

Dowdall Ltd.

C 102616

ANNUAL REPORT

AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD

26 July 2022 to

31 December 2023

Dowdall Ltd.

Annual report and consolidated financial statements
for the period ended 31 December 2023

General Information

Directors :	Mr Stephen Mercieca Mr Michael Mercieca
Secretary :	Mr David Zahra
Company number :	C 102616
Registered office :	Cali House, 3 rd Floor, Vjal ir-Rihan, San Gwann SGN 9020
Auditors :	CLA Malta The Core Valley Road Msida MSD 9021 Malta

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Dowdall Ltd.

Annual report and consolidated financial statements
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Directors' report

The directors present their annual report and the audited parent company financial statements together with the group's consolidated financial statements (the "financial statements") of Dowdall Ltd. for the period ended 31st December 2023.

Principal activities

The principal activity of Dowdall Ltd. is to hold investments in subsidiary companies operating the QuickLets and Zanzi Homes (QLZH) brands.

The QuickLets brand was founded in 2013 and has since become the leading agency in Malta in the letting residential and commercial properties industry. The Zanzi Homes brand is a specialised brand focusing on the sale of real estate in Malta and was launched in 2015. Similarly, the Zanzi Homes brand has also become a pioneer in the real estate agency industry.

Review of business

During the period from 26 July 2022 to 31 December 2023, Dowdall Ltd. consolidated its operations in the real estate sector through its investments in subsidiaries operating under the QuickLets and Zanzi Homes brands. The Group generated revenue of €2.32 million, primarily from agency fees relating to property sales and lettings. EBITDA amounted to €698,426.

The Group recorded a net loss of €562,434, which includes a €1.09 million loss from discontinued operations. These discontinued operations were ring-fenced within a specific group entity and financed entirely through convertible debt. Importantly, they had no material impact on the performance of the Group's core operations. The business units in question were disposed of in 2024, realising a profit on sale, and their exclusion from future periods is expected to have a positive effect on the Group's earnings profile.

Key strategic developments during the period included the acquisition of Quicklets Property Management Ltd. and Dowdall (ZH) Ltd., which brought significant intangible assets such as goodwill and brand value onto the balance sheet.

Despite the reported loss, the Group maintained a stable financial position. Cash and cash equivalents at year-end stood at €175,887, while equity attributable to owners totalled €1.3 million. The restructuring and acquisitions undertaken during the year were reflected in a €2.7 million common control reserve adjustment.

With a strong position in the real estate franchise market and ongoing backing from related parties, the Group is well-positioned to deliver sustainable earnings and meet its liquidity obligations in the upcoming financial periods.

Directors

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

Michael Mercieca
Stephen Mercieca

The Company's Articles of Association do not require any directors to retire.

Company Secretary

The Company's Secretary is Mr. David Zahra.

Dowdall Ltd.

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Directors' report – continued

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss of the company for the year then ended. In preparing the financial statements, the directors should:

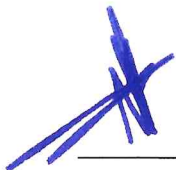
- Ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- Adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- Value separately the components of asset and liability items;
- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Account for income and charges relating to the accounting period on the accruals basis;
- Report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors 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.

Auditor

The auditor of the company, CLA Malta has expressed its willingness to continue in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

Signed on behalf of the Board of Directors on 4 June 2025 by Mr. Michael Mercieca and Mr. Stephen Mercieca (Directors).



Michael Mercieca
Director



Stephen Mercieca
Director

Registered office:

Cali House, 3rd Floor
Vjal ir-Rihan
San Gwann
SGN 9020
Malta

Dowdall Ltd.

