

DIZZ GROUP OF COMPANIES LIMITED
ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
For the year ended 31 December 2024

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

Holding Company Information

Directors :	Ms Diane Izzo Mr Karl Izzo
Secretary :	Ms Diane Izzo
Company number :	C 64435
Registered office :	Dizz Buildings Triq il-Harruba Santa Venera Malta
Auditors :	CLA Malta The Core Valley Road Msida MSD 9021 Malta (EU)
Banker :	Bank of Valletta P.L.C. 58, Zachary Street Valletta VLT 1130 Malta

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

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Report of the Directors

For the year ended 31 December 2024

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2024.

Principal Activity

Dizz Group of Companies Limited (the 'Company') together with its subsidiaries (the 'Group') is involved in the sale of fashion-related items and food and beverages and operates the following key brands Elisabetta Franchi, Liu Jo, Boggi, Guess, Paul & Shark, Harmont & Blaine, Terranova, Calliope, KIKO, Nespresso, Caffè Pascucci, and Salad Box (closed in May 2024). The Group is also involved in acquiring and/or leasing property and sub-leasing such property to companies within the Group or to third parties.

The Group includes three subsidiaries, Dizz Finance PLC, D Shopping Malls Finance PLC and D Foods Finance PLC, whose primary objective is to raise finance for the different pillars of the Group. Dizz Finance P.L.C. issued €8,000,000 5% Unsecured Bonds on 28 September 2016, repayable at par on 7 October 2026; D Shopping Malls Finance PLC issued €7,500,000 5.35% Unsecured Bonds on 1 October 2018 on Prospects MTF, repayable at par on 28 October 2028 and D Foods Finance PLC issued a €10,000,000 Convertible Notes Programme on 21 July 2020 on IFSM of which €3,000,000 has been subscribed to by an institutional investor.

Review of Business

The Group delivered a strong top-line performance in the financial year ended 31 December 2024, with revenue increasing by 9.4% to €23.84 million (2023: €21.79 million). This growth reflects the continued expansion of operations and solid demand across core business segments, particularly following the inauguration of Mercury Mall and Shoreline Mall. Although in absolute terms gross profit increased to €10.96 million (2023: €10.40 million), gross profit margin decreased to 45.97% (2023: 47.7%).

In terms of EBITDA, EBITDA decreased to €4.75 million (2023: €5.70 million) following a rise in administrative expenses to €9.09 million (2023: €6.91 million), principally driven by higher wages and other expenses.

As the Group opened new outlets in Mercury Mall and Shoreline Mall, rent increased resulting in an increase in depreciation of the right of use asset and finance lease. Consequently, the Group recorded an operating loss of €160k (2023: operating profit of €1.52 million) and a loss before tax of €2.5 million (2024: €828k).

Principal Risks and Uncertainties

Dizz Group of Companies Limited being a holding company, is dependent on the business prospects of its subsidiaries, and consequently, the operating results of the subsidiaries have a direct effect on the Group's financial position and performance.

The food and beverage industry as well as the retail industry are 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 bases 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, obsolescence of inventories and negative developments in the economic environment.

Report of the Directors (continued)

For the year ended 31 December 2024

Principal Risks and Uncertainties (continued)

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

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

Dividends and Reserves

The Directors do not recommend the payment of a dividend.

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 notes 23.2 and 23.3 of the financial statements.

Events Subsequent to the Statement of Financial Position Date

The directors assessed subsequent events from 1 January 2025 through 29 April 2025, the date these financial statements were approved. Through such assessment, the directors have determined that no events subsequent to balance sheet date 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 at 31 December 2024 is equal to € 8,934,562 ordinary shares having a nominal value of €1 each held equally by Ms Diane Izzo and Mr Karl Izzo.

Statement of Directors' Responsibilities

The Companies Act (Cap. 386) requires the directors to prepare financial statements for each financial year which fairly presents the state of affairs of the Group and the holding company as at the end of the financial year and of the statement of comprehensive income of the Group and the holding 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 and the holding company will continue in business;

Report of the Directors (continued)

For the year ended 31 December 2024

Statement of Directors' Responsibilities (continued)

- 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 the holding company 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 the holding company for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management, are responsible to ensure that the Group and the holding company 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 and the holding company as at 31 December 2024, 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 Company, together with a description of the principal risks and uncertainties that the Group and the holding company face.

Going Concern Statement

After making enquiries and having taken into consideration the future plans of the Group and the holding company, the directors have reasonable expectation that the Group and the holding company have 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

CLA 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 2025

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS**Independent Auditors' Report**

To the shareholders of Dizz Group of Companies Limited

Opinion

We have audited the accompanying financial statements of Dizz Group of Companies Limited (the Group), set out on pages 9 to 63, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Group financial statements and Parent Company financial statements present fairly, in all material respects of the Group and the Parent's Company's financial position as at 31 December 2024, and of the Group's and the Parent Company's financial performance and 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 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 4.1.1 to these financial statements, dealing with the basis of preparation which describes the Board of Directors' assessment of the ability of the Group (including Dizz Group of Companies Limited as guarantor of the bond issued by one of its subsidiaries) to continue operating as a going concern. The note states that the directors recognise that the Group's ability to meet its obligations is intrinsically dependent on its liquidity position and that of all the other entities within common control, and there remains uncertainty should the required financing not materialise within a reasonable timeframe. These events and conditions, along with other matters as set forth in Note 4.1.1, indicate that a material uncertainty exists that may cast significant doubt on the ability of Dizz Group of Companies Limited and therefore the Group to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditors' Report (continued)**Key Audit Matters**

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

Right-of-use assets under IFRS 16 – refer to Note 11.1

We identified the right-of-use assets as a Key Audit Matter due to their significance to the financial statements of the entity. These are carried at € 23,230,723 which correspond to more than 34% of total non-current assets. Similarly, the corresponding lease liability accounts for a significant portion of total liabilities. The Company sub-leases property, most of which is leased to related parties, originally leased from third parties. The valuation and recognition of right-of-use assets require significant judgment, particularly in the determination of lease terms in the agreements.

Our audit procedures included reviewing the lease agreements and the Company's IFRS 16 workings. We also assessed the completeness and accuracy of the data used in the determination of the lease terms, including the discount rates applied and residual values. In addition, we evaluated the appropriateness of the accounting policy applied by the Company and cross-checked agreements with the workings to verify input data.

We also reviewed the Company's controls over the calculation of the right-of-use assets and the completeness and accuracy of disclosures in the financial statements.

Based on the audit procedures performed, we did not identify material exceptions with respect to the recognition or measurement of right-of-use assets or the related disclosures.

Inventory – refer to Note 15

The Group have recognised a total inventory of € 5,231,773 which is measured at the lower of cost and net realisable value. The latter is particularly challenging for management given that most of the inventory is related to fashion or seasonal demand. In turn, there might be elements of significant judgement to determine the net realisable value of an item. The value of the inventory has a direct impact on the results as reported in the profit and loss account, therefore this was considered a key audit matter.

Our audit procedures included:

1. Testing the design, implementation and operating effectiveness of the key controls management has established for inventory valuation.
2. Attending inventory counts.
3. Cross checking a sample of units from the stock lists against the stores/shelves and vice versa.
4. Checking for a sample of individual products that invoiced costs have been recorded correctly.
5. Evaluating, on a sample basis, whether inventories were stated at the lower of cost or net realisable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date.
6. Challenged the management with regard to the calculation methodology in relation to the sampled product.

Based on the procedures performed, we obtained sufficient appropriate audit evidence to conclude that inventory was valued in accordance with the applicable financial reporting framework.

Independent Auditors' Report (continued)**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 financial statements does not cover this information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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 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.

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

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

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 financial statements.
- Adequate accounting records have not been kept.
- The 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.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in my report.

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS**Independent Auditors' Report (continued)****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 Group during the first quarter of 2017 in order to audit the period ending 31 December 2016. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 9 years.



