DIZZ

FINANCE PLC

Company Announcement relative to LovinMalta article

Date of Announcement	6th May 2021

The following is a company announcement issued by Dizz Finance p.l.c. (C 71189), hereinafter the "Company" pursuant to the Listing Rules issued by the Listing Authority:

On 2 May 2021, LovinMalta online portal published an article entitled "Dizz Group Registers €3.3 Million Loss with Auditors Noting 'Uncertainty' For Group's Future" (the 'Article'), making reference to various figures extracted from the Group's Audited Consolidated Financial Statements for the year ended 31 December 2020 (the 'Financial Statements'). The Group would like to address and clarify the following inaccuracies published in the article:

1) The Article makes reference to the auditors' opinion stating that "an uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern". This statement is taken out of context with the result that it misrepresents the auditors' assessment in respect to the financial situation of the Dizz Group of Companies Ltd. The phrase was lifted from the section entitled 'Emphasis of Matter' in the Auditors' Report of the Financial Statements and that this notwithstanding, the Auditors did not qualify the Financial Statements, nor did they opine differently to the assessment of the directors regarding the Group's ability to continue as a going concern.

2) The Article states that the Dizz Group recorded a loss of €2.3 million in 2019. This is inaccurate since it refers to the Group's loss before tax of €2.3 million, given that the loss after tax was €1.7 million. Furthermore, following a revaluation of the investment property recorded in the other comprehensive income, the Group recorded a profit of €1.2 million in 2019.

3) The Article also makes reference to the Group's obligation to create a sinking fund to ensure the repayment of the "bond interest". In this regard, the Company clarifies that in terms of the prospectus published by the Company on 20 September 2016 as well as in terms of the Notes Programme published by D Foods Finance p.l.c., neither company is obliged to put in place a sinking fund. Conversely, as per clause 22.24 of the Company Admission Document published by D Shopping Malls p.l.c. on 27 September 2018, D Shopping Malls p.l.c. is required to put in place a sinking fund equivalent to the principal amount of the bond, which is to be built up gradually from FY2024 onwards. As per the Company Admission Document the sinking fund is required to ensure the repayment of the principal amount of bonds outstanding rather than for the payment of the interest due on the bonds.

4) The Article makes reference to the Group's cash flows stating that "Its cash flow is also in the red, with accounts showing that its cash was a negative €780,615 by the end of 2020." Although the net cash and cash equivalents of the Group was €781k as at 31 December 2020, the Group would like to clarify that as highlighted in Note 22 of the Financial Statements, this is composed of cash at bank of €902k, and overdraft balances of €1.7 million.

5) The Article states that the Group's current liabilities totalled €54 million as at 31 December 2020 and that "Its non-current liabilities have doubled in recent years, climbing up from €15.6 million in 2018 to €35.1 million in 2019 and €41 million in 2020". Such statement is incorrect as the Group's current liabilities stood at €12.5 million as at 31 December 2020, whilst the Group's total liabilities amounted to €54 million. Furthermore, the Group would like to clarify that the increase in total liabilities is principally due to the impact of IFRS 16, *Leases*, which became mandatory on 1 January 2019, as the Group adopted the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, a right-of-use asset was accounted for as an asset on 1 January 2019, with a corresponding increase in lease liability on transition date. Accordingly, as of FY2019, the Group's assets and liabilities increased, given that until FY2018 all leases were accounted for as operating leases in line with IAS 17.

6) The Article states that *"In 2020, (the Group) also issued a €10 million convertible notes programme to acquire shares in the group's food subsidiaries, D Foods Finance PLC".* The Group would like to clarify that on the 21 of July 2020, D Foods Finance p.l.c. issued a base programme for the issue of up to €10,000,000 3% Secured Convertible Notes having a nominal value of €100,000 each. On 3 of August 2020, the first tranche of notes for €3,000,000 were fully subscribed. No further tranches were issued since then, and therefore, the Group clarifies that the debt currently in issue by D Foods Finance p.l.c. amounts to €3 million, not €10 million. Furthermore, the notes include a convertibility feature and therefore, the maturity date of the notes is 2 August 2030, unless converted earlier into equity.

The Board assures that any commercial decisions undertaken by the Group were always in accordance with applicable law and in the best interest of bondholders. Furthermore, the Company reiterates its commitment to honour any and all of its obligations towards the Bondholders and/or all other third parties as and when they fall due.

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Mr Kenneth Abela
Company Secretary

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