



FOODS FINANCE P.L.C
C 94912

Approval of Financial Statements

Date of Announcement

29th April 2024

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 31st December 2023 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

Diane Izzo
Company Secretary
DFF 15

D FOODS FINANCE P.L.C.
ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
For the year ended 31 December 2023

Company Information

Directors :	Ms Diane Izzo Mr Karl Izzo
Secretary :	Ms Diane Izzo
Company number :	C 94912
Registered office :	Dizz Buildings Carob Street St. Venera Malta
Auditors :	KSi Malta The Core Valley Road Msida MSD 9021 Malta (EU)
Banker :	Bank of Valletta P.L.C. 58, Zachary Street, Valletta Malta

D FOODS FINANCE P.L.C. – CONSOLIDATED ACCOUNTS

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D FOODS FINANCE P.L.C. – CONSOLIDATED ACCOUNTS

Report of the Directors

For the year ended 31 December 2023

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2023.

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 Caffè 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 Group reports a turnover €4.4 million in FY2023 (FY2022: €4.9 million). Despite this reduction in turnover, the Group operated much more efficiently and registered a profit before tax of €401,532 (FY 2022: loss of €91,365).

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.

The Group will continue to monitor developments in sales, customer preferences and the market in general, introducing new product offerings with the aim of sustaining 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 2023

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 2024 through 29 April 2024, 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 2023 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 year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year 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 2023

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 2023, 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.

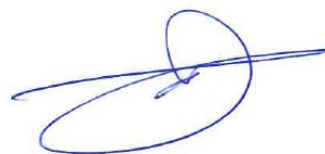
Auditors

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
Director



Mr Karl Izzo
Director

29 April 2024

Corporate Governance - Statement of Compliance

For the year ended 31 December 2023

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 2023

Complement of the Board

As at 31 December 2023, 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 year under review. The number of board meetings attended by directors for the year ended 31 December 2023 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 2023

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 five times.

Remuneration Statement

The Directors have not received remuneration during the year 31 December 2023. Going forward, it is the shareholders of the Company in General Meeting who shall determine the maximum annual aggregate remuneration of the Directors.

None of the Directors are employed or have 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 Program 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

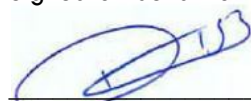
The Directors are aware of their responsibility to always act in the interest of the Company and its shareholders as a whole, irrespective of who appointed them to the Board. In accordance with the Company's Articles of Association, the Directors shall be obliged to disclose their interest in a contract, 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 29 April 2024 by:



Ms Diane Izzo
Director



Mr Karl Izzo
Director

D FOODS FINANCE P.L.C. – CONSOLIDATED ACCOUNTS

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of D Foods Finance P.L.C. (the holding Company), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other 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 2023, 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 – refer to Notes 18, 22 and 25

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.

D FOODS FINANCE P.L.C. – CONSOLIDATED ACCOUNTS

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.

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 auditors' 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.

D FOODS FINANCE P.L.C. – CONSOLIDATED ACCOUNTS

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 (Cap. 386) 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.

Appointment

We were first appointed as auditors of the Company on 10 December 2020. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 4 years.



Bernard Charles Gauci (Partner) for and on behalf of
KSi Malta
Certified Public Accountants
Msida
Malta (EU)