Bernard Charles Gauci (Partner) for and on behalf of

CLA Malta
Certified Public Accountants

Msida
Malta

29 April 2025

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

		Group		Company	
	Notes	2024 €	2023 €	2024 €	2023 €
Revenue	5	23,841,988	21,786,880	-	-
Cost of sales	6	(12,882,547)	(11,388,718)	-	-
Gross profit		10,959,441	10,398,162	-	-
Management fees & other income	6	3,303,473	2,794,001	-	-
Marketing expenses	6	(419,780)	(575,309)	-	-
Administration expenses	6	(9,092,870)	(6,911,972)	(50,164)	(34,984)
EBITDA		4,750,264	5,704,882	(50,164)	(34,984)
Amortisation of intangible assets		(63,050)	(60,800)	-	-
Amortisation of right of use asset		(2,346,406)	(2,255,088)	-	-
Depreciation of property, plant and equipment		(2,501,126)	(1,873,799)	(26,000)	-
Operating (loss)/profit		(160,318)	1,515,195	(76,164)	(34,984)
Gain on sale of investment property		162,100	273,621	-	-
Changes in fair value of property		(122,100)	(100,323)	-	-
Other gains		-	4,166	-	-
Finance costs	6	(2,424,749)	(2,521,107)	-	-
Loss before tax		(2,545,067)	(828,448)	(76,164)	(34,984)
Income tax	7	(139,438)	82,946	-	-
Loss for the year		(2,684,505)	(745,502)	(76,164)	(34,984)
Other Comprehensive Income, net of income tax					
Property revaluation		-	(173,472)	-	-
Other Comprehensive Expense for the year, net of income tax		-	(173,472)	-	-
Total Comprehensive Expense for the year		(2,684,505)	(918,974)	(76,164)	(34,984)

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 December 2024

		Group		Company	
	Notes	2024 €	2023 €	2024 €	2023 €
Loss for the year attributable to:					
Owners of Company		(2,684,505)	(745,502)	(76,164)	(34,984)
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year attributable to:					
Owners of Company		(2,684,505)	(918,974)	(76,164)	(34,984)
		<hr/>	<hr/>	<hr/>	<hr/>
 Loss per share	 8	 (0.30)	 (0.08)	 (0.008)	 (0.004)
		<hr/>	<hr/>	<hr/>	<hr/>

Consolidated Statement of Financial Position

As at 31 December 2024


		Group		Company	
	Notes	2024 €	2023 €	2024 €	2023 €
Assets					
Property, plant and equipment	9	31,428,626	29,520,421	104,000	-
Investment property	12	2,720,254	2,980,254	-	-
Right of use assets	11	23,230,723	24,622,382	-	-
Other intangible assets	13	564,015	627,065	-	-
Investment in subsidiaries	10	-	-	7,128,255	7,129,455
Deferred tax asset	7	2,484,605	2,622,377	-	-
Financial assets at amortised cost	14	36,846	46,081	-	-
Goodwill at amortised cost	10	7,080,100	7,080,100	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total non-current assets		67,545,169	67,498,680	7,232,255	7,129,455
		<hr/>	<hr/>	<hr/>	<hr/>
Inventories	15	5,231,773	4,988,774	-	-
Financial assets at amortised cost	14	8,954,146	7,151,777	5,103,083	5,114,572
Trade and other receivables	16	3,277,262	3,165,199	3,028	-
Cash and cash equivalents	17	281,628	564,215	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total current assets		17,744,809	15,869,965	5,106,111	5,114,572
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets		85,289,978	83,368,645	12,338,366	12,244,027
		<hr/>	<hr/>	<hr/>	<hr/>
Equity					
Issued capital	19	8,934,562	8,934,562	8,934,562	8,934,562
Other reserves	20	12,277,475	12,277,475	-	-
(Accumulated losses)/Retained earnings	21	(12,427,371)	(9,742,866)	1,454,334	1,530,498
Non-controlling interest	22	2	2	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total equity		8,784,668	11,469,173	10,388,896	10,465,060
		<hr/>	<hr/>	<hr/>	<hr/>

Consolidated Statement of Financial Position (continued)


As at 31 December 2024

		Group		Company	
	Notes	2024 €	2023 €	2024 €	2023 €
Liabilities					
Borrowings	14	21,572,173	19,129,157	-	-
Lease liabilities	11	20,920,330	21,551,059	-	-
Trade and other payables	18	7,057,150	8,214,946	-	-
Deferred tax liabilities	7	1,941,629	1,962,429	-	-
Total non-current liabilities		51,491,282	50,857,591	-	-
Borrowings	14	2,947,449	4,742,467	1,859,510	1,741,142
Lease liabilities	11	1,630,175	2,168,478	-	-
Trade and other payables	18	19,821,520	13,497,035	89,960	37,825
Current tax liabilities	7	614,884	633,901	-	-
Total current liabilities		25,014,028	21,041,881	1,949,470	1,778,967
Total liabilities		76,505,310	71,899,472	1,949,470	1,778,967
Total equity and liabilities		85,289,978	83,368,645	12,338,366	12,244,027

The consolidated financial statements set out on pages 9 to 63 were approved and authorised for issue by the Board of Directors on 29 April 2025 and were signed on its behalf by:



Ms Diane Izzo
Director



Mr Karl Izzo
Director

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Group

	Issued capital	Accumulated losses	Properties revaluation reserve	Non- controlling interest	Total
	€	€	€	€	€
Balance at 1 January 2023	8,934,562	(8,997,364)	12,450,947	1	12,388,146
Movement in revaluation reserve net of tax	-	-	(173,472)	-	(173,472)
Movement in non- controlling interest	-	-	-	1	1
Loss for the year	-	(745,502)	-	-	(745,502)
Balance at 31 December 2023	<u>8,934,562</u>	<u>(9,742,866)</u>	<u>12,277,475</u>	<u>2</u>	<u>11,469,173</u>
Balance at 1 January 2024	8,934,562	(9,742,866)	12,277,475	2	11,469,173
Loss for the year	-	(2,684,505)	-	-	(2,684,505)
Balance at 31 December 2024	<u>8,934,562</u>	<u>(12,427,371)</u>	<u>12,277,475</u>	<u>2</u>	<u>8,784,668</u>

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2024

Company

	Issued capital €	Retained earnings €	Total €
Balance at 1 January 2023	8,934,562	1,565,482	10,500,044
Loss for the year	-	(34,984)	(34,984)
Balance at 31 December 2023	8,934,562	1,530,498	10,465,060
Balance at 1 January 2024	8,934,562	1,530,498	10,465,060
Loss for the year	-	(76,164)	(76,164)
Balance at 31 December 2024	8,934,562	1,454,334	10,388,896

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Cash flows generated from/(used in) operating activities				
Loss before tax	(2,545,067)	(828,448)	(76,164)	(34,984)
Adjustments for:				
Finance cost	2,374,658	2,478,070	-	-
Disposal of property, plant and equipment	(95,000)	(128,702)	-	-
Gain on disposal of investment property	(162,100)	(273,621)	-	-
Loss on sale of investment in subsidiary	-	-	1,199	-
Lease modifications	(216,243)	(191,048)	-	-
Expected credit losses	98,419	20,745	-	-
Loss on intangible assets	-	40,000	-	-
Revaluation on investment property	122,100	100,323	-	-
Depreciation of property, plant and equipment	2,501,126	1,873,799	26,000	-
Amortisation of intangible assets	63,050	60,800	-	-
Amortisation of right of use assets	2,346,406	2,255,088	-	-
Amortisation of bond issue costs	43,365	43,037	-	-
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Operating profit/(loss) before working capital changes:	4,530,714	5,450,043	(48,965)	(34,984)
Movement in trade and other receivables	(262,057)	3,235,984	(3,029)	-
Movement in inventories	(242,999)	(1,050,097)	-	-
Movement in trade and other payables	5,166,686	1,662,006	52,136	17,237
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from/ (used in) operations	9,192,344	9,297,936	142	(17,747)
Income tax paid	(41,487)	(49,450)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from/ (used in) operating activities	9,150,857	9,248,486	142	(17,747)
	<hr/>	<hr/>	<hr/>	<hr/>

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2024

		Group		Company	
	Note	2024 €	2023 €	2024 €	2023 €
Cash flows used in investing activities					
Payments to acquire property, plant and equipment		(4,409,331)	(3,094,372)	(130,000)	-
Proceeds from disposal of investment property		300,000	1,060,000	-	-
Payments for investment property		-	(20,250)	-	-
Payments for intangible assets		-	(30,000)	-	-
Receipts from third party		9,235	3,880	-	-
Disposal of property, plant and equipment		95,000	338,652	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in investing activities		(4,005,096)	(1,742,090)	(130,000)	-
		<hr/>	<hr/>	<hr/>	<hr/>
Cash flows (used in)/generated from financing activities					
Payments of bank interest		(382,805)	(649,314)	-	-
Movement in bank loans		2,252,890	-	-	-
Proceeds from/ (Payments to) related parties		66,938	(4,993)	-	-
Advances to related companies		(1,767,974)	(2,317,160)	129,858	17,747
Payments of bond loans		-	(624,900)	-	-
Interest paid on bonds		(845,932)	(856,414)	-	-
Payment of finance leases		(3,053,456)	(3,238,127)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(3,730,339)	(7,690,908)	129,858	17,747
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in cash and cash equivalents		1,415,422	(184,512)	-	-
Cash and cash equivalents at beginning of year		(3,552,237)	(3,367,725)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	17	(2,136,815)	(3,552,237)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1 REPORTING ENTITY AND OTHER INFORMATION

Dizz Group of Companies Limited (the Company) is a limited liability company incorporated in Malta. Its ultimate controlling parties are Ms Diane Izzo and Mr Karl Izzo. The registered office of the Company is disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in note 10.

