

**FOOD CHAIN LIMITED**

**Annual Report and Financial Statements  
31 January 2025**

**Company Registration Number: C753**

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**FOOD CHAIN LIMITED**  
**Annual Report and Financial Statements - 31 January 2025**

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## Directors' report

The Directors present their report and the audited financial statements for the year ended 31 January 2025 (FY2025).

### Principal activities

The Company's principal activity is the operation of Kentucky Fried Chicken®, Burger King®, and Pizza Hut® franchises in Malta.

### Review of the business

The Company's refined strategic focus on expanding in profit-accretive locations and increasing turnover per outlet has had a positive impact on overall profitability. This approach has also enhanced the absorption of fixed costs, contributing to improved financial performance. FY2025 marks the first full year in which these strategic adjustments were fully reflected in the Company's results.

Revenue growth momentum registered over the past years continued into FY2025, with turnover increasing by 7.5% to €29.5 million. This growth was effectively managed alongside cost controls, resulting in an improvement of 2.3 percentage points in gross profit margins. A gross profit margin of 18.0% was achieved (FY2024: 15.7%), translating into a notable increase in the profitability ratio, which rose to 7.22% from 4.96% in the prior year.

The Company also continued to invest in maintaining high standards of customer service across its outlets, with an additional €2.7million invested in its restaurant portfolio during the year. As part of a strategic review of its franchise operations, the Company resolved to cease representation of the Boost® brand, effective February 2025.

Further strategic developments during the year included the opening of a new KFC outlet in St. Julian's, as well as the relocation of the Pizza Hut outlet in the same locality to a more prominent location. In addition, a new Pizza Hut outlet in Żejtun opened shortly after the close of the financial year. Refurbishment works were also completed at the Burger King outlet in Qormi, which now includes a BK Café, further enhancing the customer experience.

### Outlook for financial year 31 January 2026

The Company's strategy to expand its presence in the Maltese market by selecting locations that are well aligned with its brand offerings will remain a key management focus in the upcoming financial year. This approach will be supported by continued investment in both new outlets and the refurbishment of existing ones, aimed at enhancing customer experience, operational efficiency, and long-term revenue growth. By targeting strategically located, high-potential sites and ensuring outlets are maintained to high standards, the Company seeks to strengthen its market positioning and drive sustainable profitability.

The Board of Directors of Simonds Farsons Cisk p.l.c., the parent company of Food Chain Limited, has undertaken a strategic review of the Food Business Segment within the Group, aimed at identifying opportunities for future growth and development.

The Board of Directors of Simonds Farsons Cisk p.l.c. has determined and announced through a company announcement issued on the 27 November 2024, that the interest of the Group and its stakeholders would be best served by reorganizing the Food Business into a separate legal entity that would be listed on the Malta Stock Exchange.

The ultimate parent company of Food Chain Limited, consequently, is anticipated to change to Quinco Holdings p.l.c. during 2025. As announced by Simonds Farsons Cisk p.l.c., the shareholders of Quinco Holdings p.l.c., will be identical to those of Simonds Farsons Cisk p.l.c. upon listing.

## Directors' report – continued

### Going concern basis

After making enquiries, the Directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

### Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk, currency risk, fair value interest rate risk and cash flow interest rate risk, credit risk and liquidity risk. Refer to Note 2 in these financial statements.

### Results and dividends

The income statement is set out on page 10. The Directors do not recommend the payment of a dividend.

### Directors

The Directors of the Company who held office during the year were:

Mr. Norman Aquilina  
Mr. Dominic Borg  
Mr. Roderick Chalmers – *appointed 1 August 2024*  
Mr. Philip Farrugia – *appointed 1 August 2024*  
Mr. Matthew J. Marshall – *resigned 1 August 2024*  
Mr. Neil Psaila  
Ms. Anne Marie Tabone  
Mr. Jan Zammit

In accordance with the Company's Memorandum and Articles of Association, all the Directors retire and being eligible, offer themselves for re-election.

### Statement of directors' responsibilities for the financial statements

The Directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

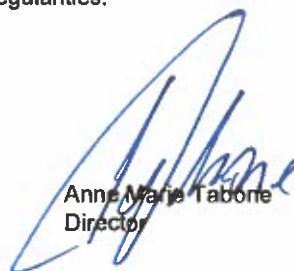
**Directors' report** - continued

The Directors are also responsible for designing, implementing, and maintaining 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, and that comply with the Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Norman Aquilina  
Chairman



Anne Marie Tabone  
Director

Registered office:  
303, Qormi Road  
Marsa  
Malta

21 May 2025

## Independent auditor's report to the members of Food Chain Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Food Chain Limited (the Company), set out on pages 8 to 32, which comprise the balance sheet as at 31 January 2025, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 January 2025, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015, as amended by Legal Notice 41 of 2024, and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME") and have been properly 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants including International Independence Standards* (IESBA Code) together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Statements and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report which also includes the Statement of Directors' Responsibilities for the financial statements but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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## **Independent auditor's report**

to the members of  
Food Chain Limited

### **Information Other than the Financial Statements and the Auditor's Report Thereon (continued)**

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

In accordance with the requirements of sub-article 179(3) of the Maltese Companies Act (Cap. 386) in relation to the Directors' Report on page 1-3, in our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

### **Responsibilities of the Directors for the Financial Statements**

As explained more fully in the statement of directors' responsibilities on page 2, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with GAPSME and the requirements of the Maltese Companies Act (Cap.386), 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 Company'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.