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Consolidated Statement of financial position as at 31 December 2023

	Notes	Group 2023 €	Company 2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	132,553	-
Intangible assets	5	3,278,839	-
Investments in subsidiaries	13.2	-	4,850,935
Right-of-use assets	6	363,862	-
Other investments @ FVOCI	13.3	11,317	-
Total non-current assets		3,786,571	4,850,935
Current assets			
Trade and other receivables	7	692,079	269,772
Current tax assets		4,455	-
Cash and cash equivalents	8	175,887	13,597
		872,421	283,369
Assets classified as held for sale	9	1,225,744	-
Total current assets		2,098,165	283,369
Total assets		5,884,736	5,134,304
EQUITY AND LIABILITIES			
Equity			
Share capital	10	4,215,819	4,215,819
Share premium	10	635,008	635,008
Capital contribution reserve	11	20,000	20,000
Retained earnings		(869,918)	125,256
Other reserves	14	(2,701,443)	-
Fair value reserve	12	9,922	-
Capital and reserves attributable to owners of Dowdall Ltd		1,309,388	4,996,083
Non-controlling interests		72,835	-
Total equity		1,382,223	4,996,083

Dowdall Ltd.

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Statement of financial position as at 31 December 2023 - continued

	Notes	Group 2023	Company 2023
Non-current liabilities			
Borrowings	16	108,709	-
Lease liabilities	6	308,791	-
Trade and other payables	15	77,475	-
		494,975	-
Current liabilities			
Trade and other payables	15	688,910	138,221
Borrowings	16	495,264	-
Lease liabilities	6	80,363	-
		1,264,537	138,221
Liabilities directly associated with assets classified as held for sale	9	2,743,001	-
Total current liabilities		4,007,538	138,221
Total liabilities		4,502,513	138,221
Total equity and liabilities		5,884,736	5,134,304

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the directors of the company, authorised for issue on 4 June 2025 and signed by:


Michael Mercieca
Director


Stephen Mercieca
Director

Dowdall Ltd.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended
31 December 2023

		Group	Company
	Notes	Period from 26 July 2022 to 31 December 2023	Period from 26 July 2022 to 31 December 2023
		€	€
Revenue	17	2,315,860	912,790
Cost of sales	18	(579,400)	-
Gross profit		1,736,460	912,790
Administrative and other related expenses	18	(1,384,226)	(501,194)
Other income	21	209,922	-
Operating profit		562,156	411,596
Analysed as follows:			
EBITDA		698,426	411,596
Depreciation and amortisation		(136,270)	-
Operating profit		562,156	411,596
Finance costs	22	(45,943)	-
Profit before tax		516,213	411,596
Tax expense	23	13,738	-
Profit after tax from continuing operations		529,951	411,596
Loss from discontinued operations		(1,092,385)	-
(Loss)/Profit after tax		(562,434)	411,596
Comprehensive income			
Loss for the period		(562,434)	411,596
Other comprehensive income		-	-
Total comprehensive expense/(income) for the period		(562,434)	411,596
Attributable to:			
Equity holders of the Company		(583,578)	411,596
Non-controlling interests		21,144	-
Total comprehensive expense/(income) for the period		(562,434)	411,596

The accompanying notes form an integral part of these financial statements.

Dowdall Ltd.

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Statement of changes in equity - Group

Notes	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Capital contribution Reserve	Retained earnings	Fair value movement	Total		
	€	€	€	€	€	€	€	€	
Balance at 26 July 2022	-	-	-	-	-	-	-	-	
Comprehensive income									
Issue of shares	4,215,819	635,008	-	-	-	-	-	4,850,827	
Capital contribution	-	-	-	20,000	-	-	-	20,000	
Common control reserve transfer adjustment	-	-	(2,701,443)	-	-	-	-	(2,701,443)	
Transactions with non-controlling interests	-	-	-	-	-	-	52,458	52,458	
Movement for the year	-	-	-	-	-	9,922	785	10,707	
(Loss)/Profit for the period	-	-	-	-	(583,578)	-	21,144	(562,434)	
Dividends paid to equity holders	-	-	-	-	(286,340)	-	(1,552)	(287,892)	
Balance at 31 December 2023	4,215,819	635,008	(2,701,443)	20,000	(869,918)	9,922	72,835	1,382,223	

Dowdall Ltd.

