

QUINTANO FOODS LIMITED

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

Company Registration Number: C33660

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Directors' report

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

Principal activities

The Company's core activities, in line with the previous year, remain focused on the importation and distribution of food and beverage products within the domestic market.

Review of the business

In financial year 2025, the Company reported a modest 1.3% increase in revenue, reaching €18.1 million. Despite heightened competitive pressures and margin compression, a stable gross profit margin of 25% was registered. However, the slight uplift in gross profit was offset by substantial increases in selling, distribution, and administrative expenses.

The year was marked by intensifying price competition, rising consumer prices, ongoing supply chain challenges, and escalating human resource costs — all of which contributed to a 31.4% decline in profit after tax. To address the continued shortage of skilled personnel, the Company implemented revised remuneration packages aimed at retaining a committed and professional workforce, thereby safeguarding service quality and these together with increasing maintenance costs on warehousing and distribution impacted the profitability of the Company.

Profit before tax for the year amounted to €823,475, down from €1,226,423 in the previous year.

During the year, the Company engaged independent professional valuers to re-assess the fair value of its land in Qormi, covering approximately 7,000 square meters, which is currently being developed into a state-of-the-art logistics centre. The updated valuation resulted in an upward adjustment of €4,530,346, which was recognised in a revaluation reserve.

This revaluation, combined with increased retained earnings, has significantly strengthened the Company's equity position, bringing total equity to €8 million.

Outlook for Financial Year 31 January 2026

The Board of Directors of Simonds Farsons Cisk p.l.c., the parent company of Quintano Foods Ltd, 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 Quintano Foods 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.

As part of the strategic review and growth ambitions for the food business undertaken by the parent company, Simonds Farsons Cisk p.l.c., the Board mandated Quintano Foods Ltd. to spearhead a major investment project involving the development of a state-of-the-art logistics centre and a new office block. These facilities will be integrated into Quinco Holdings p.l.c. upon approval of the ongoing restructuring process.

Acknowledging the limitations of the existing warehousing infrastructure and aligned with the Company's long-term growth strategy, all requisite permits and approvals were secured, with construction commencing in 2024. Scheduled for completion in 2026, the new facility will offer enhanced storage capacity and incorporate an advanced inventory management system, enabling the Company to broaden its market reach and improve service delivery across a wider customer base.

In the upcoming financial year, the Company is expected to remain focused on driving growth in turnover and profitability through the continued expansion of its customer base.

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.

Results and dividends

The income statement is set out on page 10. The directors do not recommend the payment of a dividend. The directors propose that the Company's balance of retained earnings amounting to €2,866,599 (2024: €2,330,792) be carried forward to the next financial year.

Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk (including foreign exchange 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.

Directors

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

Mr. Norman Aquilina
Mr. Dominic Borg
Mr. Luke Scicluna Marshall – *resigned 1 August 2024*
Mr. Jan Zammit – *appointed 1 August 2024*
Ms. Adriana Camilleri Vassallo – *resigned 1 August 2024*
Mr. Roderick Chalmers – *appointed 1 August 2024*
Mr. Philip Farrugia – *appointed 1 August 2024*
Ms. Anne Marie Tabone
Mr. Neil Psaila

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;
- 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.

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 Maltese 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:
Quintano Foods Limited
303, Qormi Road
Marsa
Malta

19 May 2025



Independent auditor's report

to the members of
Quintano Foods Limited

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Exemption number: EXO2155

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quintano Foods Limited (the Company), set out on pages 8 to 29, 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 Directors' Report on pages 1 to 3, but does not include the financial statements and our auditor's report thereon.

Except for our opinion on the Directors' Report in accordance with the Maltese Companies Act (Cap. 386), 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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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).

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

In accordance with the requirements of sub-article 179(3) of the Maltese Companies Act (Cap. 386) in relation to the Directors' Report on pages 1 to 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

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.

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, 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 19 May 2025 and signed by:

A handwritten signature in blue ink, appearing to be "Theresa Gherci", written over a faint circular stamp.