## **Independent auditor's report**

to the members of  
Food Chain Limited

### **Auditor's Responsibilities for the Audit of the Financial Statements**

This report, including the opinions set out herein, has been prepared for the Company's members as a body in accordance with articles 179 and 179A of the Companies Act (Cap. 386).

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 auditor's report that includes our opinions in accordance with articles 179 and 179A of the Companies Act (Cap. 386). 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.

In terms of article 179A(4) of the Maltese Companies Act (Cap. 386), the scope of our audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Company. The financial position of the Company may improve, deteriorate, or otherwise be subject to change as a consequence of decisions taken, or to be taken, by the management thereof, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

As such, our audit report on the Company's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Company, and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), the Company. Any decision-making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the prospects of the Company and to identify any facts or circumstances that may be materially relevant thereto.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However,

## Independent auditor's report

to the members of  
Food Chain Limited

future events or conditions may cause the Company to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Company's ability to continue as a going concern in our auditor's report should not be viewed as a guarantee as to the Company's ability 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.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Company, including the formulation of a view as to the manner in which financial risk is distributed between shareholders and/or creditors cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

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.

### ***Report on Other Legal and Regulatory Requirements***

Under the Maltese Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

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

The audit report was drawn up on 21 May 2025 and signed by:



Theresa Ghersci as Director  
in the name and on behalf of  
**Deloitte Audit Limited**  
Registered auditor  
Central Business District, Birkirkara, Malta

## Statement of financial position

|                                                       |       | As at 31 January  |                   |
|-------------------------------------------------------|-------|-------------------|-------------------|
|                                                       |       | 2025              | 2024              |
|                                                       | Notes | €                 | Restated<br>€     |
| <b>ASSETS</b>                                         |       |                   |                   |
| <b>Non-current assets</b>                             |       |                   |                   |
| Intangible assets                                     | 3     | 288,824           | 267,892           |
| Property, plant, and equipment                        | 4     | 6,517,252         | 4,869,992         |
| Deferred tax asset                                    | 9     | -                 | 13,937            |
| <b>Total non-current assets</b>                       |       | <b>6,806,076</b>  | <b>5,151,821</b>  |
| <b>Current assets</b>                                 |       |                   |                   |
| Inventories                                           | 5     | 655,432           | 550,971           |
| Trade and other receivables                           | 6     | 7,319,742         | 8,380,444         |
| Cash and cash equivalents                             | 7     | 1,501,275         | 544,379           |
| <b>Total current assets</b>                           |       | <b>9,476,449</b>  | <b>9,475,794</b>  |
| <b>Non-current assets classified as held for sale</b> | 12    | <b>951,000</b>    | <b>951,000</b>    |
| <b>Total assets</b>                                   |       | <b>17,233,525</b> | <b>15,578,615</b> |

**Statement of financial position - continued**

|                                     |       | As at 31 January  |                   |
|-------------------------------------|-------|-------------------|-------------------|
|                                     |       | 2025              | 2024              |
|                                     | Notes | €                 | Restated<br>€     |
| <b>EQUITY AND LIABILITIES</b>       |       |                   |                   |
| <b>Equity</b>                       |       |                   |                   |
| Share capital                       | 8     | 9,224,319         | 9,224,319         |
| Accumulated profit/losses           |       | 694,209           | (564,731)         |
| <b>Total equity</b>                 |       | <b>9,918,528</b>  | <b>8,659,588</b>  |
| <b>Non-current liabilities</b>      |       |                   |                   |
| Deferred tax liabilities            | 9     | 87,213            | -                 |
| <b>Current liabilities</b>          |       |                   |                   |
| Borrowings                          | 10    | -                 | 444,456           |
| Trade and other payables            | 11    | 6,892,168         | 6,255,932         |
| Current tax liability               |       | 335,616           | 218,639           |
| <b>Total current liabilities</b>    |       | <b>7,227,784</b>  | <b>6,919,027</b>  |
| <b>Total liabilities</b>            |       | <b>7,314,997</b>  | <b>6,919,027</b>  |
| <b>Total equity and liabilities</b> |       | <b>17,233,525</b> | <b>15,578,615</b> |

The notes on pages 13 to 32 are an integral part of these financial statements.

