

ANCHOVY.

682, High Street
Hamrun, HMR 1012
Company Registration Number C57419
(the “Company”)

The following is a company announcement issued by Anchovy Studios p.l.c. (referred to as the Company) pursuant to rule 4.11.03 and 4.11.12 of the Prospectus Rules.

The Company refers to the obligation to which Prospect MTF Companies are subject to in terms of Rule 4.11.03 and Rule 4.11.12 relating to the publication of twelve-month 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

Revenue is projected to reach €1.7 million in FY2021. Approximately 40% of this increase is expected to be attributable to foreign clients while the remainder shall be generated from local sales. To date, the Company has generated over 35% of its revenue from international clients with this number growing rapidly over the past few years. The services that it offers revolve mainly around digital marketing, branding and websites. Over the last few years, the Company has expanded its services and is now an end-to-end digital transformation firm. It helps its clients grow their business by understanding who their customers are, what they want and then building the products and deliver them to the right person at the right time. The growth strategy of the Company revolves around growing horizontally and offering a full stack solution and growing vertically by accessing new markets in Middle East and North Africa.

Direct costs

Direct costs comprise of directly attributable costs and direct salaries, which are relatively fixed in nature, however these are expected to almost double in comparison to FY2020 in order to serve the new clientele. Notwithstanding this, as the Company is envisaging a substantial increase in revenue, gross profit margin is expected to increase from 40% in FY2020 to 44% in FY2021.

Operating expenses

Operating expenses consist primarily of administrative salaries, insurance, travelling, office expenses, business development expenses and legal and professional fees. Operating costs are expected to increase by 44% in comparison to FY2020, whereby additional costs are envisaged in line with the Company’s expansion into new markets strategy. Depreciation and amortisation of intangible assets are calculated using the straight line method to allocate the cost of all items within property, plant and equipment to their residual values over the estimated useful life.

Finance costs

Finance costs consist of interest on the Bond, bank charges and interest from an overdraft facility.

Taxation

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

Working capital

The Company's working capital mainly comprises the net impact of trade receivables and trade payables and is based on historical trends.

Statement of comprehensive income

€	2021
Revenue	1,765,501
Cost of sales	(982,645)
Gross profit	782,856
Other income	6,750
Operating expenses	(405,648)
EBITDA	383,958
Amortisation	(16,917)
Depreciation	(13,903)
Exchange rate difference	(12,000)
Finance lease expense	(6,637)
Provision for bad debts	(5,686)
EBIT	328,815
Interest paid	(55,565)
Profit before tax	273,250
Taxation	(96,364)
Profit after tax	176,887

Statement of financial position

€	2021
ASSETS	
Non-current assets	
Property, plant and equipment	31,223
Right of use	82,544
Investment in associate	67
Investment in subsidiary	45,740
Total non-current assets	159,573
Current assets	
Accounts receivable	650,000
Cash at bank and cash in hand	1,110,723
Total current assets	1,760,724
Total assets	1,920,297
Equity and liabilities	
Equity	
Share capital	11,984
Retained earnings	366,750
Total equity	378,734
Non-current liabilities	
Bond borrowings	983,053
Finance lease liability	91,826
Total non-current liabilities	1,074,879
Current liabilities	
Accounts payable	342,000
Borrowings	10,000
Finance lease liability	18,320
Dividends payable	-
Corporation tax	96,364
Total current liabilities	466,684
Total liabilities	1,541,563
Total equity and liabilities	1,920,297

Statement of cash flow

€	2021
Cash flows from operating activities	
EBITDA	371,958
Rent paid	(18,320)
Tax	(24,879)
Interest paid	(55,565)
	<u>273,194</u>
Working capital adjustments	
Movement in receivables	(101,263)
Movement in payables	(70,436)
Operating cash flow	<u>(171,699)</u>
Net cash generated from operating activities	101,495
Cash flows from investing activities	
Acquisition of property, plant and machinery	(15,000)
Investment in subsidiary	(500)
Net cash generated from investing activities	<u>(15,500)</u>
Cash flows from financing activities	
Dividends paid	(17,500)
Net cash generated from financing activities	<u>(17,500)</u>
Net movement in cash and cash equivalents	68,495
Opening balance of cash and cash equivalents	1,032,227
Closing balance of cash and cash equivalents	<u>1,100,723</u>

S. Caruana

Sara Caruana
Company Secretary
13th April 2021