

DIZZ FINANCE P.L.C.

CONDENSED INTERIM FINANCIAL STATEMENTS
For the period 1 January 2021 to 30 June 2021

DIZZ FINANCE P.L.C.

Company Information

Directors :

Ms Diane Izzo
Mr Karl Izzo
Mr Edwin Pisani
Mr Joseph C Schembri
Mr Nigel Scerri
Dr Kevin Deguara

Secretaries :

Mr Kenneth Abela (appointed on 30th April 2021)
Dr Ian Vella Galea (resigned on 30th April 2021)

Company number :

C 71189

Registered office :

Dizz Buildings
Carob Street
St. Venera

Banker :

Bank of Valletta plc
Constitution Street
Mosta

DIZZ FINANCE P.L.C.

Contents

	Pages
Interim Directors' Report	1 - 2
Statement pursuant to listing rule 5.75.3	3
Condensed Interim Statement of Comprehensive Income	4
Condensed Interim Statement of Financial Position	5
Condensed Interim Statement of Changes in Equity	6
Condensed Interim Statement of Cash Flows	7
Notes to the Condensed Interim Financial Statements	8 - 11

DIZZ FINANCE P.L.C.

Interim Directors' Report

For the period 1 January 2021 to 30 June 2021

This report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by Dizz Finance P.L.C. ('the Company') in its published annual report. The interim financial information included in this report has been extracted from the company's unaudited accounts for the six months ended 30 June 2021, as approved by the board of directors on 26 August 2021 and are prepared in accordance with IAS 34 'Interim Financial Reporting'.

Principal activity

The principal activity of the Company is to act as a finance, investment and property-holding company for lease to third parties and related companies. The activities of the Company are expected to remain consistent for the foreseeable future.

Principal risks and uncertainties

The Company is mainly dependant on the business prospects of the Dizz group of companies (the "Group"), and consequently, the operating results of the Group have a direct effect on the Company's financial position and performance, including the ability of the Company to service its payment obligations under the issued bonds.

The Company's main assets consist of receivables for loans issued to related companies forming part of the Group. Therefore, the ability of these companies to effect payments to the Company under such loans will depend on their respective cash flows and earnings which may be restricted by:

- changes in applicable laws and regulations;
- the terms contained in the agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; or
- other factors beyond the control of the Company such as the Covid 19 pandemic

Additionally, the Company is directly exposed to the risks associated with the local property market. The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, or the exercise by tenants of their contractual rights.

Review of business

During the period under review the Company registered a profit before taxation of €186,522 (2020 - €1,386,123.)

DIZZ FINANCE P.L.C.

Interim Directors' Report (continued)

For the period 1 January 2021 to 30 June 2021

Review of business (continued)

The Directors consider that in the prevailing circumstances the period under review was satisfactory. Following the outbreak of the Covid-19 pandemic in 2020, the Directors have continued to actively monitor the operations of the Company and its Guarantor (the Dizz Group of Companies Ltd and its subsidiaries) in order to safeguard the interest of the Company and the Group, as necessary. Despite operating in uncertain circumstances, the Directors continue to monitor the situation on an ongoing basis.

Dividends and reserves

The directors do not recommend the payment of a dividend and propose to transfer the profit for the period to retained earnings.

Directors

The following have served as directors of the Company during the period under review:

Ms Diane Izzo
Mr Karl Izzo
Mr Edwin Pisani
Mr Joseph C Schembri
Mr Nigel Scerri
Dr Kevin Deguara

Directors' interest

The directors' beneficial interest in the shares of the Company at 30 June 2021 is limited to 1 ordinary share having a nominal value of €1 held by Ms Diane Izzo. However, the Directors Diane Izzo and Karl Izzo are the Ultimate Beneficial Owners of the Group.

DIZZ FINANCE P.L.C.

Statement pursuant to listing rule 5.75.3

For the period 1 January 2021 to 30 June 2021

We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the company as at 30 June 2021, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34, 'Interim Financial Reporting'); and
- The interim Directors' report includes a fair review of the information required in terms of listing rule 5.81.

ON BEHALF OF THE BOARD



Ms Diane Izzo
Chairperson and CEO



Mr Joseph C. Schembri
Director

26 August 2021

DIZZ FINANCE P.L.C.