The financial statements on pages 8 to 32 were authorised for issue by the board on 21 May 2025 and were signed on its behalf by:



Norman Aquilina  
Chairman



Anne Marie Tabone  
Director

## Income statement

|                            | Notes | Year ended 31 January |              |
|----------------------------|-------|-----------------------|--------------|
|                            |       | 2025<br>€             | 2024<br>€    |
| <b>Revenue</b>             | 13    | <b>29,518,356</b>     | 27,466,019   |
| <b>Cost of sales</b>       |       | <b>(24,210,343)</b>   | (23,165,878) |
| <b>Gross profit</b>        |       | <b>5,308,013</b>      | 4,300,141    |
| Administrative expenses    |       | (3,097,515)           | (2,931,516)  |
| Other operating income     |       | 15,566                | 57,088       |
| <b>Operating profit</b>    |       | <b>2,226,064</b>      | 1,425,713    |
| Finance income             | 16    | 29,668                | 29,668       |
| Finance costs              | 17    | (124,512)             | (93,171)     |
| <b>Profit before tax</b>   |       | <b>2,131,220</b>      | 1,362,210    |
| Tax expense                | 18    | (872,280)             | (670,727)    |
| <b>Profit for the year</b> |       | <b>1,258,940</b>      | 691,483      |

The notes on pages 13 to 32 are an integral part of these financial statements.

**Statement of changes in equity**

|                                              | Share<br>capital<br>€ | Accumulated<br>losses<br>Restated<br>€ | Total<br>Restated<br>€ |
|----------------------------------------------|-----------------------|----------------------------------------|------------------------|
| Balance at 1 February 2023                   | 9,224,319             | (771,166)                              | 8,453,153              |
| Prior year adjustment                        | -                     | (485,048)                              | (485,048)              |
| <b>Balance at 1 February 2023 - restated</b> | <b>9,224,319</b>      | <b>(1,256,214)</b>                     | <b>7,968,105</b>       |
| Profit for the year                          | -                     | 691,483                                | 691,483                |
| <b>Balance at 31 January 2024</b>            | <b>9,224,319</b>      | <b>(564,731)</b>                       | <b>8,659,588</b>       |
| Balance at 1 February 2024                   | 9,224,319             | (564,731)                              | 8,659,588              |
| Profit for the year                          | -                     | 1,258,940                              | 1,258,940              |
| <b>Balance at 31 January 2025</b>            | <b>9,224,319</b>      | <b>694,209</b>                         | <b>9,918,528</b>       |

The notes on pages 13 to 32 are an integral part of these financial statements.

## Statement of cash flows

|                                                | Notes | Year ended 31 January |                  |
|------------------------------------------------|-------|-----------------------|------------------|
|                                                |       | 2025                  | 2024<br>Restated |
|                                                |       | €                     | €                |
| <b>Cash flows from operating activities</b>    |       |                       |                  |
| Cash generated from operations                 | 20    | 4,975,481             | 1,028,097        |
| Interest received                              | 16    | 29,668                | 29,668           |
| Interest paid                                  | 17    | (124,512)             | (93,171)         |
| Tax paid                                       |       | (654,294)             | (959,040)        |
| Net cash generated from operating activities   |       | 4,226,343             | 5,554            |
| <b>Cash flows from investing activities</b>    |       |                       |                  |
| Purchases of property, plant, and equipment    |       | (2,765,331)           | (684,370)        |
| Acquisition of intangible assets               |       | (59,660)              | -                |
| Net cash used in investing activities          |       | (2,824,991)           | (684,370)        |
| Net movement in cash and cash equivalents      |       | 1,401,352             | (678,816)        |
| Cash and cash equivalents at beginning of year |       | 99,923                | 778,739          |
| Cash and cash equivalents at end of year       | 7     | 1,501,275             | 99,923           |

The notes on pages 13 to 32 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of significant accounting policies

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

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015 (GAPSME), and the requirements of the Maltese Companies Act (Cap. 386).

These financial statements have been prepared under the historical cost convention.

#### 1.2 Foreign currency translation

##### *(a) Functional and presentation currency*

The Company's financial results and financial position are measured in the functional currency, i.e. euro ("€"), which is the currency of the primary economic environment in which the Company operates. These financial statements are presented in euro ("€"), i.e. the presentation currency, which is the currency in which the Company's share capital is denominated.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All foreign exchange gains and losses are presented in the income statement within 'other operating income'.

#### 1.3 Intangible assets

Franchise rights are shown at historical cost. Franchise rights have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of franchise rights over their estimated useful lives (10 to 20 years).

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write-down the value of the asset to its estimated recoverable amount (Note 1.5).

