income Statement *as at 31 January*	*Actual* ***2020*** *€'000*	*Forecast* ***2020*** *€'000*	*Variance* *%*
Revenue	103,491	103,707	
Cost of Sales	(62,950)	(62,055)	
Gross Profit	**40,541**	**41,652**	*-2.7*
Selling & Distribution Costs	(12,602)	(12,375)	
Administrative Expenses	(14,249)	(14,137)	
Operating Profit	**13,690**	**15,140**	*-9.6*
Depreciation & Amortisation & One-off Adjustments	*9,045*	*8,485*	*+6.6*
EBITDA	***22,735***	***23,625***	*-3.7*
Finance Costs	(1,370)	(1,127)	
Profit before Tax	**12,320**	**14,013**	*-12.1*
Tax Income/(Expense)	(451)	750	
Profit for the Year	**11,869**	**14,763**	*-19.6*
Shares outstanding	30,000	30,000	
EPS – Earnings Per Share (€)	**0.396**	**0.492**	

Total revenue for FY2020 reached just over €103 million and very marginally below the figure forecast in last year's FAS. Gross profit for the year was €1.1 million or 2.7% below that forecast due to margin compression arising from acute competitive pressures across all business lines. Operating profit for the year at €13.6 million was €1.5 million below the forecast of €15.1 million for the reasons set out in Section 9 above. These include, gross margin compression, higher payroll costs and a €0.7 million increase in the provision against Receivables arising through the application of IFRS 9.

In view of the extensive and ongoing capital expenditure programme, the investment in PPE and the implementation of IFRS 16 caused increased levels of depreciation impacting EBITDA levels which were 3.7% lower than forecast, but still very positive and material at €22.7 million. Finance costs were marginally higher than forecast resulting in Group profit before tax of €1.7 million (or 12%) off forecasts to read €12.3 million. The reported profit for the year after tax of €11.9 million was 19.6% or €2.9 million below the forecast of €14,7 million due to a tax 'swing' of €1.2 million (resulting from a forecast tax credit of €750,000 to an actual tax expense of €451,000) for the reasons set out in Section 9 above.

Part C Listed Securities

Shares

SFC's shares have been listed on the Official List of the Malta Stock Exchange since 20 December 1995.

Issued Share Capital:	30,000,000 ordinary shares with a nominal value of €0.30 per share
ISIN:	MT0000070103

Debt Securities

SFC's listed debt securities comprise:

Bond:	€20,000,000 3.5% unsecured bonds
ISIN:	MT0000071234
Redemption:	13 September 2027 at par
Prospectus Date:	31 July 2017

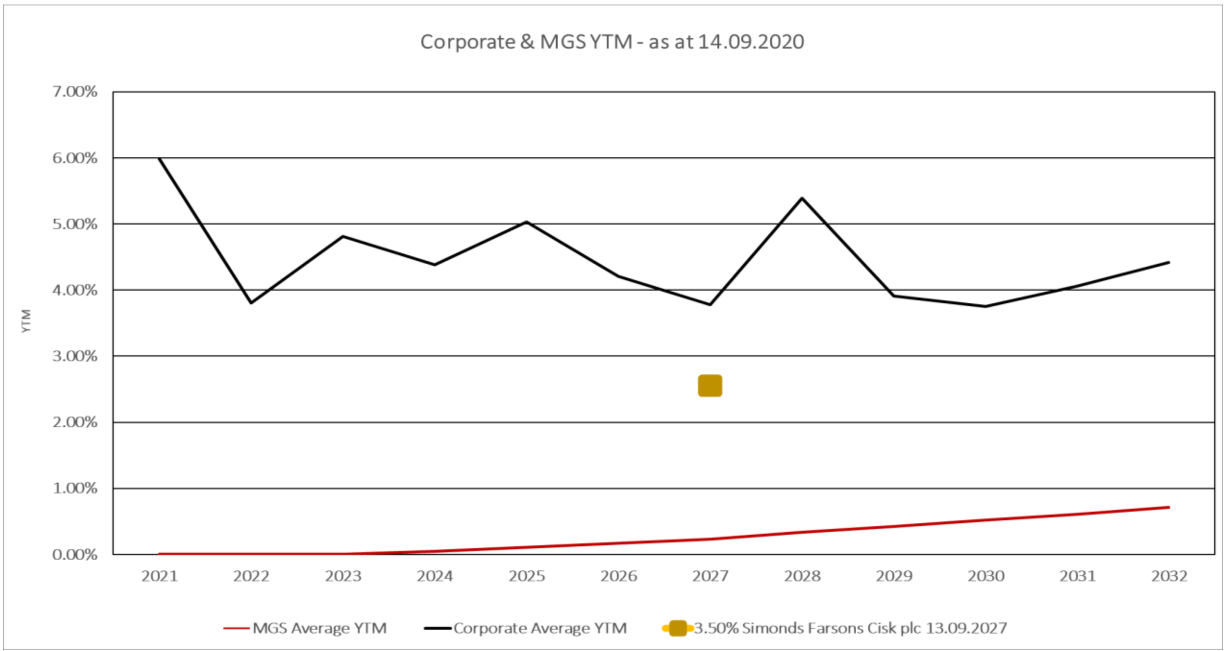
The table below compares the Issuer to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations may vary significantly from those of the Issuer and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

Bond Details	Outstanding Amount (€)	Gearing Ratio*	Net Debt to EBITDA (times)	Interest Cover (times)	YTM (as at 14.09.2020)
4.00% Eden Finance plc 2027	40,000,000	*28.2%*	2.0	10.5	4.26
3.75% Tumas Investments plc 2027	25,000,000	*16.5%*	1.1	12.8	3.42
3.5% Simonds Farsons Cisk plc 2027	20,000,000	*22.7%*	1.8	16.6	2.55
3.75% Virtu Finance plc 2027	25,000,000	*38.8%*	2.4	7.9	3.24
4.50% GHM plc 2027	15,000,000	*75.1%*	6.3	1.9	4.33

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 17.05.2019. Ratio workings and financial information quoted have been based on the financial statements of issuers (or their guarantors where applicable) as published for financial year ended 31 December 2019 (or later, as applicable).

**Gearing Ratio is calculated as: net debt / (net debt + equity)*

The chart below compares the Simonds Farsons Cisk plc bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 14 September 2020.



At a coupon of 3.50% per annum, the Simonds Farsons Cisk plc 2027 bond yields 2.55% per annum to maturity. This is equivalent to approximately 232 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and approximately 123 basis points below the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 14 September 2020).

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.

Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Profitability Ratios

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	This is computed by dividing profit after tax by total assets.

Liquidity Ratios

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's

	assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

OTHER DEFINITIONS

Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

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