Theresa Gherci 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	
	Notes	2025 €	2024 €
ASSETS			
Non-current assets			
Property, plant and equipment	3	12,633,005	4,467,387
Current assets			
Inventories	4	1,654,028	1,516,169
Trade and other receivables	5	3,383,513	2,676,019
Cash and cash equivalents	6	35,407	1,990,295
Total current assets		5,072,948	6,182,483
Total assets		17,705,953	10,649,870

Statement of financial position - continued

		As at 31 January	
	Notes	2025 €	2024 €
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	582,343	582,343
Revaluation reserve		4,530,346	-
Retained earnings		2,866,599	2,330,792
Total equity		7,979,288	2,913,135
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	8	22,814	51,142
Trade and other payables	9	4,700,000	3,200,000
Total non-current liabilities		4,722,814	3,251,142
Current liabilities			
Trade and other payables	9	4,432,475	3,946,268
Current tax liabilities		571,376	539,325
Total current liabilities		5,003,851	4,485,593
Total liabilities		9,726,665	7,736,735
Total equity and liabilities		17,705,953	10,649,870

The Notes on pages 13 to 29 are an integral part of these financial statements.

The financial statements on pages 8 to 29 were authorised for issue by the board on 19 May 2025 and were signed on its behalf by:


Norman Aquilina
Chairman


Anne Marie Tabone
Director

Income statement

		Year ended 31 January	
	Notes	2025 €	2024 €
Revenue	10	18,065,346	17,837,759
Cost of sales		(13,538,308)	(13,335,100)
Gross profit		4,527,038	4,502,659
Selling and distribution costs		(2,089,824)	(1,921,840)
Administrative expenses		(1,623,454)	(1,437,844)
Other operating income	13	16,422	91,344
Operating profit		830,182	1,234,319
Finance costs	14	(6,707)	(7,896)
Profit before tax		823,475	1,226,423
Tax expense	15	(287,668)	(445,108)
Profit for the year		535,807	781,315

The notes on pages 13 to 29 are an integral part of these financial statements.

Statement of changes in equity

	Share capital €	Revaluation Reserve €	Retained earnings €	Total equity €
Balance at 1 February 2023	582,343	-	1,549,477	2,131,820
Profit for the year	-	-	781,315	781,315
Balance at 31 January 2024	582,343	-	2,330,792	2,913,135
Balance at 1 February 2024	582,343	-	2,330,792	2,913,135
Profit for the year	-	-	535,807	535,807
Revaluation of property, plant & equipment	-	4,530,346	-	4,530,346
Balance at 31 January 2025	582,343	4,530,346	2,866,599	7,979,288

The notes on pages 13 to 29 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 January	
		2025 €	2024 €
Cash flows from operating activities			
Cash generated from operations	17	1,876,383	1,947,201
Interest paid	14	(6,707)	(7,896)
Tax paid		(283,945)	(144,139)
Net cash generated from operating activities		1,585,731	1,795,166
Cash flows from investing activities			
Purchases of property, plant and equipment	3	(3,762,281)	(763,792)
Proceeds from disposal of property, plant and equipment		-	254
Net cash used in investing activities		(3,762,281)	(763,538)
Net movement in cash and cash equivalents		(2,176,550)	1,031,628
Cash and cash equivalents at beginning of year		1,990,295	958,667
Cash and cash equivalents at end of year	6	(186,255)	1,990,295

The notes on pages 13 to 29 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, except for Land (included within Property, Plant and Equipment), which are carried at revalued amounts as explained in Note 1.3.

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.

All foreign exchange gains and losses are presented in the income statement within 'other operating income'.

1.3 Property, plant and equipment

Property, plant and equipment are initially recognized at cost, or revalued amount which includes all expenditures directly attributable to the acquisition of these assets. Subsequent to initial recognition, these assets are either measured at historical cost less accumulated depreciation and impairment losses or at the revalued amount.

Land is measured using the revaluation model, with fair value determined at regular intervals to ensure that the carrying amount does not differ materially from fair value. All other classes of property, plant and equipment are accounted for using the cost method.

Borrowing costs related to the acquisition or construction of qualifying assets are expensed as incurred, in accordance with accounting policy 1.17.