29 April 2024

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
Revenue	6	4,402,708	4,877,801	-	-
Cost of sales		(1,915,780)	(2,276,985)	-	-
Gross profit		2,486,928	2,600,816	-	-
Other Income	7	618,244	406,309	-	-
Administrative expenses		(1,809,292)	(2,290,425)	(38,501)	(53,761)
Marketing expenses	8	(156,608)	(122,787)	-	-
EBITDA		1,139,272	593,913	(38,501)	(53,761)
Amortisation of intangible assets		(8,800)	(8,800)	-	-
Depreciation of right of use assets		(243,762)	(223,924)	-	-
Depreciation of property, plant and equipment		(252,651)	(239,264)	-	-
Finance costs	9	(232,527)	(213,290)	(103,225)	(102,190)
Profit/(Loss) before tax	5	401,532	(91,365)	(141,726)	(155,951)
Income tax	11	(116,396)	(111,059)	-	-
Profit/(Loss) for the year		285,136	(202,424)	(141,726)	(155,951)
Total comprehensive income/(loss) for the year		285,136	(202,424)	(141,726)	(155,951)
Earnings/(Loss) per share	12	0.09	(0.06)	(0.04)	(0.05)

The notes on pages 17 to 49 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

		Group		Company	
	Notes	2023 €	2022 €	2023 €	2022 €
Assets					
Property, plant and equipment	13	1,090,496	996,563	-	-
Right of use assets	14	1,166,657	1,220,517	-	-
Intangible assets	15	35,200	44,000	-	-
Investment in subsidiaries	16	-	-	6,140,561	6,141,761
Deferred tax assets	11	75,672	192,068	-	-
Goodwill on investment in subsidiaries	16	6,445,062	6,445,062	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total non-current assets		8,813,087	8,898,210	6,140,561	6,141,761
		<hr/>	<hr/>	<hr/>	<hr/>
Inventories	17	548,683	360,288	-	-
Trade and other receivables	18	5,854,640	2,946,391	2,956,358	3,019,397
Cash and cash equivalents	23	49,498	13,658	80	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total current assets		6,452,821	3,320,337	2,956,438	3,019,397
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets		15,265,908	12,218,547	9,096,999	9,161,158
		<hr/>	<hr/>	<hr/>	<hr/>
Equity					
Share capital	19	3,279,286	3,279,286	3,279,286	3,279,286
Accumulated losses	19	(748,170)	(1,033,306)	(451,495)	(309,769)
		<hr/>	<hr/>	<hr/>	<hr/>
Total Equity		2,531,116	2,245,980	2,827,791	2,969,517
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Consolidated Statement of Financial Position (continued)

As at 31 December 2023

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
Liabilities					
Lease liability	21	1,167,314	1,206,569	-	-
Borrowings	20	3,155,136	3,195,185	2,961,359	2,954,919
Trade and other payables	22	210,836	267,428	-	-
Total non-current liabilities		4,533,286	4,669,182	2,961,359	2,954,919
Borrowings	20	35,911	68,195	-	-
Lease liability	21	240,589	197,584	-	-
Trade and other payables	22	7,827,711	4,943,244	3,307,849	3,236,722
Current tax liabilities	11	97,295	94,362	-	-
Total current liabilities		8,201,506	5,303,385	3,307,849	3,236,722
Total liabilities		12,734,792	9,972,567	6,269,208	6,191,641
Total equity and liabilities		15,265,908	12,218,547	9,096,999	9,161,158

The consolidated financial statements on pages 11 to 49 were approved and authorised for issue by the Board of Directors on 29 April 2024 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 2023

Group	Share capital €	Accumulated losses €	Total €
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)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	3,279,286	(1,033,306)	2,245,980
Changes in equity for the year			
Balance as at 1 January 2023	3,279,286	(1,033,306)	2,245,980
Profit for the year	-	285,136	285,136
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2023	3,279,286	(748,170)	2,531,116
Company			
	Share capital €	Accumulated losses €	Total €
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)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	3,279,286	(309,769)	2,969,517
Changes in equity for the year			
Balance as at 1 January 2023	3,279,286	(309,769)	2,969,517
Loss for the year	-	(141,726)	(141,726)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2023	3,279,286	(451,495)	2,827,791

