



ANCHOVY.

Company registration number: **C57419**

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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 4.11.12 of the Prospectus Rules.

The Company refers to the obligation to which Prospectus 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

The Company is expected to register revenue of €1.1 million in FY2019 from performance marketing and lead generation services to clients operating across a spectrum of sectors. Revenue is expected to increase by c. 25% in FY2020, reaching €1.4 million. This translates into a decrease of €2.5 million when compared to the original projections issued in the Company Admission Document dated 10 May 2017 (the Original Projections). Following a number of proposals which were analysed but not deemed to be viable, the Company did not embark on an internalisation strategy as envisaged in the Original Projections and as result, a significant amount of the bond proceeds have not yet been utilised to date. The revised aim of the Company is to consolidate its position in the local market prior to embarking on a full-scale internationalisation of its service offering as envisaged in the Original Project.

Moreover, the company has focused its resources and energies on the following core activities in preparation for international growth:

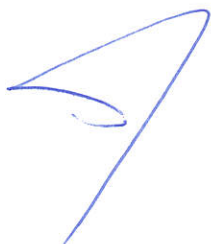
- Strengthening the local operation which in turn led to an organic increase in revenues over the previous 24 months
- Devising and building up the capacity for an internationalisation plan which is expected to kick off in 2020
- Investing further into the Ginger affiliate marketing model
- Setting the foundation for new spin offs to encompass both local and international markets in 2020

Direct costs

Direct costs comprise of directly attributable costs and direct salaries, which are relatively fixed in nature. As the Company has embarked on a cost cutting exercise and is expected to make better use of its resources, gross profit margin is expected to increase from 44% in FY2019 to 56% in FY2020. As the Original Projections were based on a gross profit margin of 41%, the gross profit of the Company is expected to decrease by €701k during FY2020.

Operating expenses

Operating expenses consist primarily of administrative salaries, insurance, travelling, office expenses, business development expenses and legal and professional fees. The cost cutting exercise embarked upon in FY2019 is expected to continue in FY2020 ensuring lower projected operating expenses which in turn



will lead to higher profitability. Due to the recent introduction of IFRS16, the rent cost (which in the Company Admission Document was classified as an operating expense) is now replaced by a provision for amortisation of the right of use and notional interest recognisable on the minimum lease payments.

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 their estimated useful life.

Finance costs

Finance costs consist of interest on the Bond and the notional interest recognised in relation to the lease payments.

Taxation

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

Working capital

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

Statement of comprehensive income

€000	2020
Revenue	1,392
Direct costs	(102)
Direct salaries	(514)
Gross profit	775
Operating expenses	(479)
EBITDA	297
Depreciation	(7)
Amortisation	(50)
Finance costs	(62)
Profit before tax	177
Taxation	(64)
Profit after tax	113



Statement of financial position

€000	2020
ASSETS	
Non-current assets	
Property, plant and equipment	36
Right of use	122
Development costs	72
Total non-current assets	231
Current assets	
Trade and other receivables	346
Cash at bank and cash in hand	1,047
Total current assets	1,393
Total assets	1,624
EQUITY AND LIABILITIES	
Equity	
Share capital	12
Retained earnings	136
Profit for the year	113
Total equity	261
Non-current liabilities	
Bond borrowings	980
Finance lease liability	115
Total non-current liabilities	1,094
Current liabilities	
Accounts payable	194
Finance lease liability	19
Corporation tax	45
Bank overdraft	10
Total current liabilities	268
Total liabilities	1,362
Total equity and liabilities	1,624

Statement of cash flows

€000	2020
Cash flows from operations	
EBITDA	297
Interest	(56)
	241
Working capital adjustments	
Movement in receivables	(41)
Movement in payables	33
Operating cash flow	(8)
Net cash generated from operating activities	233
Cash flow from investing activities	
Capitalised development costs	(20)
Acquisition of property, plant and machinery	(10)
Net cash used in investing activities	(30)
Cash flow from financing activities	
Movement in finance lease liability	(16)
Net cash generated from financing activities	(16)
Movements in cash and cash equivalents	187
Cash and cash equivalents at beginning of year	860
Cash and cash equivalents at end of year	1,047

A handwritten signature in blue ink, appearing to be 'D. Degiorgio', written over a horizontal line.

Damien Degiorgio
Company Secretary
19th December 2019