FOODS FINANCE P.L.C
C 94912

## Approval of Financial Statements

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Date of Announcement 27th April 2023

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The following is a company announcement issued by D Foods Finance p.l.c. (C94912), hereinafter the "Company" of DIZZ Buildings, Carob Street, Santa Venera, Malta, pursuant to the Capital Markets Rules for the Wholesale Securities Markets issued by the Malta Financial Services Authority.

***QUOTE***

The Board of Directors of the Company approved the Annual Report and Financial Statements for the financial year ended 31 December 2022 and resolved that these be submitted for the approval of the shareholders at the Annual General Meeting. These financial statements are being attached to this announcement.

***UNQUOTE***

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**Diane Izzo**
Company Secretary
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# D FOODS FINANCE P.L.C.

# ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

Company Registration No: C 94912

**Company Information**

| | |
|---|---|
| **Directors :** | Ms Diane Izzo<br>Mr Karl Izzo |
| **Secretary :** | Ms Diane Izzo |
| **Company number :** | C 94912 |
| **Registered office :** | Dizz Buildings,<br>Carob Street,<br>St. Venera |
| **Auditors :** | KSi Malta<br>6, Villa Gauci<br>Mdina Road<br>Balzan BZN 9031,<br>Malta |
| **Banker :** | Bank of Valletta P.L.C.<br>58, Zachary Street,<br>Valletta<br>Malta |

**Contents**

**Report of the Directors**
For the year ended 31 December 2022

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2022.

***Incorporation***

D Foods Finance P.L.C. was incorporated on 21 May 2020. The Company is a fully owned subsidiary of Dizz Group of Companies Limited.

***Principal Activity***

The principal activity of D Foods Finance P.L.C. is to carry on business of a holding company of the food and beverage companies within the Group (composed of D Foods Finance P.L.C. and its subsidiaries). The Group operates the Caffe Pascucci, Nespresso and Salad Box brands through various outlets in Malta. The activities of the Company and its subsidiaries are expected to remain consistent for the foreseeable future.

***Review of Business***

The initial months of 2022 brought about various disruptions due to the pandemic, the local general election and surging inflation environment. Despite these challenges, the Group increased its turnover from €4.1 million in FY2021 to €4.9 million in FY2022, representing an increase of 20%. In addition, the Group managed its costs, and as a result generated a gross profit margin in excess of 50%. However, as the Group's operating expenses including depreciation, amortization and finance costs, totaled €3.1 million, the Group registered a loss before tax of €91k (2021: €243k).

***Principal Risks and Uncertainties***

The Group is mainly dependent on the business prospects of its subsidiaries, and consequently, the operating results of the subsidiaries have a direct effect on the Group's consolidated financial position and performance.

The Group's main assets are the investment in subsidiaries. Therefore, the ability of these subsidiaries to distribute dividends to the Company will depend on their respective cash flows and earnings.

The food and beverage industry is marked by strong and increasing competition and many of the Group's current and potential competitors may have longer operating histories, bigger name recognition, larger customer base and greater financial and other resources than the companies within the Group. Thus, the principal risks faced by the Group are loss of market share as a result of other participants entering the market, and negative developments in the economic environment including the pandemic, which has significantly disrupted the catering industry principally due to closure of outlets enforced by the government and social distancing measures introduced in an effort to curb the pandemic.

The Group will continue to monitor developments in sales, customer preferences and the market in general, introducing new product offerings with the aim of returning the Group to sustainable profitability.

***Dividends and Reserves***

The directors do not recommend the payment of a dividend.

***Future Developments***

The Directors intend to continue to operate in line with the current business plan.

**Report of the Directors (continued)**
For the year ended 31 December 2022

***Financial Risk Management***

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are further analysed in note 24.2 and 24.3 of these financial statements.

***Events Subsequent to the Statement of Financial Position Date***

The directors assessed subsequent events from 1 January 2023 through 27 April 2023 , the date these financial statements were approved. Through such assessment, the directors have determined that no events subsequent to balance sheet date have occurred.

***Directors***

The following have served as directors of the holding company during the year under review:

Ms Diane Izzo
Mr Karl Izzo

In accordance with the Company's Articles of Association the present directors remain in office.

***Directors' Interest***

The Directors' beneficial interest in the shares of the Company as at 31 December 2022 is equal to a nominal value of 1 ordinary share of €1 each, held by Ms Diane Izzo. The directors are also the ultimate beneficial owners of the Dizz Group of Companies Limited.

***Statement of Directors' Responsibilities***

The Companies Act (Cap. 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- select suitable accounting policies and apply them consistently from one accounting period to another;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on accruals basis; and
- value separately the components of asset and liability items on a prudent basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Directors (continued)**
For the year ended 31 December 2022

***Statement of Directors' Responsibilities (continued)***

The directors, through oversight of management are responsible to ensure that the Group establishes and maintains internal control to provide reasonable assurance with regards to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

The Directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Group at 31 December 2022, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and

- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

***Going Concern Statement***

After making enquiries and having taken into consideration the future plans of the Group, the directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopted the going concern basis in the preparation of the financial statements. The directors intend to continue to operate in line with the current business plan.

***Auditors***

KSi Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

| | |
|---|---|
| Ms Diane Izzo<br>Director | Mr Karl Izzo<br>Director |

27 April 2023

**Corporate Governance - Statement of Compliance**
For the year ended 31 December 2022

## Introduction

The WSM Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, require listed companies to observe The Code of Principles of Good Corporate Governance (the 'Code'). Although the adoption of the Code is not obligatory, Listed Companies are required to include in their Annual Report, a Directors' Statement of compliance which deals with the extent to which the Company has adopted the Code of Principles of Good Corporate Governance and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

## Compliance

The Board of Directors (the 'Board') of D Foods Finance P.L.C. ('the Company') believe in the adoption of the Code and has endorsed them except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. The Company has issued Notes to the public and has no employees, accordingly some of the provisions are not applicable whilst others are applicable to a limited extent.

In this context it is relevant to note that: (a) the Company is a subsidiary of Dizz Group of Companies Limited, whereby the latter is the guarantor of the €8 million 5% unsecured bond issued by Dizz Finance P.L.C.. Dizz Finance P.L.C. is a company listed on the Malta Stock Exchange which has a strong corporate governance in place; (b) the terms of reference of the audit committee of Dizz Finance P.L.C. also include Dizz Group of Companies Limited and all its underlying subsidiaries. Consequently, the audit committee of Dizz Finance P.L.C., through its oversight of the Dizz Group of Companies Limited, has an overseeing responsibility of the Company.