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Cash flows from operating activities:				
Profit/(Loss) before tax	401,532	(91,365)	(141,726)	(155,951)
Adjustments for:				
Depreciation	252,651	239,264	-	-
Depreciation of right of use assets	243,762	223,924	-	-
Finance cost	221,662	206,850	90,000	90,000
Amortisation of intangible assets	8,800	8,800	-	-
Amortisation of notes expenses	6,440	6,440	6,440	6,440
Profit on disposal of property, plant and equipment	-	93,053	-	-
Reversal of impairment	-	-	-	(1,200)
Expected credit losses	-	36,143	-	(741)
Release on disposal ROU	-	(126,175)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit/(loss) before working capital changes:	1,134,847	596,934	(45,286)	(61,452)
Movement in receivables	(124,936)	131,658	11,515	7,042
Movement in payables	670,800	(73,414)	(14,249)	(25,535)
Movement in inventories	(188,395)	76,234	-	-
Loan interest paid	(42,251)	(45,330)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	1,450,065	686,082	(48,020)	(79,945)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash flows used in investing activities				
Proceeds from disposal of shares in subsidiary	-	1,200	-	-
Additions to property, plant and equipment	(346,584)	(24,421)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(346,584)	(23,221)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2023

		Group		Company	
	Note	2023	2022	2023	2022
		€	€	€	€
Cash flows (used in)/generated from financing activities					
Note interest paid		(90,000)	(90,000)	(90,000)	(90,000)
Payment of lease liabilities		(242,445)	(121,978)	-	-
Payment of bank loans		(44,679)	(96,594)	-	-
Proceeds from related parties		(656,424)	(316,716)	138,100	168,950
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(1,033,548)	(625,288)	48,100	78,950
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in cash and cash equivalents		69,933	37,573	80	(995)
Cash and cash equivalents at beginning of year		(25,478)	(63,051)	-	995
		<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	23	44,455	(25,478)	80	-
		<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

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, Santa Venera, Malta. 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 29 April 2024.

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
Caffe' Pascucci	DK Pascucci Limited	Mercury House, St. George's Road, St Julian's
Salad Box	DK Pascucci Limited	D Mall, Tigne Point, 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
In 2024, the Group opened the following retail outlets:		
Caffe' Pascucci	DK Pascucci Limited	Shoreline Complex, Triq Santu Rokku, Kalkara
Nespresso	DCaffe Limited	Shoreline Complex, Triq Santu Rokku, Kalkara

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND IFRS SUSTAINABILITY DISCLOSURE STANDARDS

Amendments and interpretations applicable for the first time in 2023 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, except for IAS 1 and IAS 8.

Standard	Subject of amendment	Effective date
<i>IFRS 4 Insurance Contracts</i>	Amendments regarding the expiry date of the deferral approach	1 January 2023
<i>IFRS 17 Insurance Contracts</i>	Original issue	1 January 2023
	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
<i>IAS 1 Presentation of Financial statements</i>	Amendment regarding the disclosure of accounting policies	1 January 2023
<i>IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</i>	Amendments regarding the definition of accounting estimates	1 January 2023
<i>IAS 12 Income Taxes</i>	Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
	Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	1 January 2023

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND IFRS SUSTAINABILITY DISCLOSURE STANDARDS (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 consolidated 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
<i>IFRS 7 Financial Instruments: Disclosures</i>	Amendments regarding supplier finance arrangements	1 January 2024
<i>IFRS 16 Leases</i>	Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	1 January 2024
<i>IFRS S1 General requirements for Disclosure of Sustainability-related Financial Information</i>	Original issue	1 January 2024
<i>IFRS S2 Climate-related Disclosures</i>	Original issue	1 January 2024
<i>IAS 1 Presentation of Financial statements</i>	Amendments regarding the classification of liabilities	1 January 2024
	Amendment to defer the effective date of the January 2020 amendments	1 January 2024
	Amendments regarding the classification of debt with covenants	1 January 2024
<i>IAS 7 Statement of Cash Flows</i>	Amendments regarding supplier finance arrangements	1 January 2024

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL 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 the 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 and the Group's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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

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 years 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.