These financial statements are presented in Euro, which is the Group's functional currency.

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

Brand	Subsidiary	Address
Liu - Jo	DK Fashion Co. Limited	Tigne Point Mall, Pjazza Tigne Sliema
Boggi	DK Fashion Co. Limited	DMall, Tigne Point, Sliema
Terranova	Dizz Limited	Bay Street Complex, St George's Road St Julians
Terranova	Dizz Limited	Tigne Point Mall, Pjazza Tigne Sliema
Terranova	Dizz Limited	Dun Karm Street, Birkirkara ByPass, Iklin
Terranova	Dizz Limited	Centerparc, Triq it-Tigrija, Qormi
Terranova	Dizz Limited	Shoreline Complex, Triq Santu Rokku, Kalkara
Calliope	Dizz Limited	DMall, Tigne Point, Sliema
Calliope	Dizz Limited	Bay Street Complex, St George's Road St Julians
Caliope	Dizz Limited	Shoreline Complex, Triq Santu Rokku, Kalkara
Calliope	Dizz Limited	Centerparc, Triq it-Tigrija, Qormi
Guess	DK G Limited	Tigne Point Mall, Pjazza Tigne Sliema
Guess	DK G Limited	Bay Street Complex, St George's Road St Julians
Guess	DK G Limited	Centerparc, Triq it-Tigrija, Qormi
Guess Kids	DK G Limited	Tigne Point Mall, Pjazza Tigne Sliema
Guess	DK G Limited	Republic Street, Valletta
Guess	DK G Limited	Mercury Towers Shopping District, Mercury House St Julians
Guess	DK G Limited	Shoreline Complex, Triq Santu Rokku, Kalkara
Paul & Shark	DK V & Co Limited	DMall, Tigne Point, Sliema
Harmont & Blaine	DK V & Co Limited	Bay Street Complex, St George's Road St Julians
Harmont & Blaine	DK V & Co Limited	Tigne Point Mall, Pjazza Tigne Sliema

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1 REPORTING ENTITY AND OTHER INFORMATION (continued)**The following is a list of retail outlets that operate within the Group (continued):**

Brand	Subsidiary	Address
Elisabetta Franchi	DK V & Co Limited	Triq Ross, St Julians
KIKO	Dizz Franchises Limited	Merchants Street Valletta
KIKO	Dizz Franchises Limited	Triq Valletta, il Mosta, Pama Shopping Mall
KIKO	Dizz Franchises Limited	DMall, Tigne Point, Sliema
KIKO	Dizz Franchises Limited	Bay Street Complex, St George's Road St Julians
KIKO	Dizz Franchises Limited	Centerparc, Triq it-Tigrija, Qormi
KIKO	Dizz Franchises Limited	Mercury Towers Shopping District, Mercury House St Julians
KIKO	Dizz Franchises Limited	Shoreline Complex, Triq Santu Rokku, Kalkara
Caffe' Pascucci	DK Pascucci Limited	Shoreline Complex, Triq Santu Rokku, Kalkara
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	DMall, Tigne Point, Sliema
Caffe' Pascucci	DK Pascucci Limited	Mercury Towers Shopping District, Mercury House St Julians
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	DMall, Tigne Point, Sliema
Nespresso	DCaffe Limited	Shoreline Complex, Triq Santu Rokku, Kalkara
Nespresso	DCaffe Limited	Duke's Shopping Complex, Victoria, Gozo
Caffe' Pascucci	DK Pascucci Limited	Shoreline Complex, Triq Santu Rokku, Kalkara

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2 STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU. They have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due.

The consolidated financial statements for the year ended 31 December 2024 (including comparatives) were approved and authorised for issue by the board of directors on 29 April 2025 (see Note 27).

3 NEW OR REVISED STANDARDS OR INTERPRETATIONS

New Standards adopted as at 1 January 2024.

Some accounting pronouncements which have been effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Group's financial results or position. Standards that have been applied for the first time in the current period are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made. However, whilst they do not affect these Financial Statements they will impact some entities. An entity should assess the impact of these new Standards on their financial statements based on their own facts and circumstances and make appropriate disclosures.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company.

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

3 NEW OR REVISED STANDARDS OR INTERPRETATIONS (continued)

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. However, whilst they do not affect these Financial Statements, they will impact some entities. An entity should assess the anticipated impact of these new Standards and amendments on their financial statements based on their own facts and circumstances and make appropriate disclosures.

4 MATERIAL ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared on an accruals basis and under the historical cost convention except for the revaluation of properties, and investment property. Monetary amounts are expressed in Euro currency (€) and are rounded to the nearest thousands, except for earnings per share.

4.1.1 GOING CONCERN

Dizz Group of Companies Limited (the "Group") is engaged in retail and catering operations and acts as the ultimate parent of various subsidiaries that include operating and finance entities (including entities that have issued bonds listed on Malta Stock Exchange markets). The Group operates a wide network of fashion outlets and food and beverage establishments and holds multiple property leases across Malta. As at 31 December 2024, the Group generated EBITDA of €4.75 million (2023: €5.70 million), excluding rent expenses that are accounted for in accordance with IFRS 16 (which are therefore included in depreciation and finance costs).

Despite the growth in revenue and the positive EBITDA mentioned, the Group reported a consolidated loss after tax of €2.69 million (2023: €0.75 million). This loss is also the result of high depreciation and lease charges, which reflect the Group's capital-intensive retail model. As at year-end, the Group reported net current liabilities and substantial total liabilities (including lease liabilities and borrowings).

The Group's liquidity position continues to be tight. Nevertheless, the Directors have taken active steps to address this through refinancing efforts, lease restructuring, and cost optimisation. These initiatives are currently ongoing. While discussions with financial institutions are ongoing and the Directors are optimistic and confident in relation to their outcome, these discussions had not yet resulted in binding agreements as at the date of approval of these financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.1.1 GOING CONCERN (continued)

The Directors have prepared and reviewed financial forecasts for a period of at least twelve months from the reporting date. These forecasts assume:

- a) the continuation of existing rental and sales income from retail and catering outlets;
- b) no significant expansion in terms of leased or owned premises; and
- c) the continued availability of working capital facilities.

While the Directors remain confident in the Group's strategy and operational resilience, they acknowledge that the going concern assumption is subject to material uncertainty. This uncertainty arises from the Group's dependence on external financing and successful execution of its cash flow plans and refinancing strategy. Should these not materialise within a reasonable timeframe, the Group may be unable to meet its obligations as they fall due.

Nonetheless, after making appropriate enquiries and considering the above assumptions, management's projections, and the refinancing initiatives, the Directors have a reasonable expectation that the Group will continue to operate as a going concern for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of these consolidated financial statements.

4.2 BASIS OF CONSOLIDATION

The Group's consolidated financial statements consolidate those of the parent company and all of its subsidiaries at 31 December 2024. All subsidiaries have a reporting date of 31 December.

4.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The consolidated financial statements are presented in Euro, which is also the functional currency of the parent company.

4.3.1 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss.

4.4 REVENUE

Revenue arises mainly from the sale of fashionable clothes, rental income, and from the operations of cafeterias.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.4 REVENUE (continued)

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations, and then
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its consolidated statement of financial position (see Note 18). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.4.1 Sale of fashion wear, related items and accessories

Revenue is measured at the fair value of the consideration received. The group operates a chain of retail stores selling fashion wear, related items and accessories. Revenue from the sale of goods is recognised when a group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the fashion wear, related items and accessories and takes delivery in store.

4.4.2 Operation of Cafeterias

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

4.4.3 Dividends and interest income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

4.4.4 Rental Income

Rental income from investment property is recognised in consolidated statement of comprehensive income on a straight-line basis over the term of the lease on the annual income received.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.5 OPERATING EXPENSES

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

4.6 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 14).