## The Board

The Board of Directors is responsible for devising a strategy, setting policies and the management of the Company. Directors, individually and collectively, are of appropriate calibre, with the necessary skill and experience to assist them in providing leadership, integrity, and judgement in directing the Company towards the maximisation of shareholder value. It is also responsible for reviewing internal control procedures, financial performance and business risks facing the Company. The Board is also responsible for making relevant public announcements, decisions relating to the redemption of the Bond, and for monitoring that its operations are in conformity with the Prospectus and all relevant rules and regulations.

Following the issue of debt securities on 3 August 2020, the Board has monitored the performance of the Company. As Company's board consists solely of two executive directors, the audit committee set up at Dizz Finance P.L.C. which consist of three non-executive directors, oversees the Company on an ongoing basis.

## Chairman and Chief Executive Officer

Due to the size structure of the Company and nature of its operations, the Company does not employ a Chief Executive Officer (CEO). This function is taken by its director, Diane Izzo.

The day-to-day running of the business is vested with Diane Izzo.

The Chairman is responsible to lead the Board and sets its agenda.

**Corporate Governance - Statement of Compliance (continued)**
For the year ended 31 December 2022

**Complement of the Board**

As at 31 December 2022, the Board consists of two executive directors as follows:

Diane Izzo – Executive Director / Chairperson
Karl Izzo – Executive Director

The Directors of the Company shall be appointed by the shareholders in the annual general meeting of the Company. Save for the provisions included in Article 55.3 of the Articles of Association of the Company, an election of Directors shall take place every year.

**Internal Controls**

The Board is responsible for the internal control system of the Company and for reviewing its effectiveness. The internal control system is designed to achieve business objectives and to manage the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses and fraud.

Systems and procedures are in place to control, monitor, report and assess risks and their financial implications. Management accounts, budgets and strategic plans are prepared on a regular basis and are presented to the Board to monitor the performance of the Company on an on-going basis.

**Composition of the Board and Committees**

Directors meet regularly, mainly to review the financial performance of the Company and its subsidiaries, and to review internal control processes. Board members are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting Board papers, which are circulated well in advance of the meeting. The directors have access to independent professional advice at the Company's expense should they so require.

The Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the Company. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has a material interest.

**Composition of the Board and Committees**

The Board formally met five times during the period under review. The number of board members attended by directors for the period ended 31 December 2022 is as follows:

| | Meetings |
|---|---|
| Diane Izzo | 5 |
| Karl Izzo | 5 |

**Committees**

The Directors believe that, due to the Company's size and operation, the remuneration, evaluation and nominations committees that are suggested in the Code are not required, and that the function of these can efficiently be undertaken by the Board itself. However, going forward, the Board shall on an annual basis undertake a review of the remuneration paid to the Directors and shall carry out an evaluation of their performance and of the audit committee. The shareholders approve the remuneration paid to the Directors at the annual general meeting.

**Corporate Governance - Statement of Compliance (continued)**
For the year ended 31 December 2022

**Audit Committee**

As the Issuer's shareholders are private stakeholders, and also given the size, nature and (lack of) complexity of the Issuer's business, the Directors have determined that it is not necessary, appropriate or feasible to establish an audit committee. The functions normally assigned to an audit committee were performed by the Board of Directors as a whole. Furthermore, as previously stated, the terms of reference of the audit committee of Dizz Finance P.L.C. also include Dizz Group of Companies Limited and all its underlying subsidiaries. Consequently, the audit committee of Dizz Finance P.L.C, through its oversight of the Dizz Group of Companies Limited, had an oversight responsibility of the Company.

In the year under review, the Audit Committee met six times.

**Remuneration Statement**

The Directors have not received remuneration during the year 31 December 2022. Going forward, it is the shareholders of the Company in General Meeting who shall determine the maximum annual aggregate remuneration of the Directors. The remuneration of Directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

None of the Directors is employed or has a service contract with the Company.

**Relations with Bondholders and the Market**

The Company prepares annual financial statements. Following the listing of the Company's €10 million Secured Convertible Notes Programme on the Institutional Financial Securities Market (IFSM) of the Malta Stock Exchange in August 2020 of which €3 million have been subscribed to as at year end, the Company shall publish annual financial statements and, when required, company announcements.

**Conflicts of Interest**

The Directors are aware of their responsibility to always act in the interest of the Company and its shareholders as a whole, irrespective of who appointed them to the Board. In accordance with the Company's Articles of Association, the Directors shall be obliged to disclose their interest in a contract, arrangement or proposal with the Company in accordance with Article 145 of the Act and a Director shall not vote at a meeting of Directors in respect of any contract, arrangement or proposal in which he has a material interest, whether direct or indirect.

During the financial year under review, no private interests or duties unrelated to the Company were disclosed by the Directors which were or could have been likely to place any of them in conflict with any interests in, or duties towards, the Company. Both Diane Izzo and Karl Izzo have a direct beneficial interest in the share capital of the Company, given that they are the ultimate beneficial owners of the Dizz Group. Consequently, they are susceptible to conflicts arising between the potentially diverging interests of themselves as shareholders and the interests of the Company.

**Corporate Social Responsibility**

The Directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of the local community and society at large.

Signed on behalf of the Board of Directors on 27 April 2023 by:

| | |
|---|---|
| Ms Diane Izzo<br>Director | Mr Karl Izzo<br>Director |

**Independent Auditors' Report**

To the shareholders of D Foods Finance P.L.C.

**Opinion**

We have audited the accompanying consolidated financial statements of of D Foods Finance P.L.C. (the holding Company), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position as at 31 December 2022, and of the Group's financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Amounts Due from/to Related Parties*

We identified that the Company has significant amounts due from/to related parties, which are disclosed in Notes 18, 22 and 25 to the financial statements. These transactions involve entities that are under common control with the Company or have a significant influence over its operations. The parties do not form part of the consolidated group preparing these financial statements but do mainly form part of a wider group with common control.

We identified the amounts due from/to related parties to be material to the financial statements. The related party transactions are subject to different terms and conditions than transactions with third parties and may carry inherent risks of misstatement due to fraud or error. Therefore, we consider this matter to be a Key Audit Matter, meriting appropriate audit procedures to address the identified risks.



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**Independent Auditors' Report (continued)**

**Key Audit Matters (continued)**

*Amounts Due from/to Related Parties (continued)*

Our audit procedures included assessing the related party transactions' terms and conditions, evaluating the economic substance of these transactions, and testing the existence, completeness, and accuracy of the related party balances. We also evaluated the adequacy of the Company's internal controls over these transactions. Procedures including cross referencing the balances with related party accounts and assessing whether the accounting treatment of these balances is mirrored appropriately in the books of both parties, where applicable.