**1. Summary of significant accounting policies - continued**

**1.4 Property, plant, and equipment**

Property, plant, and equipment is initially recorded at cost and are subsequently stated at cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Borrowing costs related to the acquisition or construction of qualifying assets are expensed as incurred, in accordance with accounting policy 1.14.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

|                                                | %       |
|------------------------------------------------|---------|
| Plant, machinery and motor vehicles            | 10 - 33 |
| Other fixtures, fittings, tools, and equipment | 10 - 20 |
| Improvement to premises                        | 2 - 20  |
| Buildings                                      | 2       |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.5).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

**1.5 Impairment of non-financial assets**

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**1. Summary of significant accounting policies - continued**

**1.6 Financial assets**

**1.6.1 Classification**

The Company classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods, or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Note 1.8 and 1.9).

**1.6.2 Recognition and measurement**

The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value plus transaction costs.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

**1.6.3 Impairment**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Company first assesses whether objective evidence of impairment exists. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; and
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of these assets, although the decrease cannot yet be identified with the individual financial assets in the group.

**1. Summary of significant accounting policies - continued**

**1.6.3 Impairment - continued**

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

**1.7 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventories comprises the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**1.8 Trade and other receivables**

Trade receivables comprise amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 1.6.3). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

**1.9 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**1. Summary of significant accounting policies - continued**

**1.10 Non-current assets held for sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group, or an individual non-current asset. Non-current assets (classified as assets held for sale) are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

**1.11 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

**1.12 Financial liabilities**

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value, including transaction costs. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled, or expires.

**1.13 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1.14 Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**1.15 Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**1. Summary of significant accounting policies - continued**

**1.15 Current and deferred tax - continued**

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**1.16 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**1.17 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised upon delivery of products or performance of services, and is stated net of value added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

**(a) Sales of goods - retail**

Sales of goods are recognised when the Company sells a product to the customer.

**1. Summary of significant accounting policies - continued**

**1.17 Revenue recognition - continued**

*(b) Finance income*

Finance income is recognised for all interest-bearing instruments using the effective interest method, unless collectability is in doubt.

**1.18 Operating leases**

*The Company is the lessee*

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**1.19 Borrowing costs**

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are capitalised. Finance costs are capitalised until such time as the assets are in the location and condition necessary for them to be capable of operating in the manner intended by management. Finance costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

**2. Financial risk management**

**2.1 Financial risk factors**

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

*(a) Market risk*

*(i) Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Company is not exposed to foreign exchange risk.

The Company's revenues, operating expenses, financial assets and liabilities, including financing are denominated in euro.

Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### (a) Market risk - continued

##### (ii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central Bank.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. Up to the end of the reporting period the Company did not have any hedging arrangements with respect to the exposure of floating interest rate risk.

#### (b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks as well as credit exposures to customers, including outstanding receivables. The carrying amount of financial assets represents the maximum credit exposure.

The Company's exposure to credit risk at the end of the reporting periods is analysed as follows:

|                                        | 2025<br>€        | 2024<br>€        |
|----------------------------------------|------------------|------------------|
| <b>Loans and receivables category:</b> |                  |                  |
| Trade and other receivables (Note 6)   | 6,346,258        | 7,531,388        |
| Cash and cash equivalents (Note 7)     | 1,501,275        | 544,379          |
|                                        | <b>7,847,533</b> | <b>8,075,767</b> |

The figures disclosed in the table above in respect of trade and other receivables exclude advance payments to suppliers and prepayments and accrued income. The Company banks only with local financial institutions with high quality standing or rating. The Company's operations are principally carried out in Malta and most of the Company's revenues originate from clients based in Malta. The Company has no concentration of credit risk that could materially impact on the sustainability of its operations.

The Company assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of products and services are effected to customers with an appropriate credit history in the case of credit sales. The Company monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Company's receivables taking into account historical experience in collection of accounts receivable.

The Company's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any material losses from non-performance by these customers.

**2. Financial risk management - continued**

**2.1 Financial risk factors - continued**

*(b) Credit risk - continued*

*Impairment losses*

As at 31 January 2025 and 2024, no impairment provisions for the Company were present in respect of trade receivables that were overdue and that were not expected to be recovered. Overdue trade receivables that were not impaired amounted to €238,590 (2024: €214,881). The Company does not hold security against these receivables. These unsecured overdue amounts consisted of €79,860 (2024: €65,888) that were less than three months overdue and €158,730 (2024: €148,993) that were greater than three months overdue.

The Company's receivables also include advances to related parties on which no credit risk is considered to arise.

*(c) Liquidity risk*

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of trade and other payables (Note 11). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month period and ensures that adequate financing facilities are in place for the coming year. The carrying amounts of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period to the contractual maturity date in the respective notes to the financial statements.

The Company's financial liability balances due within twelve months, equal their carrying balances, as the impact of discounting is not significant.