1. Summary of significant accounting policies - continued

1.3 Property, plant and equipment - continued

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.

Land is not depreciated as it is deemed to have an indefinite life. 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:

	%
Improvement to premises	20
Furniture, fixtures, fittings and equipment	10 - 20
Motor vehicles	10 - 20

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 1.4).

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

During the year, the Company adopted the revaluation model for its Land, replacing the previous cost model. As a result, the land is now measured at fair value, based on an independent professional valuation (refer to Note 3). The revaluation is accounted for prospectively, with no restatement of comparative amounts.

1.4 Impairment of non-financial assets

Non-financial assets that are subject to depreciation 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

1.5 Financial assets

1.5.1 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 (Notes 1.7 and 1.8).

1.5.2 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.

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.

1.5.3 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

1.5.3 Impairment - continued

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment loss. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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. Impairment testing of trade receivables is described in Note 1.7.

1.6 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.

1.7 Trade and other receivables

Trade receivables comprise amounts due from customers for goods sold 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 1.5.3). When there is objective evidence that the asset is impaired, 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.

1.8 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 and deposits held at call with banks.

1.9 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. Summary of significant accounting policies - continued

1.10 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.

1.11 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.

1.12 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.

1.13 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.

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 substantively 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.

1. Summary of significant accounting policies - continued

1.13 Current and deferred tax - continued

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 on a net basis 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.

1.14 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 expenditures 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.

1.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is recognised upon delivery of products, 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.

Sales of goods - wholesale

Sales of goods are recognised when the Company has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products.

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

1.17 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. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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 and 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.

(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 exposed to foreign exchange risk arising primarily from the Company's purchases. Management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions to be significant since balances are settled within very short periods in accordance with the negotiated credit terms.

The Company's receivables and cash and cash equivalents are denominated in euro.

As at 31 January 2025 and 2024, there were no open contracts. 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.

(a) Market risk - continued

(ii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are not significantly affected by changes in market interest rates. The Company's external borrowings consist solely of a bank overdraft, which exposes it to limited cash flow interest rate risk due to the variable nature of the applicable interest rate. However, management considers this exposure immaterial. Interest rate risk related to amounts due to the parent Company are limited given that interest rates are fixed by the group treasury function. 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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(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 maximum exposure to credit risk at the reporting date was:

	2025 €	2024 €
Loans and receivables		
Trade and other receivables (Note 5)	3,183,119	2,410,953
Cash and cash equivalents (Note 6)	35,407	1,990,295
	3,218,526	4,401,248

The figures disclosed above in respect of trade and other receivables exclude prepayment and accrued income and indirect taxation.

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. However, in common with similar business concerns, the failure of specific large customers could have a material impact on the Company's results.

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 are effected to customers with an appropriate credit history in the case of credit sales. Sales to retail customers are made in cash or via major credit cards. 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.

Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Company's standard payment and service delivery terms and conditions are offered. The Company's review includes external creditworthiness databases when available. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

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

Impairment losses

Impairment provisions of €178,003 (2024: €143,362) for the Company were present at year end in respect of trade receivables that were overdue and that were not expected to be recovered.

The movement in the provision for impairment in respect of trade and other receivables during the year was as follows:

	2025 €	2024 €
Balance as at 31 January (Note 5)	178,003	143,362

The Company's policy is to recognise impairment losses on all receivables which exceed the contract credit period and that are not expected to be recovered. The allowance accounts in respect of trade receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at which point the amounts considered irrecoverable are written off against trade receivables directly.

The Company's receivables also include advances to fellow subsidiaries 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 trade and other payables (Note 9). 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 at the end of the reporting 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. Property, plant and equipment