Condensed Interim Statement of Comprehensive Income

For the period 1 January 2021 to 30 June 2021

	Period Jan 21–Jun 21 (unaudited) €	Period Jan 20–Jun 20 (unaudited) €
Revenue	441,357	382,645
Finance costs	(213,581)	(213,464)
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Gross profit	227,776	169,181
Property revaluation increase	-	1,300,039
Administrative expenses	(41,254)	(83,097)
	<hr/>	<hr/>
Profit before tax	186,522	1,386,123
Income tax	(62,159)	(161,240)
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Profit for the period	124,363	1,224,883
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Total comprehensive income for the period	124,363	1,224,883
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Earnings per share	0.07	0.64
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The notes on pages 8 to 11 are an integral part of these financial statements.

Condensed Interim Statement of Financial Position

For the period 1 January 2021 to 30 June 2021

	As at 30 June 2021 (Unaudited) €	As at 31 December 2020 (Audited) €
Assets		
Property, plant and equipment	244,118	242,925
Investment property	3,385,802	3,785,802
Loans owed by related companies	6,163,420	6,163,420
Loans owed by third parties	75,694	80,944
Deposits on property	70,000	70,000
Deferred tax asset	166,181	242,840
Total non-current assets	10,105,215	10,585,931
Trade and other receivables	6,224,897	5,871,776
Cash and cash equivalents	423	-
Total current assets	6,225,320	5,871,776
Total assets	16,330,535	16,457,707
Equity		
Issued capital	1,910,000	1,910,000
Retained earnings	3,275,101	3,150,738
Total equity	5,185,101	5,060,738
Liabilities		
Borrowings	7,872,108	7,859,968
Deferred tax	238,975	270,975
Total non-current liabilities	8,111,083	8,130,943
Borrowings	325,275	729,837
Trade and other payables	2,517,569	2,339,832
Current tax	191,507	196,357
Total current liabilities	3,034,351	3,266,026
Total liabilities	11,145,434	11,396,969
Total equity and liabilities	16,330,535	16,457,707

The financial statements on pages 4 to 11 were approved by the board of directors on 26 August 2021 and were signed on its behalf by:


 Ms Diane Izzo
 Director


 Mr Joseph C Schembri
 Director

Condensed Interim Statement of Changes in Equity

For the period 1 January 2021 to 30 June 2021

	Issued capital €	Retained earnings €	Total €
Changes in equity for 2020			
Balance at 1 January 2020	1,910,000	1,839,433	3,749,433
Comprehensive income			
Profit for the period	-	1,224,883	1,224,883
Total comprehensive income	<u>1,910,000</u>	<u>3,064,316</u>	<u>4,974,316</u>
Balance at 30 June 2020 (unaudited)	<u>1,910,000</u>	<u>3,064,316</u>	<u>4,974,316</u>
Changes in equity for 2021			
Balance at 1 January 2021	1,910,000	3,150,738	5,060,738
Comprehensive income			
Profit for the period	-	124,363	124,363
Total comprehensive income	<u>1,910,000</u>	<u>3,275,101</u>	<u>5,185,101</u>
Balance at 30 June 2021 (unaudited)	<u>1,910,000</u>	<u>3,275,101</u>	<u>5,185,101</u>

DIZZ FINANCE P.L.C.

Condensed Interim Statement of Cash Flows

For the period 1 January 2021 to 30 June 2021

	Period Jan21 – Jun 21 (unaudited) €	Period Jan 20 –Jun 20 (unaudited) €
Net cash generated from operating activities	11,176	277,526
Net cash generated from investing activities	373,327	309,286
Net cash used in financing activities	(379,518)	(365,531)
	<hr/>	<hr/>
Net movement in cash and cash equivalents	4,985	221,281
Cash and cash equivalents at beginning of the period	(4,562)	(25,903)
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Cash and cash equivalents at end of the period	423	195,378
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Notes to Condensed Interim Financial Statements

For the period 1 January 2021 to 30 June 2021

1 GENERAL INFORMATION

Dizz Finance P.L.C. is a limited liability Company domiciled and incorporated in Malta. The Company was incorporated on 24 June 2015. On 15 January 2016 the Company passed an extraordinary resolution to convert the status of the Company from a Private Exempt Limited Company into a Public Limited Company.