Nothing has come to our attention that would indicate that these amounts are misstated.

**Other Information**

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Statement of Directors' Responsibilities. Our opinion on the consolidated financial statements does not cover this information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Responsibilities of the Directors**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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**Independent Auditors' Report (continued)**

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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**Independent Auditors' Report (continued)**

**Report on Other Legal and Regulatory Requirements**

**Matters on which we are required to report by exception under the Companies Act**

*Our Responsibilities*

We have responsibilities under the Companies Act, 1995 enacted in Malta to report to you if, in our opinion:

- The information given in the Report of the Directors is not consistent with the consolidated financial statements.
- Adequate accounting records have not been kept.
- The consolidated financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.

*Our Opinion*

We have nothing to report to you in respect of these responsibilities.

In addition, we confirm that:

- To the best of our knowledge and belief, we have not provided non-audit services to the Group in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

**Other Matter - Use of this Report**

Our report, including the opinions, has been prepared for and only for the Group's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Joseph Gauci (Partner) for and on behalf of
KSi Malta
Certified Public Accountants

Balzan
Malta

27 April 2023



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**Consolidated Statement of Profit and Loss and Other Comprehensive Income**
For the year ended 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Notes | € | € | € | € |
| **Revenue** | 6 | 4,877,801 | 4,063,090 | - | - |
| Cost of sales | | (2,276,985) | (2,016,786) | - | - |
| **Gross profit** | | 2,600,816 | 2,046,304 | - | - |
| Other Income | 7 | 406,309 | 533,400 | - | - |
| Administrative expenses | | (2,290,425) | (1,949,068) | (53,761) | (56,470) |
| Marketing expenses | 8 | (122,787) | (158,658) | - | - |
| Amortisation of intangible assets | | (8,800) | (8,800) | - | - |
| Amortisation of right of use assets | | (223,924) | (217,791) | - | - |
| Depreciation of property, plant and equipment | | (239,264) | (266,957) | - | - |
| Finance costs | 9 | (213,290) | (221,289) | (102,190) | (98,440) |
| **Loss before tax** | 5 | (91,365) | (242,859) | (155,951) | (154,910) |
| Income tax | 11 | (111,059) | (24,076) | - | - |
| **Loss for the year** | | (202,424) | (266,935) | (155,951) | (154,910) |
| **Total comprehensive loss for the year** | | (202,424) | (266,935) | (155,951) | (154,910) |
| **Loss per share** | 12 | (0.06) | (0.08) | (0.05) | (0.05) |

The notes on pages 17 to 51 are an integral part of these consolidated financial statements.

**Consolidated Balance Sheet**
As at 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Notes | € | € | € | € |
| **Assets** | | | | | |
| Property, plant and equipment | 13 | 996,563 | 1,304,459 | - | - |
| Right of use assets | 14 | 1,220,517 | 1,043,785 | - | - |
| Intangible assets | 15 | 44,000 | 52,800 | - | - |
| Investment in subsidiaries | 16 | - | - | 6,141,761 | 6,140,561 |
| Deferred tax assets | 11 | 192,068 | 303,127 | - | - |
| Goodwill on investment in subsidiaries | 16 | 6,445,062 | 6,446,262 | - | - |
| **Total non-current assets** | | 8,898,210 | 9,150,433 | 6,141,761 | 6,140,561 |
| Inventories | 17 | 360,288 | 436,522 | - | - |
| Trade and other receivables | 18 | 2,946,391 | 3,728,157 | 3,019,397 | 3,013,551 |
| Cash and cash equivalents | 23 | 13,658 | 22,145 | - | 995 |
| **Total current assets** | | 3,320,337 | 4,186,824 | 3,019,397 | 3,014,546 |
| **Total assets** | | 12,218,547 | 13,337,257 | 9,161,158 | 9,155,107 |
| **Equity** | | | | | |
| Share capital | 19 | 3,279,286 | 3,279,286 | 3,279,286 | 3,279,286 |
| Accumulated losses | 19 | (1,033,306) | (830,882) | (309,769) | (153,818) |
| **Total Equity** | | 2,245,980 | 2,448,404 | 2,969,517 | 3,125,468 |

**Consolidtaed Balance Sheet (continued)**
As at 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Notes | € | € | € | € |
| **Liabilities** | | | | | |
| Lease liability | 21 | 1,206,569 | 993,242 | - | - |
| Borrowings | 20 | 3,195,185 | 3,234,020 | 2,954,919 | 2,948,480 |
| Trade and other payables | 22 | 267,428 | 267,428 | - | - |
| **Total non-current liabilities** | | 4,669,182 | 4,494,690 | 2,954,919 | 2,948,480 |
| Borrowings | 20 | 68,195 | 165,573 | - | - |
| Lease liability | 21 | 197,584 | 186,890 | - | - |
| Trade and other payables | 22 | 4,943,244 | 5,947,338 | 3,236,722 | 3,081,159 |
| Current tax liabilities | 11 | 94,362 | 94,362 | - | - |
| **Total current liabilities** | | 5,303,385 | 6,394,163 | 3,236,722 | 3,081,859 |
| **Total liabilities** | | 9,972,567 | 10,888,853 | 6,191,641 | 6,029,639 |
| **Total equity and liabilities** | | 12,218,547 | 13,337,257 | 9,161,158 | 9,155,107 |

The consolidated financial statements on pages 11 to 51 were approved and authorised for issue by the Board on 27 April 2023 and were signed on its behalf by:

Ms Diane Izzo
Director

Mr Karl Izzo
Director

**Consolidated Statement of Changes in Equity**
For the year ended 31 December 2022

**Group**

| | Share capital € | Accumulated losses € | Total € |
|---|---|---|---|
| **Changes in equity for the year** | | | |
| Balance as at 1 January 2021 | 3,279,286 | (563,947) | 2,715,339 |
| Loss for the year | - | (266,935) | (266,935) |
| **Balance at 31 December 2021** | 3,279,286 | (830,882) | 2,448,404 |
| **Changes in equity for the year** | | | |
| Balance as at 1 January 2022 | 3,279,286 | (830,882) | 2,448,404 |
| Loss for the year | - | (202,424) | (202,424) |
| **Balance at 31 December 2022** | 3,279,286 | (1,033,306) | 2,245,980 |