	Land and Improvements to premises €	Furniture fixtures, fittings and equipment €	Motor Vehicle €	Assets under construction €	Total €
At 31 January 2024					
Cost	3,251,910	731,357	1,013,346	813,088	5,809,701
Accumulated depreciation	(41,517)	(674,751)	(626,046)	-	(1,342,314)
Net book amount	3,210,393	56,606	387,300	813,088	4,467,387
Year ended 31 January 2025					
Opening net book value	3,210,393	56,606	387,300	813,088	4,467,387
Additions	-	1,892	130,576	3,629,813	3,762,281
Revaluation	4,530,346	-	-	-	4,530,346
Depreciation	(752)	(30,052)	(96,205)	-	(127,009)
Closing net book amount	7,739,987	28,446	421,671	4,442,901	12,633,005
At 31 January 2025					
Cost / revalued amount	7,782,256	733,249	1,143,922	4,442,901	14,102,328
Accumulated depreciation	(42,269)	(704,803)	(722,251)	-	(1,469,323)
Net book amount	7,739,987	28,446	421,671	4,442,901	12,633,005

Depreciation charge of €88,670 (2024: €68,782) is included in selling and distribution costs, and €38,339 (2024: €37,673) is included in administrative expenses.

Land Valuation

Land was revalued by independent and qualified valuers on an open market existing use basis. The effect of the current year's revaluation is presented in the statement of changes in equity.

The carrying amount of land and improvements to premises that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation is €3,209,641 (2024: €3,210,393).

Valuation processes

The valuation of the property is performed by independent and qualified valuers. This report is based on assumptions and valuation models used by the valuers – the assumptions are typically market related. These are based on professional judgement and market observation.

4. Inventories

	2025 €	2024 €
Finished goods and goods for resale	1,654,028	1,516,169

5. Trade and other receivables

	2025 €	2024 €
Current		
Trade receivables - net	1,631,597	1,467,958
Amounts owed by fellow subsidiaries	1,500,139	801,291
Advance payments to suppliers	19,938	109,758
Other receivables	31,445	31,946
Indirect taxation	75,427	198,548
Prepayments and accrued income	124,967	66,518
	3,383,513	2,676,019

As at 31 January 2025 and 2024, amounts owed by fellow subsidiaries are unsecured, interest free and repayable on demand.

Receivables are stated net of impairment provision as follows:

	2025 €	2024 €
Trade receivables	178,003	143,362

The other classes of receivables do not contain impaired assets.

6. Cash and cash equivalents

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

	2025 €	2024 €
Cash at bank and in hand	35,407	1,990,295
Bank Overdraft	(221,662)	-
Cash at bank and in hand	<u>(186,255)</u>	<u>1,990,295</u>

The Company had a bank overdraft facility amounting to €2,000,000 (2024: €1,400,000).

7. Share capital

	2025 €	2024 €
Authorised		
250,000 ordinary shares of €2.329373 each	<u>582,343</u>	<u>582,343</u>
Issued and fully paid		
250,000 ordinary shares of €2.329373 each	<u>582,343</u>	<u>582,343</u>

8. Deferred taxation

	2025 €	2024 €
At beginning of year	(51,142)	(2,373)
Credited to the income statement (Note 15)	28,328	(48,769)
At end of year	<u>(22,814)</u>	<u>(51,142)</u>

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 35% (2024: 35%).

The balance at 31 January represents:

	2025 €	2024 €
Temporary differences attributable to property, plant equipment	(78,495)	(94,698)
Temporary differences attributable to credit loss allowance	55,681	43,556
	<u>(22,814)</u>	<u>(51,142)</u>

Deferred tax is principally composed of deferred tax liabilities which are to be settled after more than twelve months.

9. Trade and other payables

	2025 €	2024 €
Current		
Trade payables	1,696,983	1,394,908
Amounts owed to parent	52,614	113,689
Amounts owed to fellow subsidiaries	1,531,971	1,507,440
Other payables	94,753	65,380
Bank Overdraft	221,662	-
Accruals	834,492	864,851
	4,432,475	3,946,268
Non-current		
Amounts owed to parent	4,700,000	3,200,000
Total trade and other payables	9,132,475	7,146,268

As of 31 January 2025, the amounts owed to the parent company of €4,700,000 (2024: €3,200,000) include €3,200,000 (2024: €3,200,000) related to the acquisition of land from a related party, for which the payment obligation was assumed by the parent company. This amount is interest free and unsecured. The parent Company has undertaken not to request repayment of amounts due until alternative financing is available.