The Financial Statements for the year ended 31 December 2020 are available on the company's website.

The condensed interim financial statements were approved for issue by the board of directors on 26 August 2021.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, 1995. The financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

2.2 Assessment of going concern assumption

The directors have a reasonable expectation at the time of approving the condensed interim financial statements that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparation of the condensed interim financial statements.

Notes to Condensed Interim Financial Statements (continued)

For the period 1 January 2021 to 30 June 2021

2 ACCOUNTING POLICIES (continued)

2.3 New and revised standards

2.3.1 Summary of Significant Accounting Policies

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2020 as described in those financial statements.

2.3.2 Standards, Interpretations and amendments to published standards effective in 2021

During 2021, the Company has adopted revised standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2021.

The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the company's accounting policies.

2.3.3 Standards interpretations and amendments to published standards that are not yet effective.

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for the issue of these condensed interim financial statements that are mandatory for the company's accounting periods beginning after 1 January 2021. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

3 BORROWINGS

On 16 September 2016, the Company issued a prospectus for the issue of € 8,000,000 5% Unsecured Bonds having a nominal value of € 100 each. The Bonds were issued in one tranche of € 8,000,000 on 28 September 2016 and were fully subscribed. The bond issue was admitted to the Official List of the Malta Stock Exchange plc with effect from 13 October 2016. Trading on the bond issue commenced on 14 October 2016.

The Bonds are redeemable at par on 7 October 2026. Interest on the bond issued is payable annually in arrears on 7 October.

Notes to Condensed Interim Financial Statements (continued)

For the period 1 January 2021 to 30 June 2021

3 BORROWINGS (continued)

The net proceeds from the bond issue have been advanced by the Company to the respective related Group companies to:

- settle outstanding payments on the acquisition of brands active in the fashion industry; the refurbishment and roll-out of new outlets; to acquire other high-end retail franchises; and to acquire the inventories and equipment pertaining thereto;
- advances by the Company to the related companies forming part of the Group to reduce their bank indebtedness through the refinancing of outstanding loans and general banking facilities;
- advances by the Company to Dizz Manufacturing Limited for the purpose of part funding the construction and development of immovable property; and
- advances by the Company to the related companies forming part of the Group for general corporate funding purposes.

The Bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank equally without any priority or preference with other present and future unsecured and unsubordinated obligations of the Company.

4 EARNINGS PER SHARE

Earnings per share is calculated by dividing the result attributable to owners of the company by the weighted average number of ordinary shares in issue during the period:

	Period Jan 21 – Jun 21 (unaudited) €	Period Jan 20 – Jun 20 (unaudited) €
Earnings per share	0.07	0.64

Notes to Condensed Interim Financial Statements (continued)

For the period 1 January 2021 to 30 June 2021

5 RELATED PARTIES

5.1 Parent Company

The Company is a wholly owned subsidiary of Dizz Group of Companies Limited, the Group's parent Company. The registered office of the parent Company is situated at Dizz Buildings, Carob Street St.Venera.

It is the responsibility of the parent Company to prepare consolidated financial statements of the Group.

5.2 Key management personnel and director transactions

The share capital of the Company is subscribed as to 1 share held by Diane Izzo (director and ultimate beneficiary owner) and 1,909,999 shares held by Dizz Group of Companies Limited. Key management personnel have control over the financial and operating policies of the Company.

5.3 The amounts owed by the related companies in relation to advances forwarded by the Company are unsecured, bear interest at 5%-11% (2019: 5%-11%) and repayable at the end of the 10 year agreement made between the parties concerned.

5.4 The amounts due to related party are unsecured, interest free and repayable on demand.

6 CAPITAL COMMITMENTS

As at 30 June 2021 the Company's capital commitments with regards to purchase of immovable property amounts to €270,000. During this reporting period the Company had Euro 70,000 (2020 - Euro 70,000) as deposit paid on account on such immovable property.

7 FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2020.

8 CONTINGENT LIABILITIES

No events occurred since 31 December 2020 that require disclosure of any contingent liabilities as at 30 June 2021.