4.7 GOODWILL

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4.11 for a description of impairment testing procedures.

4.8 OTHER INTANGIBLE ASSETS

4.8.1 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.

4.9 PROPERTY, PLANT AND EQUIPMENT

4.9.1 Land

Land owned is stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every three years, or more frequently if market factors indicate a material change in fair value (see Note 24). Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss (see Note 4.11) has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

As land does not have a finite useful life, related carrying amounts are not depreciated.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)**4.9 PROPERTY, PLANT AND EQUIPMENT (continued)****4.9.2 Buildings, Computer Equipment and Other Equipment**

Buildings, computer equipment and other equipment (comprising fittings and furniture) 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. Buildings, computer equipment and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, computer equipment and other equipment. The following depreciation rates are applied:

	%
Improvements to premises	1-10
Air-conditioning	17
Furniture and fixtures	10
Motor vehicles	20
Office equipment	25
Computer hardware and software	25
Electrical plumbing	7

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

4.10 LEASED ASSETS**4.10.1 The Group as a lessee**

The Group makes the use of leasing arrangements principally for the provision of the retail shops, office space, and motor vehicles (although the Group currently has no motor vehicles). The rental contracts for retail shops are typically negotiated for terms of between 10 and 15 years and some of these have extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at retail shops and servicing. The Group has elected to separate its leases for retail shops into lease and non-lease components. The Group split the lease and non-lease components based on their relative stand-alone prices.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.10 LEASED ASSETS (continued)

4.10.1 The Group as a lessee (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.10 LEASED ASSETS (continued)

4.10.1 The Group as a lessee (continued)

Measurement and recognition of leases as a lessee (continued)

To respond to business needs, particularly in the demand for new retail outlets, the Group will enter into negotiations with landlords to either increase or decrease available space or to renegotiate amounts payable under the respective leases. In some instances, the Group is able to increase its space by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly.

In other instances, the Group is able to negotiate a change to a lease such as reducing the amount of reducing the lease term or by reducing the total amount payable under the lease, both of which were not part of the original terms and conditions of the lease. In these situations, the Group does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date the lease is effectively modified. For the reasons explained above, the discount rate used is the Group's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable.

The Group has elected to account for short-term leases using the practical expedients. These leases relate to rent from tenants with no contract or else are of low value. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.10.2 The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

The Group assessed whether it transfers substantially all the risks and rewards of ownership. Those assets that do not transfer substantially all the risks and rewards are classified as operating leases. The Group has currently not entered into any lease that is classified as a finance lease.

Rental income is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

4.11 IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.11 IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (continued)

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount

4.12 INVESTMENT PROPERTY

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the fair value model.

Investment properties are revalued annually with resulting gains and losses recognised in profit or loss. These are included in the consolidated statement of financial position at their fair values. See Note 24.

4.13 FINANCIAL INSTRUMENTS

4.13.1 Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.13.2 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.13 FINANCIAL INSTRUMENTS (continued)

4.13.2 Classification and initial measurement of financial assets (continued)

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4.13.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

4.13.4 Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.13 FINANCIAL INSTRUMENTS (continued)

4.13.4 Impairment of financial assets (continued)

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category (i.e. Stage 1) while ‘lifetime expected credit losses’ are recognised for the second category (i.e. Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 23.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

4.13.5 Classification and measurement of financial liabilities

The Group’s financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

4.14 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the purchase of the inventories. Net realisable value is the estimated selling price in the ordinary course of business less any directly attributable selling expenses.

4.15 INCOME TAXES

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.15 INCOME TAXES (continued)

The calculation of current and deferred tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method. The carrying amounts of deferred tax are reviewed at the end of each reporting period on the basis of its most likely amount and adjusted if needed. Assessing the most likely amount of current and deferred tax in case of uncertainties (e.g. as a result of the need to interpret the requirements of the applicable tax law), requires the group to apply judgements in considering whether it is probable that the taxation authority will accept the tax treatment retained.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries (only to the extent that the group control the timing of the reversal of the taxable temporary difference and that reversal is not likely to occur in the foreseeable future). The Group does not offset deferred tax assets and liabilities unless it has a legally enforceable right to do so and intends to settle on a net basis.

4.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in liabilities.

4.17 EQUITY, RESERVES AND DIVIDEND PAYMENTS

Share capital represents the nominal (par) value of shares that have been issued.

Other components of equity include the following:

- revaluation reserve – comprises gains and losses from the revaluation of land (see note 4.9.1)

Retained earnings includes all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

4.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)

4.19 SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

4.19.1 Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

Useful Lives and Residual Values of Depreciable Assets

Management reviews the useful lives and residual values of property, plant and equipment at each reporting date. Judgement is required to assess the expected pattern of economic benefits from these assets, and to consider the impact of factors such as technological change or regulatory developments, particularly for IT equipment and environmentally sensitive assets.

Fair Value Measurement

Where active market quotations are not available, the Company applies valuation techniques to estimate the fair value of financial and non-financial assets. Judgement is required in selecting appropriate models and unobservable inputs, which reflect assumptions that market participants would use at the measurement date. Estimated fair values may differ from prices achieved in actual arm's length transactions (see Note 20).

Recoverability of Loans Receivable

The Company holds loans to related parties which are assessed for recoverability in accordance with IFRS 9 – Financial Instruments, using the expected credit loss (ECL) model. Judgement is applied in assessing the borrower's credit risk, financial condition, and ability to repay, including reference to the borrower's historic performance and expected future cash flows. Where relevant, this includes consideration of qualitative factors, guarantees, and macroeconomic outlook. No impairment loss was recognised in the current year as management concluded the balances are recoverable in full.

4.19.2 Key sources of estimation uncertainty

The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future and are reviewed on an ongoing basis. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Fair Value of Investment Property (IAS 40)

Valuations are based on independent appraisals which may include unobservable inputs such as projected rental yields, discount rates, and comparable market data. Changes in these inputs may significantly affect the fair value recognised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (continued)**4.19 SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY (continued)****4.19.2 Key sources of estimation uncertainty (continued)****Impairment of Financial Assets (IFRS 9)**

The Company applies the expected credit loss (ECL) model to financial assets measured at amortised cost. This involves significant estimation related to the probability of default, loss given default, and exposure at default. These estimates are influenced by forward-looking macroeconomic data and the financial condition of the counterparty.

Useful Lives of Property, Plant and Equipment (IAS 16)

The determination of useful lives requires estimation of the period over which assets will generate economic benefits. Technical obsolescence and changes in business strategy may lead to revisions in depreciation schedules.

Deferred Tax Assets (IAS 12)

The recognition of deferred tax assets depends on the availability of future taxable profits against which unused tax losses and deductible temporary differences can be utilised. Estimating these profits requires assessing future cash flows and profitability trends.

5 REVENUE

Contract balances	Group		Company	
	2024 €	2023 €	2024 €	2023 €
Trade receivables (note 16)	1,580,485	415,037	-	-
Contract assets (note 16)	8,483	-	-	-
Advances received from rental agreements (note 18)	101,069	-	-	-

The Group derives its revenue as disclosed in note 4.4 and as per below:

	Group		Company	
	2024 €	2023 €	2024 €	2023 €
Sale of fashion-related items	18,903,308	17,429,614	-	-
Sale of food and beverages	4,938,680	4,357,266	-	-
	23,841,988	21,786,880	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

6 OTHER INCOME AND EXPENSES**6.1 Management fees & other income**

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Rental income	988,185	749,341	-	-
Bond interest	2,211	2,765	-	-
Service charges	33,333	91,899	-	-
Marketing contribution	169,847	303,447	-	-
Management fees to companies outside the group	1,350,000	480,000	-	-
Recharges of expenses	-	510,000	-	-
Key money	35,000	250,552	-	-
Utilities recharges	31,932	44,416	-	-
Gain on buyback of bonds	-	30,269	-	-
Vouchers	210,786	-	-	-
Insurance claim	-	9,666	-	-
Lease modification	216,243	191,047	-	-
Gain on sale of property, plant and equipment	95,000	-	-	-
Other income (note)	170,936	130,599	-	-
	<u>3,303,473</u>	<u>2,794,001</u>	<u>-</u>	<u>-</u>

Note:

Other income includes Commissions received from tobacco machines, Beverage container refund scheme and other management fees.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