Amounts owed to parent and fellow subsidiaries were unsecured, interest free and repayable on demand, except for amounts due to parent of €1.5M (2024: € nil) which bore interest at the rate of 3.5%.

The bank overdraft is secured by general hypothecs over the Company's assets and is guaranteed by the parent company. The bank overdraft bears interest at 4.25% and is repayable upon demand.

10. Revenue

All the Company's revenue was derived from the sale of food products and beverages in the local market.

11. Profit

Profit is stated after charging the following:

	2025 €	2024 €
Depreciation on property, plant and equipment (Note 3)	127,009	106,455
Auditor's remuneration	16,895	14,751
Property rentals payable	335,854	316,298
Employee benefit expense (Note 12)	2,120,941	2,008,520

12. Employee benefit expense

	2025 €	2024 €
Wages and salaries	1,436,532	1,405,778
Social security costs	193,502	83,097
	<u>1,630,034</u>	<u>1,488,875</u>
Recharged from parent	490,907	519,645
	<u>2,120,941</u>	<u>2,008,520</u>

The average number of persons employed by the Company during the financial reporting period was 60 (2024: 56).

13. Other operating income

The income credited to the income statement include:

	2025 €	2024 €
Foreign exchange losses	(11,745)	7,104
Other income	28,167	84,240
	<u>16,422</u>	<u>91,344</u>

14. Finance costs

	2025 €	2024 €
Bank and other financial charges	6,707	7,896

15. Tax expense

	2025 €	2024 €
Current tax expense	315,996	396,339
Deferred tax expense (Note 8)	(28,328)	48,769
	287,668	445,108

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 €
Profit before tax	823,475	1,226,423
Tax on profit at 35%	288,216	429,248
Tax effect of:		
Depreciation on non-qualifying assets	-	612
Other	(548)	15,248
Tax expense in the accounts	287,668	445,108

16. Directors' fees

	2025 €	2024 €
Recharged from parent	35,875	41,572

17. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	2025 €	2024 €
Operating profit	830,182	1,234,319
Adjustments for:		
Depreciation of property, plant and equipment (Note 3)	127,009	106,455
Increase/(Decrease) in provision for doubtful debts	34,641	(82,874)
Gain on disposal of property, plant and equipment	-	(254)
Changes in working capital:		
Inventories	(137,859)	196,902
Trade and other receivables	(549,165)	462,558
Trade and other payables	1,571,575	30,095
Cash generated from operations	1,876,383	1,947,201

18. Commitments

Capital commitments

Commitments for capital expenditure related to property, plant and equipment not provided for in these financial statements are as follows:

	2025 €	2024 €
Authorised but not contracted	10,670,000	20,227,000
Contracted but not provided for	5,050,000	-
	15,720,000	20,227,000

Operating lease commitments – where the Company is a lessee

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

	2025 €	2024 €
No later than 1 year	332,236	322,559
Later than 1 year and no later than 5 years	-	332,236
	332,236	654,795

19. Related party transactions

The Company forms part of the Simonds Farsons Cisk p.l.c. Group of Companies. All companies forming part of the Farsons 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 p.l.c. and its subsidiaries are considered to be related parties due to common directors and the common shareholding.

The following main transactions were entered into with related parties during the financial reporting period:

	2025 €	2024 €
Income from sale of goods		
- Sales of goods to parent and fellow subsidiaries	8,325,743	8,187,828
- Sales of goods to related parties	9,297	23,507
	8,335,040	8,211,335

19. Related party transactions - continued

	2025 €	2024 €
Expenditure		
- Purchases of goods and services from related parties	4,536	6,098
- Rental expense	328,999	317,332
- Recharged expenses	771,454	750,654
	1,104,989	1,074,084

Key management personnel compensation, consisting of directors' fees, has been disclosed in Note 16 of 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 5 and 9 to these financial statements.

20. Statutory information

Quintano Foods Limited is a limited liability company and is incorporated in Malta.

The ultimate parent Company of Quintano Foods 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 Quintano Foods 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.

The Board of Directors of Simonds Farsons Cisk p.l.c. has determined and announced through a Company Announcement issued on the 27th 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 Quintano Foods 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.