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Statement of changes in equity - Company

	Notes	Share capital €	Share premium €	Other reserves €	Capital contribution Reserve €	Retained earnings €	Total €	Non-controlling interests €	Total €
Balance at 26 July 2022		-	-	-	-	-	-	-	-
Comprehensive income									
Issue of shares	10	4,215,819	635,008	-	-	-	4,850,827	-	4,850,827
Capital contribution	11	-	-	-	20,000	-	20,000	-	20,000
Profit for the period		-	-	-	-	411,596	411,596	-	411,596
Dividends paid to equity holders	25	-	-	-	-	(286,340)	(286,340)	-	(286,340)
Balance at 31 December 2023		4,215,819	635,008	-	20,000	125,256	4,996,083	-	4,996,083

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Consolidated statement of cash flows

	Notes	Group 2023 €	Company 2023 €
Cash (used in)/generated from operations	24	(109,471)	119,516
Purchase of non-current assets		(78,212)	-
Acquisition of subsidiaries, net of cash acquired		254,051	-
Net cash flows from investing activities		175,839	-
Proceeds from issue of share capital		352	-
Repayment of bank borrowings		(19,929)	-
Payment of lease liabilities		(22,215)	-
Movement in related party balances		509,988	180,515
Dividends paid to owners of the Parent	25	(286,340)	(286,340)
Dividends paid to non-controlling interests		(1,552)	-
Bank interest paid		(1,191)	-
Net cash flows from/ (used in) financing activities		179,113	(105,825)
Net movement in cash and cash equivalents		245,481	13,691
Cash and cash equivalents at the beginning of the		-	-
Cash and cash equivalents at the end of the		245,481	13,691
Analysed as follows:			
Cash and cash equivalents - retained operations	8	175,887	13,597
Expected credit losses movement		1,230	94
Cash and cash equivalents - discontinued operations	9	68,364	-
		245,481	13,691

Dowdall Ltd.

Annual report and consolidated financial statements
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Notes to the consolidated financial statements

1. Summary of material accounting policies

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

1.1 Basis of preparation

The consolidated financial statements include the financial statements of Dowdall Ltd. and its subsidiaries and are prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Financial position of the Group and the Group's cash flow forecasting process

As at 31 December 2023, the Group's current liabilities exceeded its current assets by €392,116.

Liabilities include an amount of €480,565 due to related parties. These related parties have undertaken not to request repayment until the company has sufficient funds to be able to repay these balances.

The Group envisages that it will continue generate a significant level of earnings throughout the forthcoming financial year, through its cash generating units, which will enable the Group to manage effectively its forecasted cash flows and liquidity needs. These factors are embedded within the Group's cash flow forecasts.

Standards, interpretations and amendments to published standards effective in 2022

The Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 26 July 2022.

Standards, interpretations and amendments to published standards that are not yet adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB that are not yet effective, and have not been early adopted by the Group. The Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's and Company's financial statements in the period of initial application.

Dowdall Ltd.

Annual report and consolidated financial statements
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1. Summary of material accounting policies - continued

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where, for instance the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations that fall within the scope of IFRS 3. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of acquiring the investment. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Dowdall Ltd.

Annual report and consolidated financial statements
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1. Summary of material accounting policies - continued

1.2 Consolidation - continued

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests, where the acquisition or disposal of partial interests in a subsidiary has no impact on the Group's ability to control the subsidiary's financial and operating policies, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the identifiable net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.3 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('The functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

1.4 Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

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 Group 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 or revalued amounts to their residual values over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Dowdall Ltd.

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1. Summary of material accounting policies - continued

1.4 Property, plant and equipment – continued

The rates of depreciation used for the current and comparative periods are as follows:

	%
Fixtures and fittings	6.67 - 10
Computer software and equipment	25
Motor vehicles	20
Leasehold improvements	6.67

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. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised in profit or loss.

1.5 Intangible assets

(a) Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the company's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over four years.

(b) Brand name

The brand name is carried net cost and was acquired from a company with the same shareholding. The trademark classified as an intangible asset is amortised on a straight-line basis over fifty years.