6 OTHER INCOME AND EXPENSES (continued)**6.2 Breakdown of expenses by nature**

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Stock movement	(242,999)	(1,050,097)	-	-
Purchases	13,125,546	12,438,815	-	-
Professional fees	455,447	315,264	24,535	27,043
Audit fees	87,990	83,149	1,800	1,685
Rent	1,087,067	806,516	-	-
Service charges	394,283	279,071	-	-
Licenses	93,246	46,390	-	-
Repairs and maintenance	122,856	133,132	-	-
Staff costs (note 6.2.1)	3,502,704	3,336,928	-	-
Director's remuneration	311,821	305,691	-	-
Water and electricity	408,372	406,135	-	-
Expected credit losses	98,419	20,745	11,489	-
Marketing expenses	419,780	575,309	-	-
Other expenses	2,530,665	1,178,951	12,340	6,256
	<hr/>	<hr/>	<hr/>	<hr/>
Total cost of sales, administrative and marketing expenses	22,395,197	18,875,999	50,164	34,984
	<hr/>	<hr/>	<hr/>	<hr/>

Note:

Other expenses include motor vehicle expenses, franchise fees, subscriptions, cleaning expenses, IT expenses, telecommunications, commissions payable to agents, staff welfare, consumables, entertainment, travelling expenses, fines and penalties, Bank charges and insurances.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

6 OTHER INCOME AND EXPENSES (continued)**6.2.1 Staff costs**

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Wages and salaries	3,281,858	3,111,003	-	-
Social security costs	220,846	225,925	-	-
	<u>3,502,704</u>	<u>3,336,928</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Administration	25	25	-	-
Operational	185	174	-	-
	<u>210</u>	<u>199</u>	<u>-</u>	<u>-</u>

6.3 Finance cost

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Bank interest	382,805	314,859	-	-
Interest on bonds	845,932	856,414	-	-
Interest expense on finance lease	1,145,921	1,306,797	-	-
Amortisation of bond issue costs	43,365	43,037	-	-
Hire purchase interest	6,726	-	-	-
	<u>2,424,749</u>	<u>2,521,107</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

7 INCOME TAX**7.1 Income tax recognised in the consolidated statement of comprehensive income**

	Group		Company	
	2024 €	2023 €	2024 €	2023 €
Current tax:				
Final withholding tax on sale of property	22,466	78,450	-	-
Deferred tax:				
In respect of current year	137,772	(127,624)	-	-
In respect of current year-investment property	(20,800)	(33,772)	-	-
	116,972	(161,396)	-	-
Total income tax recognised in the current year	139,438	(82,946)	-	-

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

	Group		Company	
	2024 €	2023 €	2024 €	2023 €
Loss before tax	(2,545,067)	(828,448)	(76,164)	(34,984)
Theoretical tax at 35%	(890,774)	(289,957)	(26,657)	(12,244)
Effect of expenses that are not deductible in determining taxable profit	1,040,307	245,047	-	-
Effect of income that is exempt from taxation	(18,561)	(14,366)	-	-
Effect of income with different tax of rate	(34,269)	(58,783)	-	-
Revaluation gain on investment property	42,735	35,113	-	-
Other movements	-	-	26,657	12,244
	139,438	(82,946)	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

7 INCOME TAX (continued)**7.2 Current tax liabilities**

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Income tax payable	614,884	633,901	-	-

7.3 Deferred tax balances

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Deferred tax asset	2,484,605	2,622,377	-	-
Deferred tax liabilities	(1,941,629)	(1,962,429)	-	-
	542,976	659,948	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

7 INCOME TAX (continued)**7.3 Deferred tax balances (continued)**

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

	Opening balance €	Recognised in comprehensive income €	Recognised in other comprehensive income €	Other €	Closing balance €
2024					
Property, plant and equipment	(1,449,819)	7,954	-	-	(1,441,865)
Investment property	(249,448)	20,448	-	-	(229,000)
	(1,699,267)	28,402	-	-	(1,670,865)
Tax losses	1,084,096	(362,524)	-	-	721,572
Others	1,275,119	217,150	-	-	1,492,269
	2,359,215	(145,374)	-	-	2,213,841
	659,948	(116,972)	-	-	542,976
2023					
Property, plant and equipment	(1,424,486)	(25,333)	-	-	(1,449,819)
Investment property	(308,553)	59,105	-	-	(249,448)
	(1,733,039)	33,772	-	-	(1,699,267)
Tax losses	1,280,326	(196,230)	-	-	1,084,096
Others	951,265	323,854	-	-	1,275,119
	2,231,591	127,624	-	-	2,359,215
	498,552	161,396	-	-	659,948

8 LOSS PER SHARE

	Group		Company	
	2024 €	2023 €	2024 €	2023 €
Loss for the year	(2,684,505)	(745,502)	(76,164)	(34,984)
Weighted number of ordinary shares	8,934,562	8,934,562	8,934,562	8,934,562
Loss per share	(0.30)	(0.08)	(0.008)	(0.004)

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

9 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings €	Improvements to premises €	Air- conditioning €	Furniture & fittings €	Motor vehicles €	Office equipment €	Computer hardware and software €	Electrical plumbing €	Total €
<u>Cost/Revalued amount</u>									
At 1 January 2023	18,211,696	4,623,129	623,729	13,156,379	661,395	330,464	685,852	706,929	38,999,573
Additions	551,907	24,892	64,223	2,269,445	-	48,770	83,021	52,114	3,094,372
Disposal	(81,528)	(66,349)	-	(72,303)	-	-	-	-	(220,180)
Revaluation	(173,472)	-	-	-	-	-	-	-	(173,472)
At 31 December 2023	18,508,603	4,581,672	687,952	15,353,521	661,395	379,234	768,873	759,043	41,700,293
At 1 January 2024	18,508,603	4,581,672	687,952	15,353,521	661,395	379,234	768,873	759,043	41,700,293
Additions	962,924	426,356	67,463	2,303,895	394,780	62,569	159,421	31,923	4,409,331
Disposal	-	-	-	-	(106,831)	-	-	-	(106,831)
At 31 December 2024	19,471,527	5,008,028	755,415	17,657,416	949,344	441,803	928,294	790,966	46,002,793
<u>Depreciation</u>									
At 1 January 2023	-	945,365	447,509	7,366,258	553,489	149,490	607,513	246,679	10,316,303
Charge for the year	-	244,146	89,367	1,317,930	52,383	48,622	72,349	49,002	1,873,799
Release on disposal	-	-	-	(10,230)	-	-	-	-	(10,230)
At 31 December 2023	-	1,189,511	536,876	8,673,958	605,872	198,112	679,862	295,681	12,179,872
At 1 January 2024	-	1,189,511	536,876	8,673,958	605,872	198,112	679,862	295,681	12,179,872
Charge for the year	-	602,895	86,481	1,504,675	117,701	112,621	26,939	49,814	2,501,126
Release on disposal	-	-	-	-	(106,831)	-	-	-	(106,831)
At 31 December 2024	-	1,792,406	623,357	10,178,633	616,742	310,733	706,801	345,495	14,574,167
<u>Carrying amounts</u>									
At 31 December 2024	19,471,527	3,215,622	132,058	7,478,783	332,602	131,070	221,493	445,471	31,428,626
At 31 December 2023	18,508,603	3,392,161	151,076	6,679,563	55,523	181,122	89,011	463,362	29,520,421

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

9 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Motor vehicle €
<u>Cost</u>	
Additions/At 31 December 2024	130,000
	<hr/>
<u>Depreciation</u>	
For the year/At 31 December 2024	26,000
	<hr/>
<u>Carrying amounts</u>	
At 31 December 2024	104,000
	<hr/>
At 31 December 2023	-
	<hr/>

Note:

- a) All depreciation and impairment charges are included within depreciation.
- b) Land and buildings have been pledged as security for the Group's borrowings. (See note 14.3)
- c) If the cost model has been used the carrying amounts of the revalued land would be of €6,126,877. The revalued amounts include a revaluation surplus of €12,277,475 which is not available for distribution to the shareholders of Dizz Group of Companies Limited.
- d) Information on fair value of land is given in Note 24.