**Company**

| | Share capital € | Accumulated losses € | Total € |
|---|---|---|---|
| **Changes in equity for the year** | | | |
| Balance as at 1 January 2021 | 3,279,286 | 1,092 | 3,280,378 |
| Loss for the year | - | (154,910) | (154,910) |
| **Balance at 31 December 2021** | 3,279,286 | (153,818) | 3,125,468 |
| **Changes in equity for the year** | | | |
| Balance as at 1 January 2022 | 3,279,286 | (153,818) | 3,125,468 |
| Loss for the year | - | (155,951) | (155,951) |
| **Balance at 31 December 2022** | 3,279,286 | (309,796) | 2,969,517 |

**Consolidated Statement of Cash Flows**
For the year ended 31 December 2022

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| **Cash flows from operating activities:** | | | | |
| Loss before tax | (91,365) | (242,859) | (155,951) | (154,910) |
| Adjustments for: | | | | |
| Depreciation | 239,264 | 266,957 | - | - |
| Depreciation of right of use assets | 223,924 | 217,790 | - | - |
| Finance cost | 206,850 | 185,293 | 90,000 | 90,000 |
| Amortisation of intangible assets | 8,800 | 8,800 | - | - |
| Amortisation of bond expenses | 6,440 | 6,440 | 6,440 | 6,440 |
| Profit on disposal of property, plant and equipment | 93,053 | (24,300) | - | - |
| Reversal of impairment | - | - | (1,200) | - |
| Expected credit losses | 36,143 | 30,963 | (741) | 18,897 |
| Release on disposal ROU | (126,175) | - | - | - |
| Operating profit/(loss) before working capital changes: | 596,934 | 449,084 | (61,452) | (39,573) |
| Movement in receivables | 131,658 | (64,440) | 7,042 | (11,548) |
| Movement in payables | (73,414) | (169,072) | (25,535) | (43,013) |
| Movement in inventories | 76,234 | (54,547) | - | - |
| Loan interest paid | (45,330) | (32,346) | - | - |
| Tax paid | - | (5,612) | - | - |
| Net cash generated from/(used in) operating activities | 686,082 | 123,067 | (79,945) | (94,134) |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of shares in subsidiary | 1,200 | - | - | 1,200 |
| Additions to property, plant and equipment | (24,421) | (126,303) | - | - |
| Net cash (used in)/generated from investing activities | (23,221) | (126,303) | - | 1,200 |

**Consolidated Statement of Cash Flows (continued)**
For the year ended 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | € | € | € | € |
| Cash flows from financing activities | | | | | |
| Net proceeds from issue of notes | | - | (8,014) | - | (8,014) |
| (Payments to)/Proceeds from related companies | | (316,716) | 252,851 | - | 140,745 |
| Note interest paid | | (90,000) | (90,000) | - | (90,000) |
| Payment of lease liabilities | | (121,978) | (194,510) | - | - |
| Payment of bank loans | | (96,594) | (52,841) | - | - |
| Proceeds from related parties | | - | - | 78,950 | - |
| **Net cash (used in)/generated from financing activities** | | (625,288) | (92,514) | 78,950 | 42,731 |
| Net movement in cash and cash equivalents | | 37,573 | (95,750) | (995) | (50,203) |
| Cash and cash equivalents at beginning of year | | (63,051) | 32,699 | 995 | 51,198 |
| **Cash and cash equivalents at end of year** | 23 | (25,478) | (63,051) | - | 995 |

**Notes to the Consolidated Financial Statements**
For the year ended 31 December 2022

## 1 REPORTING ENTITY AND OTHER INFORMATION

D Foods Finance P.L.C. is a limited liability company domiciled and incorporated in Malta. The company's registered office is Dizz Buildings, Carob Street, St. Venera. The company is to act as a finance, investment and property-holding company for lease to third parties and related companies. The financial statements are presented in Euro, which is the Company's functional currency.

### 1.1 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 27 April 2023.

The following is a list of retail outlets that operate within the Group:

| **Brand** | **Subsidiary** | **Address** |
|---|---|---|
| Caffe' Pascucci | DK Pascucci Limited | Triq il-Kappilan Mifsud, St Venera |
| | | |
| Caffe' Pascucci | DK Pascucci Limited | Dragonara Road, Paceville, St Julians |
| | | |
| Caffe' Pascucci | DK Pascucci Limited | Bay Street Complex, St George's Road St Julians |
| | | |
| Caffe' Pascucci | DK Pascucci Limited | Centerparc, Triq it-Tigrija, Qormi |
| | | |
| Caffe' Pascucci | DK Pascucci Limited | D Mall, Tigne Point, Sliema. |
| | | |
| Caffe' Pascucci | DK Pascucci Limited | Triq il-Gzira, Gzira |
| | | |
| Pastrocchio | DCaffe Limited | The Strand, Sliema |
| | | |
| Salad Box | DK Pascucci Limited | Triq it-Torri, Sliema |
| | | |
| Nespresso | DCaffe Limited | Triq Valletta, il Mosta, Pama Shopping Mall |
| | | |
| Nespresso | DCaffe Limited | Triq l-Imdina, Mriehel |
| | | |
| Nespresso | DCaffe Limited | Centerparc, Triq it-Tigrija, Qormi |
| | | |
| Nespresso | DCaffe Limited | D Mall, Tigne Point, Sliema. |
| Nespresso | DCaffe Limited | Duke's Shopping Complex, Victoria, Gozo |

## 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Amendments and interpretations applicable for the first time in 2022 shown here under have been implemented. The application of the below standards and interpretations do not have an impact on the financial statements of the Company.

| **Standard** | **Subject of amendment** | **Effective date** |
|---|---|---|
| | | |
| *IFRS 1 First-time Adoption of International Financial Reporting Standards* | Amendments resulting from *Annual Improvements to IFRS Standards 2018–2020* (subsidiary as a first-time adopter) | 1 January 2022 |
| | | |
| *IFRS 3 Business Combinations* | Amendments updating a reference to the *Conceptual Framework* | 1 January 2022 |
| | | |
| *IFRS 9 Financial Instruments* | Amendments resulting from *Annual Improvements to IFRS Standards 2018–2020* (fees in the '10 per cent' test for derecognition of financial liabilities) | 1 January 2022 |
| | | |
| *IAS 16 Property, Plant and Equipment* | Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use | 1 January 2022 |
| | | |
| *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* | Amendments regarding the costs to include when assessing whether a contract is onerous | 1 January 2022 |

**Notes to the Financial Statements (continued)**
For the year ended 31 December 2022

## 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

**Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| **Standard** | **Subject of amendment** | **Effective date** |
|---|---|---|
| *IFRS 4 Insurance Contracts* | Amendments regarding the expiry date of the deferral approach | 1 January 2023 |
| *IFRS 17 Insurance Contracts* | Original issue<br><br>Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023) | 1 January 2023<br><br>1 January 2023 |
| *IAS 1 Presentation of Financial statements* | Amendments regarding the classification of liabilities<br><br>Amendment to defer the effective date of the January 2020 amendments<br><br>Amendment regarding the disclosure of accounting policies<br><br>amendments regarding the classification of debt with covenants | 1 January 2024<br><br>1 January 2024<br><br>1 January 2023<br><br>1 January 2024 |
| *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* | Amendments regarding the definition of accounting estimates | 1 January 2023 |
| *IAS 12 Income Taxes* | Amendments regarding deferred tax on leases and decommissioning obligations | 1 January 2023 |
| *IFRS 16 Leases* | Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions | 1 January 2024 |

The directors are of the opinion that the adoption of these Standards (where applicable) will not have a material impact on the financial statements .