Dowdall Ltd.

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1. Summary of material accounting policies - continued

1.5 Intangible assets - continued

(c) Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill that is recognised separately within 'intangible assets' is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and also whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses on goodwill are not reversed.

Amortisation

Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets to their residual value over their estimated useful lives as follows:

	%
Computer software	25
Brand names	2

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

1.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or certain intangible assets, are not subject to amortisation and are tested annually for impairment. 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. 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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Dowdall Ltd.

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1. Summary of material accounting policies - continued

1.7 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which an asset is delivered to or by the Group. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership or has not retained control of the asset.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Dowdall Ltd.

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1. Summary of material accounting policies - continued

1.7 Financial assets - continued

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For all other financial assets that are subject to impairment under IFRS 9, the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit impaired on initial recognition is classified in stage 1.

Financial assets in stage 1, have their expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that results from default events possible within the next 12 months, or until contractual maturity if shorter. If the Group identifies a significant increase in credit risk since initial recognition, the asset is transferred to stage 2 and its expected credit loss is measured on a lifetime basis, that is up until contractual maturity. If the Group determines that a financial asset is credit impaired, the asset is transferred to stage 3 and the expected credit loss is measured on a lifetime credit loss basis.

1.7.1 Trade and other receivables

Trade receivables comprise amounts due from customers for 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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1.8 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

Dowdall Ltd.

Annual report and consolidated financial statements
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1. Summary of material accounting policies - continued

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.

1.10 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities are classified as financial liabilities measured at amortised cost, i.e. not at fair value through profit or loss under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group 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.

1.10.1 Trade and other payables

Trade payables comprise 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. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10.2 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.11 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.

1.12 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 in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Dowdall Ltd.

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1. Summary of material accounting policies - continued

1.12 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 consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred 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 effects neither accounting nor taxable profit or loss. Deferred 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 tax asset is realised or the deferred 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 on a net basis.

1.13 Provisions for legal and other claims

Provisions for legal and other claims are recognised when the Group 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.

1.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns, rebates and discounts. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met as described below.

(i) Franchise and agency fees

Revenue is calculated as a percentage of franchisee sales and is recognised upon the completion of a sale or letting of a property listing by one of the franchisees' agents. This is generally considered to occur on the contract of sale of a property or letting agreement.

Dowdall Ltd.

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1. Summary of material accounting policies - continued

1.15 Leases

The Group is the lessee

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Dowdall Ltd.

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1. Summary of material accounting policies - continued

1.15 Leases - continued

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate);
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

1.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.17 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are recognised as an expense in the profit or loss account in the period as incurred.

Dowdall Ltd.

Annual report and consolidated financial statements
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2. Financial risk management

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of risks: market risk, economic risk, credit risk and liquidity risk. Where possible, the board provides principles for overall risk management, as well as policies to mitigate these risks in the most prudent way.

(a) Market risk

(i) *Cash flow and fair value interest rate risk*

The interest rate profile of the Group's and the Company's interest-bearing financial instruments at the end of the reporting periods is analysed below:

	Group 2023 €	Company 2023 €
Financial assets		
Bank balances	175,887	13,597
Financial liabilities		
Bank loans	12,672	-
Other borrowings	110,736	-

The Group's significant instruments which are subject to fixed interest rates consist principally of a bank loan and a loan due to third party. In this respect, the Group is exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

Dowdall Ltd.

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for the period ended 31 December 2023

2. Financial risk management - continued

2.1 Financial risk factors – continued

(a) Credit risk

Credit risk principally arises from cash and cash equivalents comprising deposits with financial institutions, loans or amounts due to related parties, as well as credit exposures from outstanding receivables. The Group's and the Company's principal exposures to credit risk as at the end of the reporting period are analysed as follows:

	Group 2023	Company 2023
	€	€
Carrying amount		
Trade and other receivables	221,790	1,412
Cash and cash equivalents	175,887	13,597
	397,677	15,009

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any significant collateral as security in this respect. The figures disclosed in the table above in respect of trade and other receivables exclude prepayments.