**3. Intangible assets**

|                                         | Franchise<br>rights<br>€ |
|-----------------------------------------|--------------------------|
| <b>At 31 January 2023</b>               |                          |
| Cost                                    | 712,361                  |
| Accumulated amortisation                | (344,208)                |
| Net book amount                         | <u>368,153</u>           |
| <br><b>Year ended 31 January 2024</b>   |                          |
| Opening net book amount                 | 368,153                  |
| Amortisation                            | (55,329)                 |
| Impairment                              | (44,932)                 |
| Closing net book amount                 | <u>267,892</u>           |
| <br><b>At 31 January 2024</b>           |                          |
| Cost                                    | 712,361                  |
| Accumulated amortisation and impairment | (444,469)                |
| Net book amount                         | <u>267,892</u>           |
| <br><b>Year ended 31 January 2025</b>   |                          |
| Opening net book amount                 | 267,892                  |
| Addition                                | 59,660                   |
| Amortisation                            | (38,728)                 |
| Closing net book amount                 | <u>288,824</u>           |
| <br><b>At 31 January 2025</b>           |                          |
| Cost                                    | 772,021                  |
| Accumulated amortisation and impairment | (483,197)                |
| Net book amount                         | <u>288,824</u>           |

Amortisation charge of €38,728 (2024: €55,329) is included in cost of sales.

**4. Property, plant, and equipment**

|                                         | Assets in<br>course of<br>construction<br>€ | Buildings<br>€ | Improvement<br>to premises<br>€ | Plant,<br>machinery<br>and motor<br>vehicles<br>€ | Other<br>fixtures,<br>fittings, tools<br>and<br>equipment<br>€ | Total<br>€  |
|-----------------------------------------|---------------------------------------------|----------------|---------------------------------|---------------------------------------------------|----------------------------------------------------------------|-------------|
| <b>At 31 January 2023</b>               |                                             |                |                                 |                                                   |                                                                |             |
| Cost                                    | -                                           | 1,632,927      | 2,981,193                       | 3,971,708                                         | 3,431,734                                                      | 11,997,582  |
| Accumulated depreciation and impairment | -                                           | (814,091)      | (1,057,255)                     | (2,379,646)                                       | (2,243,972)                                                    | (6,494,964) |
| Net book amount                         | -                                           | 818,836        | 1,903,938                       | 1,592,062                                         | 1,187,762                                                      | 5,502,598   |
| <b>Year ended 31 January 2024</b>       |                                             |                |                                 |                                                   |                                                                |             |
| Opening net book amount                 | -                                           | 818,836        | 1,903,938                       | 1,592,062                                         | 1,187,762                                                      | 5,502,598   |
| Additions                               | 103,846                                     | -              | 24,181                          | 325,542                                           | 230,821                                                        | 684,370     |
| Disposals                               | -                                           | -              | (8,120)                         | (146,469)                                         | (91,186)                                                       | (245,775)   |
| Depreciation                            | -                                           | (28,805)       | (195,525)                       | (336,679)                                         | (369,264)                                                      | (930,273)   |
| Impairment                              | -                                           | -              | (158,114)                       | (44,408)                                          | (184,181)                                                      | (386,703)   |
| Depreciation released on disposal       | -                                           | -              | 8,120                           | 146,469                                           | 91,186                                                         | 245,775     |
| Closing net book amount                 | 103,846                                     | 790,031        | 1,574,460                       | 1,538,517                                         | 865,138                                                        | 4,869,992   |