3.2 BASIS OF CONSOLIDATION

The Group's consolidated financial statements consolidate those of the parent company and all of its subsidiaries as at 31 December 2023. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealized losses on intra-group sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 GOODWILL

Goodwill represents the future economic benefits arising from business acquisition that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

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 and Retail Stores

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

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (continued)

3.5 LEASES (continued)

3.5.1 The Group as a lessee (continued)

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
- 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (continued)

3.5 LEASES (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (continued)

3.8 TAXATION (continued)

3.8.2 Deferred Tax (continued)

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.

3.9 PROPERTY, PLANT AND EQUIPMENT

Improvements to premises and other items of property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Improvements to premises and 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 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL 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 Group may make the following irrevocable election/designation at initial recognition of a financial asset:

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL 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 Group 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 Group'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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

3 MATERIAL 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 material 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 2023

5 PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Profit/(loss) before tax is stated after charging:				
Auditors' remuneration	23,885	16,096	16,579	13,510
Staff costs (note 10)	637,046	1,166,836	-	-
Depreciation of property, plant and equipment	252,651	239,264	-	-
Depreciation of right of use assets	243,762	223,924	-	-
Amortisation of intangible assets	8,800	8,800	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

6 REVENUE

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Sale of food, beverages and ancillary coffee products	4,402,708	4,877,801	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

7 OTHER INCOME

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Management fee	308,020	-	-	-
Rental income	123,150	77,442	-	-
Marketing contribution	125,324	153,872	-	-
COVID-19 wage supplement	-	41,691	-	-
Other general income	61,750	39,655	-	-
Gain on disposal of asset	-	93,649	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	618,244	406,309	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

8 MARKETING EXPENSES

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Advertising and marketing expenses	156,608	122,787	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

9 FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Amortisation of notes expenses	6,440	6,440	6,440	6,440
Loan interest	39,891	39,580	-	-
Notes interest	90,000	90,000	90,000	90,000
Finance cost interest on leases	89,411	71,520	-	-
Listing fees	6,785	5,750	6,785	5,750
	<u>232,527</u>	<u>213,290</u>	<u>103,225</u>	<u>102,190</u>

10 STAFF COSTS

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Wages and salaries	596,707	1,106,905	-	-
Social security costs	40,339	59,931	-	-
	<u>637,046</u>	<u>1,166,836</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Administration	10	10	-	-
Operational	30	58	-	-
	<u>40</u>	<u>68</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

11 INCOME TAX

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Current tax:				
In respect of current year	-	-	-	-
Deferred tax:				
In respect of current year	116,396	111,059	-	-
Total income tax recognised in the current year	116,396	111,059	-	-

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

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Profit/(Loss) before tax	401,532	(91,365)	(141,726)	(155,951)
Theoretical tax at 35%	140,536	(31,978)	(49,604)	(54,583)
Disallowable expenses	(30,655)	119,641	47,350	52,329
Amortisation of notes	2,254	2,254	2,254	2,254
Amortisation of goodwill	3,080	3,080	-	-
Depreciation on improvements to premises	1,181	1,187	-	-
Expected credit losses	-	2,073	-	-
Disposal of fixed assets	-	14,801	-	-
	116,396	111,059	-	-

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

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Deferred tax:				
Tax losses	(116,396)	(111,059)	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

11 INCOME TAX (continued)**11.2 Current tax balances**

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Income tax payable	97,295	94,362	-	-

11.3 Deferred tax balances

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Deferred tax assets	75,672	192,068	-	-

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

	Opening Balance/acquired €	Recognised in comprehensive income €	Recognised in other income €	Other €	Closing balance €
<u>2023</u>					
Tax losses and capital allowances	192,068	(116,396)	-	-	75,672
	<u>192,068</u>	<u>(116,396)</u>	<u>-</u>	<u>-</u>	<u>75,672</u>
<u>2022</u>					
Tax losses and capital allowances	303,127	(111,059)	-	-	192,068
	<u>303,127</u>	<u>(111,059)</u>	<u>-</u>	<u>-</u>	<u>192,068</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