Cash and cash equivalents

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

Trade and other receivables

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

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

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

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2. Financial risk management - continued

2.1 Financial risk factors – continued

(a) Credit risk – continued

Trade and other receivables - continued

Group	Not past due	Days past due - simplified approach				Total
		31-59	60-89	90-119	>120	
Trade receivables						
Expected credit loss rate	0.81%	1.49%	3.20%	9.87%	17.30%	
Estimated total gross carrying amount at default	194,042	19,509	5,149	-	7,236	225,936
Lifetime ECL at 31 December 2023	(1,572)	(306)	(165)	-	(1,252)	(3,295)
Net carrying amount at 31 December 2023	192,470	19,203	4,984	-	5,984	222,641

2023
€

3,295

Company	Not past	Days past due - simplified approach				Total
		31-59	60-89	90-119	>120	
Expected credit loss rate	0.81%	1.49%	3.20%	9.87%	17.30%	
Estimated total gross carrying amount at default	1,087	-	-	-	-	1,087
Lifetime ECL at 31 December 2023	(9)	-	-	-	-	(9)
Net carrying amount at 31 December 2023	1,078	-	-	-	-	1,078

Credit losses

2023
€

Impairment loss on trade receivables

9

Dowdall Ltd.

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2. Financial risk management - continued

2.1 Financial risk factors – continued

(a) Credit risk – continued

Trade and other receivables - continued

Other financial assets at amortised at Group level include amounts due to related companies. The closing balance of the other receivables at amortised costs loss allowance as at 31 December 2023 reconciles with the other receivables at amortised costs loss allowance opening balance as follows:

Group	Other receivables at amortised cost
	€
Opening loss allowance at 26 July 2022	-
Loss allowance recognised during the year	1,726
	<hr/>
At 31 December 2023	1,726
	<hr/>
Company	Other receivables at amortised cost
	€
Opening loss allowance at 26 July 2022	-
Loss allowance recognised during the year	16,364
	<hr/>
At 31 December 2023	16,364
	<hr/>

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2. Financial risk management - continued

2.1.1 Financial risk factors – continued

(b) Liquidity risk

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

Management monitors liquidity risk by reviewing expected cash flows through cash flow forecasts and ensures that no additional financing facilities are expected to be required over the coming year. This is performed at a central treasury function, which controls the overall liquidity requirements of the Group within certain parameters.

Group	Carrying amount	Contractual cashflows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
	€	€	€	€	€	€
Bank loans	12,672	13,862	13,862	-	-	-
Trade and other payables	688,910	688,910	688,910	-	-	-
Lease liabilities	389,154	427,563	96,461	97,032	234,070	-
Loans to third party	110,736	110,736	2,027	-	108,709	-
Loans to related company	480,565	480,565	480,565	-	-	-
31 December 2023	1,682,037	1,721,636	1,281,825	97,032	342,779	-

Company	Carrying amount	Contractual cashflows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
	€	€	€	€	€	€
Trade and other payables	138,221	138,221	138,221	-	-	-
31 December 2023	138,221	138,221	138,221	-	-	-

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3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group's management also makes judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

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3.1 Impairment testing

IFRSs require management to undertake an annual test for impairment of goodwill and non-financial assets having an indefinite useful life and require management to test for impairment if events or changes in circumstances indicate that the carrying amount of a non-financial asset having a finite useful life may not be recoverable. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). The Group also 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.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets or cash-generating units can be supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections, which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, in particular those derived from the Group's cash-generating units, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of growth in earnings before interest, taxation, depreciation and amortisation (EBITDA), long-term growth rates, and the selection of discount rates to reflect the risks involved. Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

The useful life used to amortise intangible assets relates to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The useful lives and residual values of the Group's property, plant and equipment are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Dowdall Ltd.

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3. Critical accounting estimates and judgements - continued

3.1 Impairment testing - continued

Assessment of matters referred to above

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

The Directors also draw attention to the fact that there are no assumptions and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Dowdall Ltd.