4. Property, plant, and equipment - continued

|                                         | Assets in<br>course of<br>construction<br>€ | Buildings<br>€ | Improvement<br>to premises<br>€ | Plant,<br>machinery<br>and motor<br>vehicles<br>€ | Other<br>fixtures,<br>fittings, tools<br>and<br>equipment<br>€ | Total<br>€       |
|-----------------------------------------|---------------------------------------------|----------------|---------------------------------|---------------------------------------------------|----------------------------------------------------------------|------------------|
| <b>At 31 January 2024</b>               |                                             |                |                                 |                                                   |                                                                |                  |
| Cost                                    | 103,846                                     | 1,632,927      | 2,977,234                       | 4,150,781                                         | 3,571,389                                                      | 12,436,157       |
| Accumulated depreciation and impairment | -                                           | (842,896)      | (1,402,774)                     | (2,814,264)                                       | (2,706,231)                                                    | (7,566,165)      |
| <b>Net book amount</b>                  | <b>103,846</b>                              | <b>790,031</b> | <b>1,574,460</b>                | <b>1,536,517</b>                                  | <b>865,138</b>                                                 | <b>4,869,992</b> |
| <b>Year ended 31 January 2025</b>       |                                             |                |                                 |                                                   |                                                                |                  |
| Opening net book amount                 | 103,846                                     | 790,031        | 1,574,460                       | 1,536,517                                         | 865,138                                                        | 4,869,992        |
| Additions                               | 333,512                                     | -              | 63,519                          | 883,643                                           | 1,484,657                                                      | 2,765,331        |
| Disposals                               | (3,874)                                     | -              | (476,698)                       | (248,744)                                         | (482,066)                                                      | (1,211,382)      |
| Transfers                               | (61,878)                                    | -              | 7,000                           | 27,359                                            | 27,519                                                         | -                |
| Depreciation                            | -                                           | (28,805)       | (172,493)                       | (371,466)                                         | (380,965)                                                      | (953,729)        |
| Impairment                              | -                                           | (16,171)       | (10,891)                        | (29,726)                                          | (115,198)                                                      | (171,886)        |
| Depreciation released on disposal       | -                                           | -              | 329,365                         | 233,354                                           | 398,195                                                        | 960,914          |
| Reversal of PY Impairment               | -                                           | -              | 151,972                         | 13,775                                            | 92,365                                                         | 258,112          |
| <b>Closing net book amount</b>          | <b>371,606</b>                              | <b>745,055</b> | <b>1,466,234</b>                | <b>2,044,712</b>                                  | <b>1,889,645</b>                                               | <b>6,517,252</b> |
| <b>At 31 January 2025</b>               |                                             |                |                                 |                                                   |                                                                |                  |
| Cost                                    | 371,606                                     | 1,632,927      | 2,571,055                       | 4,813,039                                         | 4,601,479                                                      | 13,990,106       |
| Accumulated depreciation and impairment | -                                           | (887,872)      | (1,104,821)                     | (2,768,327)                                       | (2,711,834)                                                    | (7,472,854)      |
| <b>Net book amount</b>                  | <b>371,606</b>                              | <b>745,055</b> | <b>1,466,234</b>                | <b>2,044,712</b>                                  | <b>1,889,645</b>                                               | <b>6,517,252</b> |

Depreciation charge of €953,729 (2024: €930,273) is included in cost of sales.

**5. Inventories**

|                               | 2025<br>€      | 2024<br>€ |
|-------------------------------|----------------|-----------|
| Raw materials and consumables | <b>655,432</b> | 550,971   |

**6. Trade and other receivables**

|                                     | 2025<br>€        | 2024<br>€ |
|-------------------------------------|------------------|-----------|
| <b>Current</b>                      |                  |           |
| Trade receivables - net             | 265,230          | 265,955   |
| Amount owed by parent               | 1,904,272        | 3,193,874 |
| Amounts owed by fellow subsidiaries | 3,991,264        | 3,908,984 |
| Other receivables                   | 185,492          | 162,575   |
| Advance payment to suppliers        | 64,892           | 76,526    |
| Prepayments and accrued income      | 908,592          | 772,530   |
|                                     | <b>7,319,742</b> | 8,380,444 |

Trade and other receivables are stated net of impairment provision as follows:

|                                     | 2025<br>€     | 2024<br>€ |
|-------------------------------------|---------------|-----------|
| Amounts owed by fellow subsidiaries | <b>49,804</b> | 49,804    |

Amounts owed by parent and fellow subsidiaries are unsecured and repayable on demand. Included in these balances are year-end amounts of €850,000 (2024: €850,000) which are subject to an interest rate of 3.5% (2024: 3.5%). Other balances within amounts owed from parent and fellow subsidiaries are interest free. The other classes within receivables do not contain impaired assets.

**7. Cash and Cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

|                          | 2025<br>€        | 2024<br>€ |
|--------------------------|------------------|-----------|
| Cash at bank and in hand | 1,501,275        | 544,379   |
| Bank overdraft (Note 10) | -                | (444,456) |
|                          | <b>1,501,275</b> | 99,923    |

**8. Share capital**

|                                               | 2025<br>€ | 2024<br>€ |
|-----------------------------------------------|-----------|-----------|
| <b>Authorised &amp; Issued and fully paid</b> |           |           |
| 39,600 ordinary shares of €232.937339 each    | 9,224,319 | 9,224,319 |

**9. Deferred tax liability / (asset)**

|                                       | 2025<br>€ | 2024<br>Restated<br>€ |
|---------------------------------------|-----------|-----------------------|
| At beginning of year                  | (13,937)  | 50,367                |
| Charged to Income statement (Note 18) | 101,150   | (64,304)              |
| At end of year                        | 87,213    | (13,937)              |

The balance at 31 January represent:

|                                                   | 2025<br>€ | 2024<br>€ |
|---------------------------------------------------|-----------|-----------|
| Temporary differences attributable to intangibles | 87,213    | (13,937)  |
|                                                   | 87,213    | (13,937)  |

**10. Borrowings**

|                | 2025<br>€ | 2024<br>€ |
|----------------|-----------|-----------|
| Bank overdraft | -         | 444,456   |

The Company's unutilised banking facilities as at 31 January 2025 amounted to €1,431,000 (2024: €1,431,000).