## 3 ACCOUNTING POLICIES

### 3.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act (Cap. 386). 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 consolidated 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 consolidated 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.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

#### 3.1.1 Going Concern

The Company's principal activity is to act as a finance company. The Company in itself does not have substantial assets and is a special purpose vehicle set up to act as the finance company for the catering group within the Dizz Group.

In preparing these financial statements, given that the Company is economically dependent on the operations of the Parent and on the wider Dizz Group (Dizz Group of Companies Limited and its subsidiaries), the directors of Dizz Group of Companies Limited commissioned its external financial advisors to prepare a report covering the Dizz Group's operations and forecasts. Taking into consideration all of these factors, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

## 3 ACCOUNTING POLICIES (continued)

### 3.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group and its subsidiaries. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full in the consolidation.

#### 3.2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relation assets or liabilities of the subsidiary (i.e. reclassified to consolidated statement of comprehensive income or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 3 ACCOUNTING POLICIES (continued)

### 3.3 GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in consolidated statement of profit or loss and other comprehensive income as a bargain purchase gain.

Goodwill is amortised and is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 3.4 REVENUE RECOGNITION

The Company recognises revenue from the following major sources as detailed here under:

#### 3.4.1 Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

#### 3.4.2 Operation of Cafeterias

Revenue is measured at the fair value of the consideration received. Revenue from sale of food and beverages is recognised at the point of sale in the various coffee shops of the Group at a point in time.

## 3 ACCOUNTING POLICIES (continued)

### 3.5 LEASES

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

#### 3.5.1 The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises right of use assets and a lease liability at the lease commencement date. The right of use assets are initially measured at cost, which comprises the initial amount on the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle, remove or restore the underlying assets or the site on which it is located, less any lease incentives received.

The right of use assets are subsequently amortised using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying assets to the Group by the end of the lease term or the cost of the right of use assets reflects that the Group will exercise a purchase option. In that case the right of use assets will be depreciated over the useful life of the underlying assets, which is determined on the same basis as those of property, plant and equipment. In addition, the right of use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. These are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payment, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

## 3 ACCOUNTING POLICIES (continued)

### 3.5 LEASES (continued)

### 3.5.1 The Group as a lessee (continued)

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. If there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use assets, or is recorded in consolidated statement of profit or loss and other comprehensive income if the carrying amount of the right of use assets has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the consolidated balance sheet.

*Short-term leases and leases of low-value assets*

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 3.5.2 The Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use assets arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

## 3 ACCOUNTING POLICIES (continued)

### 3.5 LEASES (continued)

#### 3.5.2 The Group as a lessor (continued)

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease terms as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered during current reporting period that resulted in a finance lease classification.

### 3.6 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.7 SHORT-TERM AND OTHER LONG-TERM EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### 3.8 TAXATION

The income tax expense represents the sum of the tax currently payable and deferred tax.

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 3 ACCOUNTING POLICIES (continued)

### 3.8 TAXATION (continued)

#### 3.8.1 Current Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

#### 3.8.2 Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### 3.8.3 Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 3 ACCOUNTING POLICIES (continued)

### 3.9 PROPERTY, PLANT AND EQUIPMENT

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the consolidated statement of comprehensive income, in which case the increase is credited to the consolidated statement of comprehensive income to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in the consolidated statement of comprehensive income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in the consolidated statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

The annual rates used, which are consistent with those applied in previous years are:

| | % |
|---|---|
| Improvements to premises | 1-10 |
| Air-conditioning | 17 |
| Furniture and fittings | 10 |
| Motor vehicles | 20 |
| Catering | 10 |
| Computer hardware and software | 25 |
| Electrical plumbing | 7 |

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

## 3 ACCOUNTING POLICIES (continued)

### 3.10 INTANGIBLE ASSETS

#### 3.10.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### 3.10.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

### 3.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 3 ACCOUNTING POLICIES (continued)

### 3.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 3.13 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.14 FINANCIAL ASSETS

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

## 3 ACCOUNTING POLICIES (continued)

### 3.14 FINANCIAL ASSETS (continued)

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**Write off policy**

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime Expected Credit Losses (ECL) for trade receivables, contract assets and lease receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## 3 ACCOUNTING POLICIES (continued)

### 3.14 FINANCIAL ASSETS (continued)

**Derecognition of financial assets (continued)**

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

### 3.15 FINANCIAL LIABILITIES

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 20.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## 3 ACCOUNTING POLICIES (continued)

### 3.15 FINANCIAL LIABILITIES (continued)

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### 3.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 3.17 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividends are recognised as liability in the period in which they are declared.

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.1 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Estimation of current tax payable and current tax expense – note 3.8 and 11;
- Estimated useful life of property, plant and equipment – note 3.9 and 13;
- Recognition of deferred tax assets/(liabilities) – note 3.8 and 11;
- Leases: whether an arrangement contains a lease – note 3.5 and 14;
- Leases classification – note 3.5 and 14.
- Goodwill – note 3.3 and 16.