12 EARNINGS/(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	
	2023 €	2022 €	2023 €	2022 €
Profit/(Loss) for the year	285,136	(202,424)	(141,726)	(155,951)
Weighted number of ordinary shares	3,279,286	3,279,286	3,279,286	3,279,286
Earnings/(Loss) per share	0.09	(0.06)	(0.04)	(0.05)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

13 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Improvements to premises €	Air- conditioning €	Furniture & fittings €	Motor vehicles €	Computer hardware & software €	Electrical plumbing €	Catering €	Total €
<u>Cost</u>								
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
<u>Depreciation</u>								
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
<u>Carrying amounts</u>								
At 31 December 2022	110,385	9,459	761,120	13,634	44,453	14,812	42,700	996,563

D FOODS FINANCE P.L.C. – CONSOLIDATED ACCOUNTS

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 €
<u>Cost</u>								
At 1 January 2023	130,642	25,549	1,552,700	105,506	201,982	20,204	132,829	2,169,412
Additions	-	-	323,363	-	7,716	305	15,200	346,584
At 31 December 2023	130,642	25,549	1,876,063	105,506	209,698	20,509	148,029	2,515,996
<u>Depreciation</u>								
At 1 January 2023	20,257	16,090	791,580	91,872	157,529	5,392	90,129	1,172,849
Charge for the year	3,373	4,259	187,207	13,634	13,827	1,368	28,983	252,651
At 31 December 2023	23,630	20,349	978,787	105,506	171,356	6,760	119,112	1,425,500
<u>Carrying amounts</u>								
At 31 December 2023	107,012	5,200	897,276	-	38,342	13,749	28,917	1,090,496

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

14 RIGHT OF USE ASSETS

Group	Buildings €
<u>Cost</u>	
At 1 January 2022	1,644,440
Additions	400,656
Disposal	(126,175)
	<hr/>
At 31 December 2022	1,918,921
	<hr/>
At 1 January 2023	1,918,921
Additions	640,027
Modification	(571,755)
Written off	(337,627)
	<hr/>
At 31 December 2023	1,649,566
	<hr/>
<u>Amortisation</u>	
At 1 January 2022	600,655
For the year	223,924
Release on disposal	(126,175)
	<hr/>
At 31 December 2022	698,404
	<hr/>
At 1 January 2023	698,404
For the year	243,762
Release on modification	(121,630)
Release on write off	(337,627)
	<hr/>
At 31 December 2023	482,909
	<hr/>
<u>Carrying amounts</u>	
At 31 December 2023	1,166,657
	<hr/>
At 31 December 2022	1,220,517
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

14 RIGHT OF USE ASSETS (continued)

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

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Amortisation expense on right of use assets	243,762	223,924	-	-
Interest expense on finance lease	89,411	71,520	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

15 INTANGIBLE ASSETS

Group	€
<u>Cost</u>	
At 1 January 2022	88,000
	<hr/>
At 31 December 2022	88,000
	<hr/>
At 1 January 2023	88,000
	<hr/>
At 31 December 2023	88,000
	<hr/>
<u>Amortisation</u>	
At 1 January 2022	35,200
For the year	8,800
	<hr/>
At 31 December 2022	44,000
	<hr/>
At 1 January 2023	44,000
For the year	8,800
	<hr/>
At 31 December 2023	52,800
	<hr/>
<u>Carrying amount</u>	
At 31 December 2023	35,200
	<hr/>
At 31 December 2022	44,000
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

16 INVESTMENTS IN SUBSIDIARIES

The investment in group undertakings is as follows:

	Company €
<u>Cost</u>	
At 1 January 2022	6,140,561
Additions	1,200
	<hr/>
At 31 December 2022	6,141,761
	<hr/>
At 1 January 2023	6,141,761
Disposals	(1,200)
	<hr/>
At 31 December 2023	6,140,561
	<hr/>

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	
			2023	2022
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	0%	100%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

16 INVESTMENTS IN SUBSIDIARIES (continued)**Goodwill on investment in subsidiaries**

	Group €
Cost	
At 1 January 2022	6,446,262
Disposals	(1,200)
	<hr/>
At 31 December 2022	6,445,062
	<hr/>
At 1 January 2023	6,445,062
Impairment	-
	<hr/>
At 31 December 2023	6,445,062
	<hr/>

During FY2020 Dizz Group of Companies Limited acquired DK Pascucci Limited, D Kitchen Lab Limited and Xilema Limited through a non-cash consideration. Upon acquisition of these companies, a goodwill of €6,445,062 was created.

17 INVENTORIES

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Goods held for resale	548,683	360,288	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Trade receivables	103,662	90,570	-	-
Other receivables	231,341	128,234	101	11,616
Prepayments	13,925	5,188	-	-
Amounts due from related companies (note)	5,505,712	2,722,399	2,956,257	3,007,781
	<hr/>	<hr/>	<hr/>	<hr/>
	5,854,640	2,946,391	2,956,358	3,019,397
	<hr/>	<hr/>	<hr/>	<hr/>

Note –

Amounts due from related companies are unsecured, interest free and repayable on demand. Trade receivable and amounts due from related companies are net of expected credit losses as outlined in Note 3.14. Expected credit losses for the year amount to € 36,163 (2022: € 36,143).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

19 EQUITY**19.1 Share capital**

	Company	
	2023	2022
	€	€
<u>Authorised</u>		
10,000,000 ordinary shares of €1 each	10,000,000	10,000,000
	<hr/>	<hr/>
<u>Called-up, issued and fully paid</u>		
3,279,286 ordinary shares of €1 each	3,279,286	3,279,286
	<hr/>	<hr/>

19.2 Accumulated losses

The profit and loss account represents accumulated retained losses.

Group	€
At 1 January 2022	(830,882)
Loss for the year	(202,424)
	<hr/>
At 31 December 2022	(1,033,306)
	<hr/>
At 1 January 2023	(1,033,306)
Profit for the year	285,136
	<hr/>
At 31 December 2023	(748,170)
	<hr/>
 Company	 €
At 1 January 2022	(153,818)
Loss for the year	(155,951)
	<hr/>
At 31 December 2022	(309,769)
	<hr/>
At 1 January 2023	(309,769)
Loss for the year	(141,726)
	<hr/>
At 31 December 2023	(451,495)
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

20 BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
<u>Amounts falling due within one year:</u>				
Bank overdraft (i)	5,043	39,136	-	-
Bank loans (ii)	30,868	29,059	-	-
	<u>35,911</u>	<u>68,195</u>	<u>-</u>	<u>-</u>
<u>Amounts falling after more than one year:</u>				
Bank loans (ii)	193,777	240,266	-	-
3% Notes 2030 (iii)	2,961,359	2,954,919	2,961,359	2,954,919
	<u>3,155,136</u>	<u>3,195,185</u>	<u>2,961,359</u>	<u>2,954,919</u>
Total borrowings due after five years	<u>3,155,136</u>	<u>3,195,185</u>	<u>2,961,359</u>	<u>2,954,919</u>
Total borrowings	<u>3,191,047</u>	<u>3,263,380</u>	<u>2,961,359</u>	<u>2,954,919</u>

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% (2022: 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 four years through monthly payments of € 4,700 including interest. The interest rate is 5%.
- (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 2023

21 LEASE LIABILITY

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Maturity analysis:				
One year	240,589	197,584	-	-
Between two and five years	813,903	364,517	-	-
After five years	353,411	842,052	-	-
	<u>1,407,903</u>	<u>1,404,153</u>	<u>-</u>	<u>-</u>