**11. Trade and other payables**

|                                     | 2025             | 2024             |
|-------------------------------------|------------------|------------------|
|                                     | €                | €                |
| <b>Current</b>                      |                  |                  |
| Trade payables                      | 2,103,440        | 1,414,545        |
| Amounts owed to fellow subsidiaries | 1,291,258        | 679,886          |
| Other payables                      | 207              | 207              |
| Advance deposits                    | 991,000          | 991,000          |
| Indirect taxes and social security  | 789,742          | 1,451,630        |
| Accruals and deferred income        | 1,716,521        | 1,718,664        |
|                                     | <u>6,892,168</u> | <u>6,255,932</u> |

Amounts owed to fellow subsidiaries are unsecured, interest free and repayable on demand.

**12. Non-current assets held for sale**

|                              | 2025           | 2024           |
|------------------------------|----------------|----------------|
|                              | €              | €              |
| <b>Year ended 31 January</b> | <u>951,000</u> | <u>951,000</u> |

On 26 October 2017, the Company entered into a promise of sale agreement to transfer all of its shares in Sliema Fort Company to Trident Estates plc for a consideration of €951,000.

**13. Revenue**

All the Company's revenue is derived from the sale of food and beverage in the local market.

**14. Profit before tax**

Profit before tax is stated after charging the following:

|                                                         | 2025<br>€ | 2024<br>€ |
|---------------------------------------------------------|-----------|-----------|
| Amortisation on intangible assets (Note 3)              | 38,728    | 55,329    |
| Depreciation on property, plant, and equipment (Note 4) | 953,729   | 930,273   |
| Impairment on property, plant, and equipment (Note 4)   | 171,986   | 386,703   |
| Impairment on intangible assets (Note 3)                | -         | 44,932    |
| Auditor's remuneration                                  | 30,000    | 29,967    |
| Employee benefit expense (Note 15)                      | 7,796,619 | 7,187,406 |
| Property rentals payable                                | 2,261,262 | 2,272,240 |

**15. Employee benefit expense**

|                       | 2025<br>€ | 2024<br>€ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 6,477,908 | 5,979,742 |
| Social security costs | 441,052   | 392,077   |
|                       | 6,918,960 | 6,371,819 |
| Recharged from parent | 877,659   | 815,587   |
|                       | 7,796,619 | 7,187,406 |

The average number of persons employed by the Company during the financial reporting period were 330 (2024: 310).

**16. Finance income**

|                                               | 2025<br>€ | 2024<br>€ |
|-----------------------------------------------|-----------|-----------|
| Interest on amounts owed by fellow subsidiary | 29,668    | 29,668    |

**17. Finance costs**

|                       | 2025<br>€ | 2024<br>€ |
|-----------------------|-----------|-----------|
| Other finance charges | 124,512   | 93,171    |

**18. Tax expense**

|                                       | 2025           | 2024<br>Restated |
|---------------------------------------|----------------|------------------|
|                                       | €              | €                |
| Current tax expense                   | 771,130        | 735,031          |
| Deferred tax charge/(credit) (Note 9) | 101,150        | (64,304)         |
|                                       | <u>872,280</u> | <u>670,727</u>   |

The tax on the Company's results before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

|                                              | 2025           | 2024<br>Restated |
|----------------------------------------------|----------------|------------------|
|                                              | €              | €                |
| Profit before tax                            | 2,131,220      | 1,362,210        |
| Tax on profit at 35%                         | 745,927        | 476,774          |
| Tax effect of:                               |                |                  |
| Unrecognised deferred tax in prior year      | -              | 218,496          |
| Non allowable expenses                       | -              | 10,082           |
| Temporary differences related to intangibles | 101,088        | -                |
| Other                                        | 25,265         | (34,625)         |
| Tax expense                                  | <u>872,280</u> | <u>670,727</u>   |

**19. Directors' fees**

|                       | 2025          | 2024          |
|-----------------------|---------------|---------------|
|                       | €             | €             |
| Recharged from parent | <u>64,323</u> | <u>64,422</u> |

**20. Cash generated from operations**

Reconciliation of operating profit to cash generated from operations:

|                                                         | 2025      | 2024        |
|---------------------------------------------------------|-----------|-------------|
|                                                         | €         | €           |
| Operating profit                                        | 2,226,064 | 1,425,713   |
| Adjustments for:                                        |           |             |
| Amortisation of intangible assets (Note 3)              | 38,728    | 55,329      |
| Impairment of intangible assets (Note 3)                | -         | 44,932      |
| Impairment of property, plant, and equipment (Note 4)   | (86,126)  | 386,703     |
| Depreciation of property, plant, and equipment (Note 4) | 953,729   | 930,273     |
| Loss on disposal                                        | 250,468   | -           |
| Changes in working capital:                             |           |             |
| Inventories                                             | (104,461) | 2,254       |
| Trade and other receivables                             | 1,060,843 | (139,338)   |
| Trade and other payables                                | 636,236   | (1,677,769) |
| Cash generated from operations                          | 4,975,481 | 1,028,097   |