10 INVESTMENT IN SUBSIDIARIES

The investment in group undertakings is as follows:

Company	€
<u>Cost</u>	
At 1 January 2023	7,129,455
Additions	-
	<hr/>
At 31 December 2023	7,129,455
	<hr/>
At 1 January 2024	7,129,455
Disposals	(1,200)
	<hr/>
At 31 December 2024	7,128,255
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

10 INVESTMENT IN SUBSIDIARIES (continued)

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

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held	
			2024	2023
Dizz Finance P.L.C.	Property/Finance	Dizz Buildings Carob Street St. Venera	100%	100%
D Foods Finance P.L.C.	Property/Finance	Dizz Buildings Carob Street St. Venera	100%	100%
Dizz Manufacturing Limited	Production of fashion-related items	Dizz Buildings Carob Street St. Venera	100%	100%
DK G Limited	Retail	Dizz Buildings Carob Street St. Venera	-	100%
D Shopping Malls Limited	Property/Finance	Dizz Buildings Carob Street St. Venera	100%	100%
Dizz Retail Limited	Make up store	Dizz Buildings Carob Street St. Venera	100%	100%

D Foods Finance PLC Limited has other subsidiaries as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held	
			2024	2023
DK Pascucci Limited	Sale of food and beverages	Dizz Buildings Carob Street St. Venera	100%	100%
D Kitchen Lab Limited	Sale of food and beverages	Dizz Buildings Carob Street St. Venera	100%	100%
D Caffè Limited	Sale of ancillary coffee products	Dizz Buildings Carob Street St. Venera	100%	100%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

10 INVESTMENT IN SUBSIDIARIES (continued)

D Shopping Malls Limited has another subsidiary as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held	
			2024	2023
D Shopping Malls Finance P.L.C.	Finance	Dizz Buildings Carob Street St. Venera	100%	100%

Dizz Retail Limited has other subsidiaries as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held	
			2024	2023
DK Fashion Limited	Retail	Dizz Buildings Carob Street St. Venera	100%	100%
DKV & Co Limited	Retail	Dizz Buildings Carob Street St. Venera	100%	100%
Dizz Limited	Retail	Dizz Buildings Carob Street St. Venera	100%	100%
Dizz Franchises Limited	Retail	Dizz Buildings Carob Street St. Venera	100%	100%
DK G Limited	Retail	Dizz Buildings Carob Street St. Venera	100%	-

10.1 Goodwill on investment in subsidiaries

	Group €
<u>Cost</u>	
At 1 January 2023	7,080,100
Additions	-
At 31 December 2023	7,080,100
At 1 January 2024	7,080,100
Additions	-
At 31 December 2024	7,080,100

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 LEASES**11.1 Right of Use Assets**

Group	Property	Motor Vehicle	Total
	€	€	€
<u>Cost</u>			
At 1 January 2023	33,124,482	153,000	33,277,482
Additions	3,182,596	-	3,182,596
Lease modifications	(3,829,686)	-	(3,829,686)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	32,477,392	153,000	32,630,392
	<hr/>	<hr/>	<hr/>
At 1 January 2024	32,477,392	153,000	32,630,392
Additions	1,029,707	-	1,029,707
Lease modifications	(694,437)	(153,000)	(847,437)
	<hr/>	<hr/>	<hr/>
At 31 December 2024	32,812,662	-	32,812,662
	<hr/>	<hr/>	<hr/>
<u>Amortisation</u>			
At 1 January 2023	6,904,299	47,440	6,951,739
Charge for the year	2,224,488	30,600	2,255,088
Lease modifications	(1,198,817)	-	(1,198,817)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	7,929,970	78,040	8,008,010
	<hr/>	<hr/>	<hr/>
At 1 January 2024	7,929,970	78,040	8,008,010
Charge for the year	2,346,406	-	2,346,406
Lease modifications	(694,437)	(78,040)	(772,477)
	<hr/>	<hr/>	<hr/>
At 31 December 2024	9,581,939	-	9,581,939
	<hr/>	<hr/>	<hr/>
<u>Carrying amounts</u>			
At 31 December 2024	23,230,723	-	23,230,723
	<hr/>	<hr/>	<hr/>
At 31 December 2023	24,547,422	74,960	24,622,382
	<hr/>	<hr/>	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 LEASES (continued)**11.1 Amounts recognised in consolidated statement of comprehensive income**

Group	2024 €
Amortisation expense on right of use assets	2,346,406
Interest expense on finance lease	1,145,921
Expense relating to leases of low value assets	1,087,067
	<hr/>
	2023 €
Amortisation expense on right of use assets	2,255,088
Interest expense on finance lease	1,306,797
Expense relating to leases of low value assets	806,516
	<hr/>

11.2 Lease liabilities

Group	2024 €
Current	1,630,175
Non-current	20,920,330
	<hr/>
	22,550,505
	<hr/>
	2023 €
Current	2,168,478
Non-current	21,551,059
	<hr/>
	23,719,537
	<hr/>

The Group has leases for two shopping complex and related facilities, for retail outlets and for motor vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 9).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 LEASES (continued)**11.3 Lease payments not recognised as a liability**

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of lease liability is as follows:

Group	2024 €	2023 €
Short-term leases	836,606	782,783
Lease of low-value assets	41,943	23,733
Variable lease payments	208,518	-
	<hr/>	<hr/>
	1,087,067	806,516
	<hr/>	<hr/>

Variable lease payments expensed on the basis that they are not recognised as a lease liability include rentals based on revenue generated from retail shop. Variable lease payments are expensed in the period they are incurred.

11.4 Operating as a lessor

The Group leases out investment properties under operating leases consisting of retail shops (see Note 12).

12 INVESTMENT PROPERTY

	Group		Company	
	2024 €	2023 €	2024 €	2023 €
Balance at beginning of year	2,980,254	3,847,206	-	-
Additions	-	20,250	-	-
Movement in fair value	(122,100)	(100,323)	-	-
Disposal of investment property	(137,900)	(786,879)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	2,720,254	2,980,254	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Investment properties are either leased to third parties on operating leases or are vacant. Rental income of €988,185 (2023: €749,341) is shown within management fees & other income.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

12 INVESTMENT PROPERTY (continued)

Although the risks associated with rights the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location where market value, year on year, has always increased. The lessee does not have an option to purchase the property at the expiry of the lease period.

13 OTHER INTANGIBLE ASSETS

	Group €
<u>Cost</u>	
At 1 January 2023	1,620,922
Additions	30,000
Disposal	(40,000)
	<hr/>
At 31 December 2023	1,610,922
	<hr/>
At 1 January 2024	1,610,922
Additions	-
	<hr/>
At 31 December 2024	1,610,922
	<hr/>
<u>Amortisation</u>	
At 1 January 2023	923,057
Charge for the year	60,800
	<hr/>
At 31 December 2023	983,857
	<hr/>
At 1 January 2024	983,857
Charge for the year	63,050
	<hr/>
At 31 December 2024	1,046,907
	<hr/>
<u>Carrying amount</u>	
At 31 December 2024	564,015
	<hr/>
At 31 December 2023	627,065
	<hr/>

Note:

The intangible asset arises from the acquisition of rights over leased outlets when entering into a new lease agreement. Amortisation of intangible assets vary between 5 to 20 years. All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14 FINANCIAL ASSETS AND LIABILITIES**14.1 Categories of financial assets and financial liabilities**

Note 4.13 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Group	Amortised cost €
Financial assets	
At 31 December 2024	
Other financial assets at amortised costs	10,354,353
Trade and other receivables	1,580,485
Cash and cash equivalents	281,628
	<hr/>
	12,216,466
	<hr/>
At 31 December 2023	
Other financial assets at amortised costs	8,889,487
Trade and other receivables	415,037
Cash and cash equivalents	564,215
	<hr/>
	9,868,739
	<hr/>
	Other liabilities at amortised cost €
Financial liabilities	
At 31 December 2024	
Non-current borrowings	21,572,173
Current borrowings	2,947,449
Trade and other payables	7,531,784
	<hr/>
	32,051,406
	<hr/>
At 31 December 2023	
Non-current borrowings	19,129,157
Current borrowings	4,742,467
Trade and other payables	7,347,582
	<hr/>
	31,219,206
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14 FINANCIAL ASSETS AND LIABILITIES (continued)**14.1 Categories of financial assets and financial liabilities (continued)**

Company	Amortised cost €
At 31 December 2024	
Other financial assets at amortised costs	5,106,111
	<hr/>
At 31 December 2023	
Other financial assets at amortised costs	5,114,572
	<hr/>
	Other liabilities at amortised cost €
At 31 December 2024	
Current borrowings	1,859,510
Trade and other payables	89,960
	<hr/>
	1,949,470
	<hr/>
At 31 December 2023	
Current borrowings	1,741,142
Trade and other payables	37,825
	<hr/>
	1,778,967
	<hr/>

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 23.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14 FINANCIAL ASSETS AND LIABILITIES (continued)**14.2 Other financial assets at amortised cost**

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Non-current				
Loan to third party (Note a)	36,846	46,081	-	-
Current				
Loans to entities under common control of the Group's ultimate beneficial owners (Note b)	8,148,068	6,428,761	-	-
Loans from group companies (Note e)	-	-	5,103,083	5,114,572
Loans to ultimate beneficial owners (Note c)	571,078	638,016	-	-
Loan to third parties	235,000	85,000	-	-
Other receivables (Note d)	1,363,361	1,691,629	3,028	-
	10,317,507	8,843,406	5,106,111	5,114,572

Note:

- a) The amounts due from third party represent dues from Dal Café Limited. The amount is unsecured, bear interest at 6% per annum and repayable in monthly instalments as per agreement made between the parties concerned.
- b) The amounts due from entities under common control of the Group's ultimate beneficial owners are unsecured, interest free and repayable on demand.
- c) Loans to ultimate beneficial owners are unsecured, interest free and repayable on demand.
- d) Other receivables mainly comprise of payments on account and deposits held with supplier pending invoice issuance (€945,553), letter of credit issued as guarantees to franchises (€243,000).
- e) Loans to group companies are unsecured, interest free and repayable on demand.

