LLF 14

The following is a company announcement issued by Luxury Living Finance plc (the Company) 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 copy of the FSFs, as approved by the Board of Directors, are based on the following assumptions:

Revenues

The Luxury Living Group's projected revenue for the three 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, 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, except for the commercial sales generated in FY2019, which is being recognised over a six year term in line with IFRS 15.

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, logistical issues that arose during FY2019 meant that the Luxury Living Group encountered some delays, and as a result, not all the farms were connected by 30 June 2019. The projections assume that during FY2020 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.

Furthermore, recent events in the construction industry resulted in delays to the development of the St. Julian's boutique hotel, and as a result the projections assume that the hostel shall start its operations as from March 2020, will be 82% occupied as from FY2021 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 APS bank 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 the years ending

€000	30/06/2020 Projected	30/06/2021 Projected	30/06/2022 Projected
Revenue	2,430	4,000	4,048
Total cost of sales	(1,188)	(1,622)	(1,650)
Gross profit	1,242	2,377	2,398
General administrative overheads	(344)	(541)	(550)
Selling and marketing expenses	(25)	(25)	(26)
Normalised EBITDA	873	1,812	1,822
EBITDA	873	1,812	1,822
Depreciation and amortisation	(559)	(841)	(844)
EBIT	315	971	978
Finance costs	(583)	(671)	(652)
Profit before tax	(268)	300	326
Tax for the year	53	(180)	(189)
(Loss)/profit after tax	**(215)**	**120**	**137**

Consolidated statement of financial position as at

€000	30/06/2020 Projected	30/06/2021 Projected	30/06/2022 Projected
ASSETS			
Non-current assets			
Intangible assets	2,766	2,646	2,525
Property, plant and equipment	5,795	7,615	7,168
Right of use	2,970	3,961	3,736
Deferred tax	205	24	-
Trade and other receivables	915	609	303
	12,650	14,854	13,731
Current assets			
Inventories	300	343	524
Trade and other receivables	1,191	1,310	1,439
Cash and cash equivalents	1,225	175	373
	2,716	1,829	2,336
Total assets	**15,366**	**16,683**	**16,068**
EQUITY AND LIABILITIES			
Equity			
Share capital	2,956	2,956	2,956
Retained earnings	(472)	(352)	(215)
Total equity	**2,484**	**2,604**	**2,741**
Liabilities			
Non-current liabilities			
Minimum lease payment	2,684	3,756	3,563
Borrowings	8,831	8,726	8,615
	11,515	12,482	12,178
Current liabilities			
Minimum lease payment	336	341	391
Borrowings	664	669	174
Trade and other payables	368	587	419
Current taxation	-	-	165
	1,367	1,597	1,149
Total liabilities	**12,882**	**14,079**	**13,327**
Total equity and liabilities	**15,366**	**16,683**	**16,068**

Consolidated statement of cash flows for the years ending

€'000	30/06/2020 Projected	30/06/2021 Projected	30/06/2022 Projected
Cash flows from operating activities			
EBITDA	873	1,812	1,822
Rent paid	(199)	(336)	(341)
Working capital adjustments			
Changes in inventories	(194)	(43)	(181)
Changes in receivables	143	187	177
Changes in payables	118	219	(168)
Operating cash flow	741	1,839	1,310
Interest paid	(459)	(467)	(450)
Net cash (used in)/ generated from operating activities	**281**	**1,373**	**859**
Cash flow from investing activities			
Payments to acquire property, plant and equipment	(2,916)	(2,309)	(43)
Net cash used in investing activites	**(2,916)**	**(2,309)**	**(43)**
Cash flow from financing activities			
Band drawdown and repayment of bank loans	(114)	(113)	(618)
Net cash generated from/ (used in) financing activities	**(114)**	**(113)**	**(618)**
Net movement in cash and cash equivalents	**(2,749)**	**(1,049)**	**198**
Cash and cash equivalents at beginning of the year	3,974	1,225	175
Cash and cash equivalents at the end of the year	**1,225**	**175**	**373**

UNQUOTE

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