**21. Commitments**

*Capital commitments*

Commitments for capital expenditure not provided for in these financial statements are as follows:

|                               | 2025      | 2024      |
|-------------------------------|-----------|-----------|
|                               | €         | €         |
| Authorised but not contracted | 2,200,000 | 3,200,000 |

*Operating lease commitments - where the Company is a lessee*

The future minimum lease payments payable under non-cancellable property operating leases are as follows:

|                                                | 2025      | 2024      |
|------------------------------------------------|-----------|-----------|
|                                                | €         | €         |
| Not later than 1 year                          | 1,156,930 | 1,178,919 |
| Later than 1 year and not later than 5 years   | 2,234,413 | 1,905,625 |
| Later than 5 years and not later than 30 years | 2,244,596 | 413,265   |
|                                                | 5,635,939 | 3,497,809 |

## 22. Related party transactions

The Company forms part of the Simonds Farsons Cisk p.l.c. group of companies. All companies forming part of this Group are related parties since these companies are all ultimately owned by Simonds Farsons Cisk p.l.c. Trading transactions between these companies include items which are normally encountered in a group context.

Farrugia Investments Limited, M.S.M. Investments Limited, Sciclunas Estates Limited (and their respective subsidiaries and associates) are related parties by virtue of their significant shareholding in the Company's ultimate parent.

The directors make particular reference to the fact that Trident Estates plc and its subsidiaries are considered to be related parties due to common directors and the common shareholding.

The following main transactions were carried out with related parties:

|                                                               | 2025<br>€   | 2024<br>€   |
|---------------------------------------------------------------|-------------|-------------|
| Purchases of goods and services from parent and related party | (9,089,645) | (8,939,843) |
| Recharged expenses payable from parent                        | (1,127,892) | (1,046,797) |
| Rental expenses from related party                            | (291,159)   | (467,690)   |
| Interest income to parent                                     | 29,668      | 29,668      |
| Computer related expenses from parent                         | (42,858)    | (53,573)    |

Key management personnel compensation, consisting of Directors' fees, has been disclosed in note 19 to the financial statements.

Amounts due from/to parent, fellow subsidiaries within the group and other related parties, in connection with sales and purchases transactions and financing transactions, are disclosed in Notes 6 and 11 to these financial statements.

## 23. Statutory information

Food Chain Limited is a limited liability company and is incorporated in Malta.

The ultimate parent Company of Food Chain Limited is Simonds Farsons Cisk p.l.c., a Company registered in Malta, with its registered address at The Brewery, Mdina Road, Zone 2, Central Business District, Birkirkara, Malta. The financial statements of Food Chain Limited are included in the consolidated financial statements prepared by Simonds Farsons Cisk p.l.c..

The Board of Directors of Simonds Farsons Cisk p.l.c. has undertaken a strategic review of the Food Business Segment within the Group, aimed at identifying opportunities for future growth and development.

**23. Statutory information - continued**

The Board of Directors of Simonds Farsons Cisk p.l.c. has determined and announced through a Company Announcement issued on the 27 November 2024; that the interest of the Group and its stakeholders would be best served by reorganizing the Food Business into a separate legal entity that would be listed on the Malta Stock Exchange.

The ultimate parent company of Food Chain Limited, consequently, is anticipated to change to Quinco Holdings p.l.c. during 2025. As announced by Simonds Farsons Cisk p.l.c., the shareholders of Quinco Holdings p.l.c., will be identical to those of Simonds Farsons Cisk p.l.c. upon listing.

**24. Post balance sheet events**

On 28 March 2025, the Company transferred all of its shares in Sliema Fort Company Limited to Trident Estates plc. This investment is classified as a Non-current asset held for sale in 2025 and 2024 and the Company was awaiting the approval from the Lands Authority to execute the said share transfer.

**25. Comparative information and prior period adjustment**

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of fairer presentation.

During the current year, management identified that a deferred tax asset relating to capital allowances, previously recognised, did not meet the recoverability criteria under GAPSME. As a result, the deferred tax asset of €485,048 as at 1 February 2023 was written off. Comparative figures have been restated as follows:

- Statement of financial position as at 31 January 2024: Deferred tax asset decreased by €485,048; accumulated losses increased by the same amount.
- Statement of changes in equity: Prior period adjustment of €485,048.

The restatement had no impact on the income statement or cash flow statement.