The nature of the related parties is summarised as follows:

- Entities under common control of the Group's ultimate beneficial owners (UBOs) are entities not forming part of the same group but are significantly influenced by the same individuals.
- Third parties are individuals who are not related to the Group.
- Group companies are companies forming part of this Group.

Further details on related party relationships and transactions are disclosed in Note 25.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14 FINANCIAL ASSETS AND LIABILITIES (continued)**14.3 Borrowings**

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
<u>Amounts falling due after one year:</u>				
5% Bonds 2026 (iii)	7,968,343	7,941,157	-	-
5.35% Bonds 2028 (iv)	6,844,905	6,835,166	-	-
3% Bonds notes 2030 (v)	2,967,799	2,961,359	-	-
Bank loans (ii)	3,791,126	1,391,475	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	21,572,173	19,129,157	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Amounts falling due within one year:</u>				
Bank overdraft (i)	2,418,443	4,116,452	-	-
Bank loans (ii)	479,254	626,015	-	-
Loans from entities under common control of the Group's ultimate beneficial owners (vi)	49,752	-	-	-
Loans from group companies (vii)	-	-	1,859,510	1,741,142
	<hr/>	<hr/>	<hr/>	<hr/>
	2,947,449	4,742,467	1,859,510	1,741,142
	<hr/>	<hr/>	<hr/>	<hr/>
Total borrowings	24,519,622	23,871,624	1,859,510	1,741,142

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 4.90% (2023: 4.875%).
- (ii) The first bank loan represents the BOV MDB COVID-19 ASSIST which benefits from the support of the MDB COVID-19 Guarantee Scheme launched by the Malta Development Bank. It bears a fixed interest of 2% for the first two years and is repayable in monthly instalments of € 35,720 for the first twelve months and € 36,620 for the remaining forty-eight monthly repayments. The facility shall be repaid over a period of six years inclusive of a six-month moratorium on capital and interest and followed by a six-month moratorium on capital only.

The second bank loan is with BOV MDB SME Invest Loan. It bears an interest rate of 5.65%.

The third bank loan is with BOV PLC. It bears an interest rate of 5.65%. The monthly repayment amounting to € 33,000.

The fourth bank loan is with BOV plc. It bears an interest rate of 5.65%. The monthly repayment amounting to € 4,700.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14 FINANCIAL ASSETS AND LIABILITIES (continued)**14.3 Borrowings****Summary of borrowing arrangements (continued)**

- (iii) During the year ended 31 December 2016, Dizz Finance P.L.C. issued €8,000,000, 5% unsecured bonds to the general public. These bonds were fully subscribed and listed on the Malta Stock Exchange. Total proceeds from these bonds amounted to €8,000,000. Total costs incurred by the Group to issue the bonds amounted to €242,811. These costs are being amortised in the statement of comprehensive income over the period of the bond.
- (iv) During the year ended 31 December 2018, D Shopping Malls Finance P.L.C. issued €7,500,000, 5.35% unsecured bonds on Prospects MTF. Total proceeds from these bonds amounted to €7,500,000. Total costs incurred by the Group to issue the bonds amounted to €82,770. These costs are being amortised in the consolidated statement of the comprehensive income over the period of the bond. As set out in the Company Admission Document, the Company is to set up a sinking fund to be administered by the Board of Directors to cover 100% of the value of the issued bonds until redemption date. The Company was required to transfer €1.5 million into a sinking fund by 31 December 2024. As at that date, €625,000 of funds were used from the sinking fund to purchase back part of the issued bonds however the Company did not set up the remaining sinking fund deposit of €875,000 by 31 December 2024. This matter is being addressed and ongoing discussions are being held to regularise this position.
- (v) On the 21 of July 2020 D Food Finance PLC issued a base prospectus for the issue of Euro 10,000,000 3% Secured convertible notes having a nominal value of Euro 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.
- (vi) Loans from entities under common control of the Group's ultimate beneficial owners are unsecured, interest free and repayable on demand.
- (vii) Loans from group companies are unsecured, interest free and repayable on demand.

14.4 Other financial instruments

The carrying amounts of the following financial assets and liabilities are considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents, and
- trade and other payables

15 INVENTORIES

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Goods held for resale	5,231,773	4,988,774	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

15 INVENTORIES (continued)

The inventories as at 31 December 2024 stated above do not include goods held on consignment by the Group.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 €	2023 €	2024 €	2023 €
<u>Amounts falling due within one year:</u>				
Trade receivables (gross)	1,604,153	419,577	-	-
Allowance for credit losses	(23,668)	(4,540)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,580,485	415,037	-	-
Other receivables	1,363,361	1,692,629	3,028	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	2,943,846	2,106,666	3,028	-
	<hr/>	<hr/>	<hr/>	<hr/>
Contract assets	8,483	-	-	-
Prepaid expenses	324,933	1,058,533	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-financial assets	333,416	1,058,533	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Trade and other receivables	3,277,262	3,165,199	3,028	-
	<hr/>	<hr/>	<hr/>	<hr/>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Note 23.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 €	2023 €	2024 €	2023 €
Cash in bank	281,628	564,215	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

17 CASH AND CASH EQUIVALENTS (continued)**17.1 Reconciliation to the statement of cashflow**

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Cash in bank	281,628	564,215	-	-
Bank overdrafts (note 25)	(2,418,443)	(4,116,452)	-	-
	<u>(2,136,815)</u>	<u>(3,552,237)</u>	<u>-</u>	<u>-</u>

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Trade payables	5,204,586	6,312,324	73,010	22,082
Other payables	564,476	502,522	-	-
Accrued expenses	1,762,722	532,736	16,950	15,743
	<u>7,531,784</u>	<u>7,347,582</u>	<u>89,960</u>	<u>37,825</u>
Advances received from rental agreements	101,069	-	-	-
Privileged creditors – current	12,188,667	6,149,453	-	-
Privileged creditors – non-current	7,057,150	8,214,946	-	-
	<u>19,346,886</u>	<u>14,364,399</u>	<u>-</u>	<u>-</u>
Trade and other payables	<u>26,878,670</u>	<u>21,711,981</u>	<u>89,960</u>	<u>37,825</u>

Notes:

- Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period of the Group is 4 months. No interest is charged on any outstanding balances.
- The amounts recognised as a contract liability will generally be utilised within the next annual reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

19 ISSUED CAPITAL

	Company	
	2024	2023
	€	€
<u>Authorised</u>		
10,000,000 ordinary shares of €1 each	10,000,000	10,000,000
<u>Called-up, issued and fully paid</u>		
8,934,562 ordinary shares of €1 each	8,934,562	8,934,562

The holders of ordinary shares are entitled to receive dividends as declared by time to time and are entitled to one vote per share at shareholder's meetings of the Company.