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 5 LOSS BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Loss before tax is stated after charging: | | | | |
| Auditors' remuneration | 16,096 | 17,630 | 13,510 | 6,180 |
| Staff costs (note 10) | 1,166,836 | 1,010,564 | - | - |
| Depreciation of property, plant and equipment | 239,264 | 266,957 | - | - |
| Amortisation of right of use assets | 223,924 | 217,791 | - | - |
| Amortisation of intangible assets | 8,800 | 8,800 | - | - |

## 6 REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Sale of food and beverages | 4,877,801 | 4,063,090 | - | - |

## 7 OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Management fee | - | 7,065 | - | - |
| Rental income | 77,442 | 57,196 | - | - |
| Marketing contribution | 153,872 | 90,921 | - | - |
| COVID-19 wage supplement | 41,691 | 233,116 | - | - |
| COVID-19 rent discount | - | 21,629 | - | - |
| Other general income | 39,655 | 99,173 | - | - |
| Gain on disposal of asset | 93,649 | 24,300 | - | - |
| | 406,309 | 533,400 | - | - |

## 8 MARKETING EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Advertising and marketing expenses | 122,787 | 158,658 | - | - |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 9 FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Interest payable on notes | 6,440 | 6,440 | - | - |
| Amortisation of bond expenses | 45,330 | 32,346 | 6,440 | 6,440 |
| Loan interest | 90,000 | 90,000 | - | - |
| Bond interest | 71,520 | 62,947 | 90,000 | 90,000 |
| Finance cost interest on leases | - | 29,556 | - | - |
| Listing fees | - | - | 5,750 | 2,000 |
| | 213,290 | 221,289 | 102,190 | 98,440 |

## 10 STAFF COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Wages and salaries | 1,106,905 | 957,353 | - | - |
| Social security costs | 59,931 | 53,211 | - | - |
| | 1,166,836 | 1,010,564 | - | - |

The average number of employees employed by the Group/Company were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Administration | 10 | 10 | - | - |
| Operational | 58 | 56 | - | - |
| | 68 | 66 | - | - |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 11 INCOME TAX

| | Group 2022 € | Group 2021 € | Company 2022 € | Company 2021 € |
|---|---|---|---|---|
| Current tax: | | | | |
| In respect of current year | - | - | - | - |
| Deferred tax: | | | | |
| In respect of current year | 111,059 | 24,076 | - | - |
| Total income tax recognised in the current year | 111,059 | 24,076 | - | - |

The income tax for the year can be reconciled to the accounting loss as follows:

| | Group 2022 € | Group 2021 € | Company 2022 € | Company 2021 € |
|---|---|---|---|---|
| Loss before tax | (91,365) | (242,859) | (155,951) | (154,910) |
| Theoretical tax at 35% | (31,978) | (85,001) | (54,583) | (54,219) |
| Disallowable expenses | 119,641 | 66,216 | 52,329 | 51,965 |
| Amortisation of note | 2,254 | 2,254 | 2,254 | 2,254 |
| Other movements | - | 28,531 | - | - |
| Amortisation of goodwill | 3,080 | 6,509 | - | - |
| Depreciation on improvements to premises | 1,187 | 1,187 | - | - |
| Expected credit losses | 2,073 | 4,380 | - | - |
| Disposal of fixed assets | 14,802 | - | - | - |
| | 111,059 | 24,076 | - | - |

### 11.1 Deferred tax recognised in the consolidated statement of profit & loss and other comprehensive income

| | Group 2022 € | Group 2021 € | Company 2022 € | Company 2021 € |
|---|---|---|---|---|
| Deferred tax: | | | | |
| Tax losses | (111,059) | (24,076) | - | - |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 11 INCOME TAX (continued)

### 11.2 Current tax balances

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Income tax payable | 94,362 | 94,362 | - | - |

### 11.3 Deferred tax balances

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Deferred tax assets | 192,068 | 303,127 | - | - |

The Group's deferred tax can be analysed as follows:

| | Opening Balance/aquired | Recognised in comprehensive income | Recognised in other comprehensive income | Other | Closing balance |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| 2022 | | | | | |
| Tax losses | 303,127 | (111,059) | - | - | 192,068 |
| | 303,127 | (111,059) | - | - | 192,068 |
| 2021 | | | | | |
| Tax losses | 327,203 | (24,076) | - | - | 303,127 |
| | 327,203 | (24,076) | - | - | 303,127 |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 12 LOSS PER SHARE

Loss per share is calculated by dividing the results attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Loss for the year | (202,424) | (266,935) | (155,951) | (154,910) |
| Weighted number of ordinary shares | 3,279,286 | 3,279,286 | 3,279,286 | 3,279,286 |
| Loss per share | (0.06) | (0.08) | (0.05) | (0.04) |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 13 PROPERTY, PLANT AND EQUIPMENT – GROUP

| | Improvements to premises € | Air-conditioning € | Furniture & fittings € | Motor vehicles € | Computer hardware & software € | Electrical plumbing € | Catering € | Total € |
|---|---|---|---|---|---|---|---|---|
| Cost/Revalued amount | | | | | | | | |
| At 1 January 2021 | 132,344 | 34,462 | 1,506,023 | 105,506 | 275,912 | 20,204 | 190,370 | 2,264,821 |
| Additions | - | 2,207 | 59,627 | - | 31,906 | - | 32,563 | 126,303 |
| Disposals | - | - | - | - | (97,200) | - | - | (97,200) |
| At 31 December 2021 | 132,344 | 36,669 | 1,565,650 | 105,506 | 210,618 | 20,204 | 222,933 | 2,293,924 |
| Depreciation | | | | | | | | |
| At 1 January 2021 | 13,493 | 10,542 | 485,925 | 58,538 | 117,260 | 2,696 | 58,354 | 746,808 |
| Charge for the year | 3,391 | 6,113 | 156,787 | 19,701 | 40,588 | 1,348 | 39,029 | 266,957 |
| Release on disposal | - | - | - | - | (24,300) | - | - | (24,300) |
| At 31 December 2021 | 16,884 | 16,655 | 642,712 | 78,239 | 133,548 | 4,044 | 97,383 | 989,465 |
| Carrying amounts | | | | | | | | |
| At 31 December 2021 | 115,460 | 20,014 | 922,938 | 27,267 | 77,070 | 16,160 | 125,550 | 1,304,459 |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 13 PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

| | Improvements to premises € | Air-conditioning € | Furniture & fittings € | Motor vehicles € | Computer hardware & software € | Electrical plumbing € | Catering € | Total € |
|---|---|---|---|---|---|---|---|---|
| Cost/Revalued amount | | | | | | | | |
| At 1 January 2022 | 132,344 | 36,669 | 1,565,650 | 105,506 | 210,618 | 20,204 | 222,933 | 2,293,924 |
| Additions | - | - | 14,277 | - | 4,028 | - | 6,116 | 24,421 |
| Disposals | (1,702) | (11,120) | (27,227) | - | (12,664) | - | (96,220) | (148,933) |
| At 31 December 2022 | 130,642 | 25,549 | 1,552,700 | 105,506 | 201,982 | 20,204 | 132,829 | 2,169,412 |
| Depreciation | | | | | | | | |
| At 1 January 2022 | 16,884 | 16,655 | 642,712 | 78,239 | 133,548 | 4,044 | 97,383 | 989,465 |
| Charge for the year | 3,373 | 4,259 | 154,871 | 13,633 | 35,632 | 1,348 | 26,148 | 239,264 |
| Release on disposal | - | (4,824) | (6,003) | - | (11,651) | - | (33,402) | (55,880) |
| At 31 December 2022 | 20,257 | 16,090 | 791,580 | 91,872 | 157,529 | 5,392 | 90,129 | 1,172,849 |
| Carrying amounts | | | | | | | | |
| At 31 December 2022 | 110,385 | 9,459 | 761,120 | 13,634 | 44,453 | 14,812 | 42,700 | 996,563 |