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Amounts falling due within one year:				
Trade payables	1,057,142	1,226,110	12,894	25,757
Accruals	98,650	84,610	62,159	63,550
Other payables (ii)	1,476,973	564,467	-	-
Amounts due to related companies (i)	5,194,946	3,068,057	3,232,796	3,147,415
	<u>7,827,711</u>	<u>4,943,244</u>	<u>3,307,849</u>	<u>3,236,722</u>
Amounts falling due more than one year:				
Other payables (ii)	210,836	267,428	-	-
	<u>210,836</u>	<u>267,428</u>	<u>-</u>	<u>-</u>
Total trade and other payables	<u>8,038,547</u>	<u>5,210,672</u>	<u>3,307,849</u>	<u>3,236,722</u>

Notes –

- i) Amounts due to related companies are unsecured, interest free and repayable on demand.
- ii) Other payables include privileged creditors amounting to €1,687,809 (2022: €816,895)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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	
	2023 €	2022 €	2023 €	2022 €
Cash at bank and in hand	49,498	13,658	80	-
Bank balance overdrawn	(5,043)	(39,136)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	44,455	(25,478)	80	-
	<hr/>	<hr/>	<hr/>	<hr/>

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 2023

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	
	2023 €	2022 €	2023 €	2022 €
Trade and other receivables	348,928	223,992	101	11,616
Cash at bank and in hand	49,498	13,658	80	-
	<hr/>	<hr/>	<hr/>	<hr/>
	398,426	237,650	181	11,616
	<hr/>	<hr/>	<hr/>	<hr/>

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 notes 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 2023

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 2023					
Bank overdraft	5,043	5,043	5,043	-	-
Bank loans	224,645	224,645	30,868	193,777	-
Trade and other payables	2,744,951	2,744,951	2,534,115	210,836	-
Lease liability	1,407,903	1,407,903	240,589	813,903	353,411
3% Notes	2,961,359	3,630,000	90,000	360,000	3,180,000
	<u>7,343,901</u>	<u>8,012,542</u>	<u>2,900,615</u>	<u>1,578,516</u>	<u>3,533,411</u>
At 31 December 2022					
Bank overdraft	39,136	39,136	39,136	-	-
Bank loans	269,325	269,325	29,059	240,266	-
Trade and other payables	2,058,005	2,058,005	1,790,577	267,428	-
Lease liability	1,404,153	1,404,153	197,584	364,517	842,052
3% Notes	2,954,919	3,720,000	90,000	360,000	3,270,000
	<u>6,725,538</u>	<u>7,490,619</u>	<u>2,146,356</u>	<u>1,232,211</u>	<u>4,112,052</u>
Company					
At 31 December 2023					
Trade and other payables	12,894	12,894	12,894	-	-
3% Notes	2,961,359	3,630,000	90,000	360,000	3,180,000
	<u>2,974,253</u>	<u>3,642,894</u>	<u>102,894</u>	<u>360,000</u>	<u>3,180,000</u>
At 31 December 2022					
Trade and other payables	25,757	25,757	25,757	-	-
3% Notes	2,954,919	3,720,000	90,000	360,000	3,270,000
	<u>2,980,676</u>	<u>3,745,757</u>	<u>115,757</u>	<u>360,000</u>	<u>3,270,000</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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	
	2023	2022	2023	2022
	€	€	€	€
Amounts due from related companies	5,505,712	2,722,399	2,956,257	3,007,781
Amounts due to related companies	(5,194,946)	(3,068,057)	(3,232,796)	(3,147,415)

25.1 Transactions in Statement of Profit and Loss

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
<u>Income</u>				
Management Fees	308,020	-	-	-
Rental income	60,000	13,250	-	-
<u>Expenses</u>				
Rent expense	287,136	280,955	-	-
Service charge	27,260	26,340	-	-