20 OTHER RESERVES

Group	€
<u>Properties Revaluations Reserve</u>	
At 1 January 2023	12,450,947
Movement in revaluation reserve net of tax	(173,472)
	<hr/>
At 31 December 2023	12,227,475
	<hr/>
At 1 January 2024	12,227,475
Movement in revaluation reserve net of tax	-
	<hr/>
At 31 December 2024	12,227,475
	<hr/>

Note:

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

21 (ACCUMULATED LOSSES)/RETAINED EARNINGS

Group	€
At 1 January 2023	(8,997,364)
Loss for the year attributable to owners	(745,502)
	<hr/>
At 31 December 2023	(9,742,866)
	<hr/>
At 1 January 2024	(9,742,866)
Loss for the year attributable to owners	(2,684,505)
	<hr/>
At 31 December 2024	(12,427,371)
	<hr/>
Company	
At 1 January 2023	1,565,482
Loss for the year	(34,984)
	<hr/>
At 31 December 2023	1,530,498
	<hr/>
At 1 January 2024	1,530,498
Loss for the year	(76,164)
	<hr/>
At 31 December 2024	1,454,334
	<hr/>

22 NON-CONTROLLING INTEREST

Group	€
At 1 January 2023	1
For the year	1
	<hr/>
At 31 December 2023	2
	<hr/>
At 1 January 2024	2
For the year	-
	<hr/>
At 31 December 2024	2
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23 FINANCIAL INSTRUMENTS RISK**Risk management objectives and policies**

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 14.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated from the Group's offices, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

23.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, and interest rate risk, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Group's transactions are carried out in Euro. Exposures to currency exchange rates arise from the Group's overseas purchases, which are primarily denominated in US dollars (USD) and Pounds Sterling (GBP).

There was no foreign currency denominated financial assets and liabilities at reporting date.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2024, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2023: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group	
	Loss for the year +1% €	-1% €
At 31 December 2024	60,850	60,850
At 31 December 2023	52,720	52,720

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23 FINANCIAL INSTRUMENTS RISK (continued)

23.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

23.2.1 Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of its customers. The Group's policy is to deal only with credit-worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers, as negotiated with customers, are subject to an internal approval process. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries.

Security

The Group does not hold any security on any trade receivables balance at each annual reporting date. In addition, the Group does not hold any collateral relating to other financial assets at each annual reporting date.

Trade and other receivables and contract assets

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 31 December 2024 and 31 December 2023 was determined as follows:

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23 FINANCIAL INSTRUMENTS RISK (continued)**23.2 Credit risk analysis (continued)****23.2.1 Credit risk management (continued)****Trade and other receivables and contract assets (continued)**

Group	Total €
At 31 December 2024	
Expected credit losses rate	1.4%
Carrying amount	1,604,153
	<hr/>
Lifetime expected credit losses	23,668
	<hr/>
At 31 December 2023	
Expected credit losses rate	1%
Carrying amount	419,575
	<hr/>
Lifetime expected credit losses	4,540
	<hr/>

The closing balance of the trade receivables and contract assets loss allowance as at 31 December 2024 reconciles with the trade receivables and contract assets loss allowance opening balance as follows:

Group	€
Opening loss allowance as at 1 January 2023	7,499
Loss allowance recognised during the year	(2,959)
	<hr/>
Loss allowance as at 31 December 2023	4,540
	<hr/>
Opening loss allowance as at 1 January 2024	4,540
Loss allowance recognised during the year	19,128
	<hr/>
	23,668
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23 FINANCIAL INSTRUMENTS RISK (continued)**23.2 Credit risk analysis (continued)****23.2.1 Credit risk management (continued)****Other receivables**

The closing balance of the of the other receivables and debt investments at amortised costs loss allowance as at 31 December 2024 reconciles with the other receivables and debt investments at amortised cost loss allowance opening balance as follows:

Group	€
Opening loss allowance as at 1 January 2023	28,615
Loss allowance recognised during the year	23,704
	<hr/>
Loss allowance as at 31 December 2023	52,319
	<hr/>
Opening loss allowance as at 1 January 2024	52,319
Loss allowance recognised during the year	79,292
	<hr/>
Loss allowance as at 31 December 2024	131,611
	<hr/>
Company	€
Opening loss allowance as at 1 January 2023	30,873
Loss allowance recognised during the year	-
	<hr/>
Loss allowance as at 31 December 2023	30,873
	<hr/>
Opening loss allowance as at 1 January 2024	30,873
Loss allowance recognised during the year	11,489
	<hr/>
Loss allowance as at 31 December 2024	42,362
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23 FINANCIAL INSTRUMENTS RISK (continued)**23.3 Liquidity risk analysis**

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of interest-bearing borrowings and trade and other payables (14.3 and 18). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

The 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 contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group	Carrying amounts	Contractual cash flows	up to 4 months	Between 4 months and 1 year	Between two and five years	After five years
	€	€	€	€	€	€
At 31 December 2024						
Bank overdrafts	2,418,443	2,418,443	2,418,443	-	-	-
Bank loans	4,270,380	4,768,675	300,800	601,600	2,093,435	1,772,840
Trade and other payables	26,878,670	26,878,670	5,590,527	14,230,993	4,297,162	2,759,988
Lease liabilities	22,550,505	22,550,505	-	1,630,175	5,736,460	15,183,870
Bonds and notes	17,781,047	20,686,372	-	857,817	16,738,555	3,090,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	73,899,045	77,302,665	8,309,770	17,320,585	28,865,612	22,806,698
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023						
Bank overdrafts	4,116,452	4,116,452	4,116,452	-	-	-
Bank loans	2,017,490	2,017,490	165,280	460,735	1,129,206	262,269
Trade and other payables	21,711,981	21,711,981	7,616,928	5,880,107	4,451,326	3,763,620
Lease liabilities	23,719,537	23,719,537	-	2,168,478	6,269,519	15,281,540
Bonds and notes	17,737,682	21,912,002	-	857,817	17,874,185	3,180,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	69,303,142	73,477,462	11,898,660	9,367,137	29,724,236	22,487,429
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Group continues to assess its funding requirements to ensure that adequate funds are in place to meet its financial liabilities when they fall due.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

24 FAIR VALUE MEASUREMENT**24.1 Fair value measurement of non-financial assets**

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

Group	Level 1 €	Level 2 €	Level 3 €	Total €
At 31 December 2024				
Property, plant and equipment				
Land owned in Malta	-	19,471,527	-	19,471,527
Investment property				
Land owned in Malta	-	2,720,254	-	2,720,254
At 31 December 2023				
Property, plant and equipment				
Land owned in Malta	-	18,508,603	-	18,508,603
Investment property				
Land owned in Malta	-	2,980,254	-	2,980,254

24.2 Valuation techniques used to determine level 2 fair values

The Company has engaged an independent asset valuer to value its properties using a fair value measurement approach in accordance. The properties have been valued using Level 2 inputs, which are observable inputs, direct or indirect, such as quoted prices for similar assets or liabilities in markets that are not active.

The Level 2 inputs used in the valuation included market data for similar properties in the same location. For higher value properties, more in-depth data has been analysed and provided by the valuer. The independent asset valuer also considered the physical condition of the property and its current and potential use.

The Company has reviewed the valuation report prepared by the independent asset valuer and has assessed the appropriateness of the valuation methodology and the inputs used in the valuation. The Company believes that the fair value measurement of the property represents a reasonable estimate of the property's value as at the reporting date.

24.3 Assets pledged as security

Land and buildings with a carrying amount of approximately €7,425,000 have been hypothecated to secure borrowings of the Group. The land and buildings have been hypothecated as security for bank overdraft. The Group is not allowed to hypothecate these assets as security for other borrowings or to sell any of them to other entities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

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 Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group	
	2024	2023
	€	€
Directors' remuneration	311,821	305,691

25.2 (Amounts To)/Amounts from Related Parties

	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	Group		Group	
	2024	2023	2024	2023
	€	€	€	€
Balances				
Loans to entities under common control of the Group's ultimate beneficial owners	1,720,000	2,316,588	8,148,068	6,428,068
Amounts due from ultimate beneficial owners	(66,938)	(18,710)	571,078	638,016
Loans from entities under common control of the Group's ultimate beneficial owners	(49,752)	572	(49,752)	-
	Company		Company	
	2024	2023	2024	2023
	€	€	€	€
Amounts due to group companies	(118,368)	(17,696)	(1,859,510)	(1,741,142)
Amounts due from group companies	(11,489)	(51)	5,103,083	5,114,572

Transactions with related parties

	Group		Group	
	2024	2023	2024	2023
	€	€	€	€
Management fees to companies outside the group	1,350,000	480,000	-	-
Recharges of expenses	-	510,000	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

26 EVENTS AFTER THE REPORTING DATE

No adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorisation.

27 COMPARATIVE FIGURES

Comparative figures were reclassified to reflect this year presentation.

28 AUTHORISATION OF FINANCIAL STATEMENT

The consolidated financial statements for the year ended 31 December 2024 (including comparatives) were approved by the board of directors on 29 April 2025.