**Notes to the Consolidated Fiancial Statements (continued)**
For the year ended 31 December 2022

## 14 RIGHT OF USE ASSETS

| Group | Buildings<br>€ |
|---|---|
| Cost | |
| At 1 January 2021 | 1,071,191 |
| Additions | 573,249 |
| At 31 December 2021 | 1,644,440 |
| At 1 January 2022 | 1,644,440 |
| Additions | 400,656 |
| Disposal | (126,175) |
| At 31 December 2022 | 1,918,921 |
| Amortisation | |
| At 1 Janaury 2021 | 382,864 |
| For the year | 217,791 |
| At 31 December 2021 | 600,655 |
| At 1 January 2022 | 600,655 |
| For the year | 223,924 |
| Release on disposal | (126,175) |
| At 31 December 2022 | 698,404 |
| Carrying amounts | |
| At 31 December 2022 | 1,220,517 |
| At 31 December 2021 | 1,043,785 |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 14 RIGHT OF USE ASSETS (continued)

### 14.1 Amounts recognised in consolidated statement of profit and loss and other comprehensive income

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Amortisation expense on right of use assets | 223,924 | 217,791 | - | - |
| Interest expense on finance lease | 71,520 | 62,947 | - | - |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 15 INTANGIBLE ASSETS

| **Group** | € |
|---|---|
| Cost | |
| At 1 January 2021 | 88,000 |
| At 31 December 2021 | 88,000 |
| At 1 January 2022 | 88,000 |
| At 31 December 2022 | 88,000 |
| Amortisation | |
| At 1 January 2021 | 26,400 |
| Acquired on merger | - |
| For the year | 8,800 |
| At 31 December 2021 | 35,200 |
| At 1 January 2022 | 35,200 |
| Acquired on merger | - |
| For the year | 8,800 |
| At 31 December 2022 | 44,000 |
| Carrying amount | |
| At 31 December 2022 | 44,000 |
| At 31 December 2021 | 52,800 |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 16 INVESTMENTS IN SUBSIDIARIES

The investment in group undertakings is as follows:

| | **Company** |
|---|---|
| | € |
| Cost | |
| At 1 January 2021 | 6,141,761 |
| Impairment | (1,200) |
| At 31 December 2021 | 6,140,561 |
| At 1 January 2022 | 6,140,561 |
| Additions | 1,200 |
| At 31 December 2022 | 6,141,761 |

Details of the Company's subsidiaries at the end of the reporting year are as follows:

| Name of subsidiary | Principal activity | Registered office | Proportion of ownership interest and voting power held | |
|---|---|---|---|---|
| | | | 2022 | 2021 |
| DK Pascucci Limited | Sale of food and beverage | Dizz Building, Carob Street, Santa Venera | 100% | 100% |
| D Kitchen Lab Limited | Sale of food and beverage | Dizz Building, Carob Street, Santa Venera | 100% | 100% |
| DCaffe Ltd | Sale of food and beverage | Dizz Building, Carob Street, Santa Venera | 100% | 100% |
| D Food House Limited | Sale of food and beverage | Dizz Building, Carob Street, Santa Venera | 100% | - |

During the year ended 31 December 2022, the Group invested 1,200 shares of EUR1.00 each in D Food House Limited (C 102544) and which is registered at Dizz Building, Carob Street, Santa Venera.

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 16 INVESTMENTS IN SUBSIDIARIES (continued)

**Goodwill on investment in subsidiaries**

| | Group |
|---|---|
| | € |
| Cost | |
| At 1 January 2021 | 6,446,262 |
| Additions | - |
| At 31 December 2021 | 6,446,262 |
| At 1 January 2022 | 6,446,262 |
| Impairment | (1,200) |
| At 31 December 2022 | 6,445,062 |

During FY2020 Dizz Group of Companies Limited acquired DK Pascucci Limited, DCaffe Holding Ltd, D Kitchen Lab Limited and Xilema Limited through a non-cash consideration. Upon acquisition of these companies, a goodwill of €6,446,262 was created.

## 17 INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Goods held for resale | 360,288 | 436,522 | - | - |

## 18 TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Trade receivables | 90,570 | 99,875 | - | - |
| Other receivables | 133,422 | 256,369 | 11,616 | 18,658 |
| Amounts due from related companies (note) | 2,722,399 | 3,371,913 | 3,007,781 | 2,994,893 |
| | 2,946,391 | 3,728,157 | 3,019,397 | 3,013,551 |

Note –

Amounts due from related companies are unsecured, interest free and repayable on demand. Amounts are net of expected credit losses as outlined in Note 3.14. Expected credit losses for the year amount to € 36,143.

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 19 EQUITY

### 19.1 Share capital

| | Company 2022 € | Company 2021 € |
|---|---|---|
| Authorised | | |
| 10,000,000 ordinary shares of €1 each | 10,000,000 | 10,000,000 |
| Called-up, issued and fully paid | | |
| 3,279,286 ordinary shares of €1 each | 3,279,286 | 3,279,286 |

### 19.2 Retained earnings

The profit and loss account represents loss for the year.

| Group | € |
|---|---|
| At 1 January 2021 | (563,947) |
| Loss for the year attributable to owners | (266,935) |
| At 31 December 2021 | (830,882) |
| At 1 January 2022 | (830,882) |
| Loss for the year attributable to owners | (202,424) |
| At 31 December 2022 | (1,033,306) |

| Company | € |
|---|---|
| At 1 January 2021 | 1,092 |
| Loss for the year | (154,910) |
| At 31 December 2021 | (153,818) |
| At 1 January 2022 | (153,818) |
| Loss for the year | (155,951) |
| At 31 December 2022 | (309,769) |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 20 BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Amounts falling due within one year: | | | | |
| Bank overdraft (i) | 39,136 | 85,196 | - | - |
| Bank loans (ii) | 29,059 | 80,377 | - | - |
| | 68,195 | 165,573 | - | - |
| Amounts falling after more than five years: | | | | |
| Bank loans (ii) | 240,266 | 285,541 | - | - |
| 3% Notes 2028 (iii) | 2,954,919 | 2,948,479 | 2,954,919 | 2,948,479 |
| Total borrowings due after five years | 3,195,185 | 3,234,020 | 2,954,919 | 2,948,479 |
| Total borrowings | 3,263,380 | 3,399,593 | 2,954,919 | 2,948,479 |

### 20.1 Summary of borrowing arrangements

(i) The Group enjoys bank overdraft facilities with its bankers. These facilities are secured by general hypothecs over the Group's assets, by a special hypothec over properties of the Group, by pledges taken over various insurance policies and by personal guarantees of the directors and shareholders. The annual interest rate on bank overdrafts and bank balances is 5% (2021: 5%).

