LLF 18

The following is a company announcement issued by Luxury Living Finance plc (the **"Company"**) pursuant to rule 4.11.12 of the Prospects Rules

Quote

The Company refers to the obligation which Prospects MTF Companies are subject to in terms of Rule 4.11.03 and Rule 4.11.12 relating to the publication of financial information as defined in Table 1 paragraph 3 and specifically the publication and dissemination via an announcement of Financial Sustainability Forecasts including management assumptions thereon ('FSFs'). The below copy of the FSFs, as approved by the Board of Directors, is based on the following assumptions:

Revenues

The Klikk Group (Klikk Finance p.l.c, Klikk Code Ltd and Klikk Ltd) is expected to register revenue of €6.5 million during FY2019. This is based on actual revenue generated until 31 August 2019 and extrapolated revenue for a further four months, taking into consideration seasonality experienced by the Klikk Group during October and December. This translates into an increase of €0.9 million when compared to the original projections issued in the Company Admission Document dated 3 July 2017 (the Original Projections).

The Klikk Group is expected to generate revenue of €7.8 million for the year ending 31 December 2020, on the basis that the Klikk Group will continue operating from its existing outlets to retail and corporate clients and factor in enhancements to the Group's e-commerce capabilities and growth from software development and technical repairs.

Direct costs

Direct costs comprise the purchase cost of the products sold and the associated transport cost. The projections are based on a gross profit margin of 17.7%, being the average gross profit margin achieved by the Klikk Group between January 2018 and August 2019. As the Original Projections were based on a gross profit margin of 25.4%, the gross profit of the Klikk Group is expected to decrease by €303k during FY2020.

Administrative expenses

Administrative expenses consist primarily of payroll costs, directors' fees, marketing and distribution fees, admission fees, professional fees and other corporate and general overheads. Administrative expenses are based on historical trends and assumed to increase in line with inflation. Due to the recent introduction of IFRS16, the rent cost (which in the Company Admission Document was classified as an administration expense) is now replaced by a provision for amortisation of the right of use and notional interest recognizable on the minimum lease payments.

Depreciation is calculated using the straight-line method to allocate the cost of all items comprised within property, plant and equipment to their residual values over their estimated useful lives.

Finance costs

Finance costs primarily relate to amounts due on the Klikk Group's loans with Bank of Valletta p.l.c. and the interest on the Bond and the notional interest recognized in relation to the lease payments.

Taxation

Current taxation is provided for at 35% of chargeable income for the period.

Working capital

The Group's working capital mainly comprises the net impact of trade receivables, inventory and trade payables and is based on historical trends. However, the required increases in order to support growth in the operations has been factored in. Working capital requirements are projected to increase to €301k (from €52k in the Original Projections) as the Klikk Group is expected to focus more on corporate clients which inherently have longer credit days.

Projected consolidated income statement for the year ending 31 December

€000	2020
Sales	7,767
Cost of sales	(6,394)
Gross Profit	**1,373**
Administrative expenses	
Total administrative expenses	(970)
EBITDA	**402**
Depreciation	(62)
Amortisation on right of use	(105)
Interest	(161)
Profit before tax	**75**
Tax expense	(26)
Profit after tax	**49**

LUXURY LIVING FINANCE®

Projected consolidated statement of financial position for the year ending 31 December

€000	2020
ASSETS	
Non-current assets	
Property, plant, and equipment	264
Right of use	590
Intangible assets	418
Deferred tax asset	344
Total non-current assets	1,616
Current assets	
Inventory	1,331
Trade and other recievables	2,174
Bank and Cash	317
Total current assets	3,822
Total assets	**5,438**
EQUITY	
Share capital	350
Shareholders' loan	849
Retained earnings	(641)
Total equity	**558**
LIABILITIES	
Non-current liabilities	
Borrowings	2,301
Lease liability	604
Total non-current liabilities	2,905
Current liabilities	
Borrowings	320
Trade and other payables	1,372
Current taxation due	283
Total current liabilities	1,975
Total liabilties	**4,880**
Total equity and liabilities	**5,438**

Projected consolidated statement of cash flows for the year ending 31 December

€000	2020
Operating activities	
EBITDA	402
Working capital adjustments	
Changes in inventory	(134)
Changes in trade and other recievables	(313)
Changes in trade and other payables	146
Operating cash flow	101
Tax paid	(0)
Interest paid	(143)
Lease payments	(116)
Net cash generated from / (used in) operating activities	**(158)**
Investing activities	
Disposal/(acquisition) of property plant and equipment	(27)
Net cash generated from / (used in) investing activities	**(27)**
Financing activities	
Repayments of bank loan	(161)
Increase in related party borrowings	6
Net cash generated from / (used in) financing activities	**(155)**
Movement in cash and cash equivalents	**(341)**
Opening cash and cash equivalents	508
Closing cash and cash equivalents	**167**

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Mikiel Calleja
Company Secretary
18 December 2019