LLF 36

The following is a company announcement issued by Luxury Living Finance plc (the Company) pursuant to pursuant to Rule 4.11.03 and 4.11.12 of the Prospects Rules

QUOTE

The Company refers to the obligation to 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 is a copy of the FSFs as approved by the Board of Directors on the 31st December 2020 which are based on the following assumptions:

Revenues

The Luxury Living Group's projected revenue for the two years up to 30 June 2022 is based on the assumption that the Luxury Living Group will continue trading goods related to renewable energy to retail customers as well as continue expanding the Smoochies brand, the growth of which has been based on historic trends. The projections are based on the assumption that all customers (residential and commercial) will purchase photovoltaic panels through an outright sale.

Following the Bond issue, the Luxury Living Group expanded its core business through the Acquisition (as defined in the Company Admission Document dated 3 July 2018) and by investing in photovoltaic farms generating less than 1 Megawatt. However, the Luxury Living Group encountered some delays in energisation and the projections assume that during FY2021 further photovoltaic farms will be connected and shall: (i) generate a maximum power of 290Wp/panel; (ii) degrade at an annual rate of 0.7%; (iii) yield 1,600kWh/kWp; (iv) generate a FIT of €0.145/kWh for twenty years; and (v) occupy 10sqm/kWp.

During year ending 30 June 2020, the Group's operations were heavily impacted by the negative implications brought about by COVID-19. Notwithstanding the long term effect of the COVID-19 pandemic, the Group is confident that commercial and residential sales will recover during FY2022 and that the hostel will commence operations by April 2021 and that it can reach a 35% occupancy for the first months of operation and generate revenue of €35 per bednight.

Direct costs

Direct costs relating to the sale of renewable products to retail customers comprise the purchase cost of the products sold and the associated transport cost. The projections have been based on the Luxury Living Group's gross profit margins achieved to date.

Direct costs relating to the photovoltaic farms comprise maintenance cost incurred at the rate of €9 per photovoltaic panel installed. Although the projections included in the Company Admission Document also included rent as a direct cost, due to the implementation of IFRS16 the rent cost is now accounted for as an amortisation of the right of use and interest on the minimum lease payments.

Direct costs relating to the hostel comprise the cost of breakfast, direct wages and commissions paid to online travel agencies.

Administrative expenses

Administrative expenses consist primarily of payroll costs, directors' fees, marketing and distribution fees, rental costs, insurance costs, recurring admission fees, professional fees and other corporate and general overheads. Administrative expenses are based on historical trends.

Depreciation is calculated using the straight-line method to allocate the cost of all items comprised within property, plant and equipment less their residual values over their estimated useful lives. The depreciation charge on the photovoltaic panels installed as part of the photovoltaic farms is based on a lease term of twenty years.

Amortisation cost is calculated on the value of the Develop and Operate Agreement over its term and also includes the amortisation of the right of use asset.

3.4 Finance costs

Finance costs primarily relate to amounts due on the facilities the Group has with its bankers and the interest on the Bond and unwinding of interest expense in relation to the minimum lease payments.

3.5 Taxation

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

3.7 Working capital

The Luxury Living Group's working capital mainly comprises the net impact of trade receivables, inventory and trade payables and is based on historical trends.

Consolidated income statement for period ending

Consolidated income statement for the years ending

€'000	30/06/2021 Projected	30/06/2022 Projected
Revenue	4,375	7,034
Total cost of sales	(2,677)	(4,072)
Gross profit	1,698	2,962
General administrative overheads	(815)	(920)
EBITDA	883	2,042
Depreciation and amortisation	(401)	(478)
EBIT	482	1,564
Finance costs	(444)	(608)
Profit before tax	38	956
Tax for the year	(25)	(360)
(Loss)/profit after tax	**13**	**596**

Consolidated Financial Position as at

Consolidated statement of financial position as at

€'000	30/06/2021 Projected	30/06/2022 Projected
ASSETS		
Non-current assets		
Intangible assets	2,792	2,634
Goodwill on Smoochies brand	304	304
Right of Use	2,097	3,133
Property, plant and equipment	6,775	7,339
Deferred tax	401	40
Trade and other receivables	500	450
	12,868	13,901
Current assets		
Inventories	1,500	700
Trade and other receivables	480	530
Cash and cash equivalents	1,000	1,500
	2,980	2,730
Total assets	**15,848**	**16,631**
EQUITY AND LIABILITIES		
Equity		
Share capital	2,956	2,956
Retained earnings	(445)	151
Total equity	**2,511**	**3,107**
Liabilities		
Non-current liabilities		
Borrowings	9,000	8,500
Lease payments	1,868	2,972
	10,868	11,472
Current liabilities		
Borrowings	1,000	750
Lease payments	262	267
Trade and other payables	1,138	850
Current taxation	69	185
	2,469	2,052
Total liabilities	**13,338**	**13,524**
Total equity and liabilities	**15,848**	**16,631**

Consolidated cash flows for the year ending

Consolidated statement of cash flows for the years ending

€'000	30/06/2021 Projected	30/06/2022 Projected
Cash flows from operating activities		
EBITDA	883	2,042
Working capital adjustments		
Changes in inventories	1,234	800
Changes in receivables	2,115	-
Changes in payables	(676)	(288)
Operating cash flow	3,556	2,554
Interest paid	(467)	(450)
Taxation paid	(1)	117
Net cash (used in)/ generated from operating activities	**3,089**	**2,221**
Cash flow from investing activities		
Payments to acquire property, plant and equipment	(2,711)	(957)
Net cash used in investing activites	**(2,711)**	**(957)**
Cash flow from financing activities		
Band drawdown and repayment of bank loans	521	(763)
Net cash generated from/ (used in) financing activities	**521**	**(763)**
Net movement in cash and cash equivalents	**899**	**501**
Cash and cash equivalents at beginning of the year	101	1,000
Cash and cash equivalents at the end of the year	**1,000**	**1,500**

UNQUOTE

Dr Mikiel Calleja
Company Secretary
31 December 2020