(ii) The bank loan represents a loan with BOV Bank Malta PLC. These facilities are secured by general hypothecs over the Group's assets, by a special hypothec over properties of the Group, by pledges taken over various insurance policies and by personal guarantees of the directors and shareholders. The loan was obtained for refurbishment purposes. The loan has to be repaid within a period of three years through monthly payments of € 4,774 including interest. The interest rate is 4%.

(iii) On the 21 of July 2020 the company issued a base prospectus for the issue of Euro 10,000,000 3% Secured convertible notes having a nominal value of € 100,000 each. On the 3 of August 2020, 30 Notes for the value of € 3,000,000 have been bought as per final terms dated 21 July 2020. The maturity date of the convertible notes is 2 August 2030 unless converted to equity beforehand. These Notes are secured by general hypothecs over the Group's assets, by a special hypothec over properties of the Group.

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 21 LEASE LIABILITY

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Maturity analysis: | | | | |
| One year | 197,584 | 186,890 | - | - |
| Between two and five years | 364,517 | 423,204 | - | - |
| After five years | 842,052 | 570,038 | - | - |
| | 1,404,153 | 1,180,132 | - | - |

## 22 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Amounts falling due within one year: | | | | |
| Trade payables | 1,226,110 | 1,142,125 | 25,757 | 12,154 |
| Accruals | 84,610 | 37,330 | 63,550 | 12,681 |
| Other payables (ii) | 564,467 | 769,146 | - | - |
| Amounts due to related companies (i) | 3,068,057 | 3,998,737 | 3,147,415 | 3,056,325 |
| | 4,943,244 | 5,947,338 | 3,236,722 | 3,081,160 |
| Amounts falling due more than one year: | | | | |
| Other payables (ii) | 267,428 | 267,428 | - | - |
| Total trade and other payables | 5,210,672 | 6,214,766 | 3,236,722 | 3,081,160 |

Notes –

i) Amounts due to related companies are unsecured, interest free and repayable on demand.

ii) Other payables include privileged creditors amounting to €816,895 (2021: €955,577)

## 23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of balances with banks. Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Cash at bank and in hand | 13,658 | 22,145 | - | 995 |
| Bank balance overdrawn | (39,136) | (85,196) | - | - |
| | (25,478) | (63,051) | - | 995 |

Note –

The cash and cash equivalents are disclosed net of unrealised differences on exchange.

## 24 FINANCIAL INSTRUMENTS

The Group's activities potentially expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk); credit risk; and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial period.

### 24.1 Market risk

Cash flow and fair value interest rate risk

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

As at the reporting date, the Group both fixed and variable interest bearing liabilities. Fixed interest-bearing liabilities consist of 3% Note issued to a private investor. The exposure of the group's borrowings to interest rate changes of the bank loan stands at 5% at the end of the reporting period.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

### 24.2 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions (notes 18 and 23).

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 24 FINANCIAL INSTRUMENTS (continued)

### 24.2 Credit risk (continued)

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount. The Group does not hold any collateral as security in this respect. The majority of the Group's income streams are derived from related companies and some of the directors have control over the related company's operations.

The maximum credit risk exposure to risk at the end of the reporting period in respect of these financial assets was as follows –

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Trade and other receivables | 223,992 | 356,244 | 11,616 | 18,658 |
| Cash at bank and in hand | 13,658 | 22,145 | - | 995 |
| | 237,650 | 378,389 | 11,616 | 19,653 |

The Group banks only with financial institutions with high quality standing or rating.

The Group manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the end of the reporting period.

### 24.3 Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (notes 20, 21 and 22). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

The Group's liquidity risk is managed actively by the Group in view of the fact that the Group's financial assets and liabilities mainly consist of balances with company undertakings.

The following table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the undiscounted contractual cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 24 FINANCIAL INSTRUMENTS (continued)

### 24.3 Liquidity risk (continued)

| | Carrying amounts € | Contractual cash flows € | One year € | Between 2 years and 5 years € | After 5 years € |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **At 31 December 2022** | | | | | |
| Bank overdraft | 39,136 | 39,136 | 39,136 | - | - |
| Trade and other payables | 1,790,577 | 1,790,577 | 1,790,577 | 267,428 | - |
| Lease liability | 1,404,154 | 1,404,154 | 197,584 | 364,517 | 842,052 |
| Bonds | 2,954,919 | 3,900,000 | 90,000 | 360,000 | 3,450,000 |
| | 6,188,786 | 7,133,867 | 2,117,297 | 991,945 | 4,292,052 |
| **At 31 December 2021** | | | | | |
| Bank overdraft | 85,196 | 85,196 | 85,196 | - | - |
| Trade and other payables | 1,911,271 | 1,911,271 | 1,911,271 | 267,428 | - |
| Lease liability | 1,180,131 | 1,180,131 | 186,890 | 423,204 | 570,038 |
| Bonds | 2,948,480 | 3,900,000 | 90,000 | 360,000 | 3,450,000 |
| | 6,125,078 | 7,076,598 | 2,273,357 | 1,050,632 | 4,020,038 |
| **Company** | | | | | |
| **At 31 December 2022** | | | | | |
| Trade and other payables | 25,757 | 25,757 | 25,757 | - | - |
| Notes | 2,954,919 | 3,900,000 | 90,000 | 360,000 | 3,450,000 |
| | 2,980,676 | 3,925,757 | 115,757 | 360,000 | 3,450,000 |
| **At 31 December 2021** | | | | | |
| Trade and other payables | 12,154 | 12,154 | 12,154 | - | - |
| Notes | 2,948,480 | 3,900,000 | 90,000 | 360,000 | 3,450,000 |
| | 2,960,634 | 3,912,154 | 102,154 | 360,000 | 3,450,000 |

**Notes to the Consolidated Financial Statements (continued)**
For the year ended 31 December 2022

## 25 RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated in the consolidation and are not disclosed in this note.

25.1 Amounts due (to)/from related companies

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Amounts due from related companies | 2,722,399 | 3,371,913 | 3,007,781 | 2,994,893 |
| Amounts due to related companies | (3,068,057) | (3,998,737) | (3,147,415) | (3,056,325) |