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4. Property, plant and equipment

Group

	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Motor Vehicles	Total
At 26 July 2022					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net book amount	-	-	-	-	-
Period ended 31 December 2023					
Opening net book amount	-	-	-	-	-
Acquired through business combination	7,133	50,174	6,610	114,273	178,190
Additions	-	-	2,310	-	2,310
Depreciation	(854)	(9,859)	(3,960)	(33,274)	(47,947)
Closing net book amount	6,279	40,315	4,960	80,999	132,553
At 31 December 2023					
Cost	12,806	103,399	28,663	155,967	300,835
Accumulated depreciation	(6,527)	(63,084)	(23,703)	(74,968)	(168,282)
Net book amount	6,279	40,315	4,960	80,999	132,553

Dowdall Ltd.

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5. Intangible assets

Group	Software	Brand names	Goodwill	Total
	EUR	EUR	EUR	EUR
At 26 July 2022				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Net book amount	-	-	-	-
Opening net book amount	-	-	-	-
Acquired through business combination	76,068	619,930	2,587,857	3,283,855
Additions	56,566	-	-	56,566
Amortisation	(49,183)	(12,399)	-	(61,582)
Closing net book amount	83,451	607,531	2,587,857	3,278,839
At 31 December 2023				
Cost	250,478	619,930	2,587,857	3,458,265
Accumulated amortisation	(167,027)	(12,399)	-	(179,426)
Net book amount	83,451	607,531	2,587,857	3,278,839

Dowdall Ltd.

Annual report and consolidated financial statements
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5. Intangible assets – continued

5.1 Impairment testing

Goodwill is allocated to the following cash-generating units (CGUs), which represent the lowest level within the Group at which goodwill is monitored for internal management purposes:

	Group	Company
	2023	2023
	€	€
Goodwill allocated to operating segments:		
Dowdall ZH Ltd	508,336	-
Quicklets Property Management Ltd	2,079,035	-
QLC Real Estate Ltd	486	-
	<hr/> 2,587,857 <hr/>	

The Group tests cash-generating units with goodwill annually for impairment, or more frequently if there is an indication that a cash-generating unit to which goodwill has been allocated may be impaired. The recoverable amount of a cash generating unit is the higher of the cash-generating unit's fair value less cost of disposal ('FVLCD') and its value-in-use.

For the period ended 31 December 2023, the recoverable amounts for all CGUs exceeded their carrying values, and therefore no impairment loss was recognised.

Method of valuation

For the purpose of impairment testing for the three entities, the recoverable amount was determined using the value in use method:

- a pre-tax discount rate of 5.5% was applied to projected cash flows over a five-year forecast period. The discount rate was determined based on a weighted average cost of capital (WACC) that reflects the specific risks relating to each CGU.
- A terminal growth rate of 3% was applied beyond the forecast period, using the Gordon Growth Model to estimate terminal value. Cash flow projections were based on financial budgets approved by management, incorporating revenue growth assumptions of 5% to 10% per annum and stable gross margins based on past performance and industry outlooks.

Management also performed sensitivity analyses on key assumptions, including the discount rate and revenue growth rates. Based on these analyses, no reasonably possible change in assumptions would cause the carrying amount of any CGU to exceed its recoverable amount.

Dowdall Ltd.

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6 Leases

6.1 Right of Use Assets

Group	Property EUR
At 26 July 2022	
Cost	-
Accumulated amortisation	-
Net book amount	-
Opening net book amount	-
Additions	391,082
Amortisation	(27,220)
Closing net book amount	363,862
At 31 December 2023	
Cost	391,082
Accumulated amortisation	(27,220)
Net book amount	363,862

6.2 Lease Liabilities

	Group 2023 €	Company 2023 €
Current	80,363	-
Non-current	308,791	-
	389,154	-

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index, or a rate are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 4).

Dowdall Ltd.

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7. Trade and other receivables

	Group	Company
	2023	2023
	€	€
Trade receivables	218,953	1,078
Amounts due from shareholders	397,279	-
Amounts due from related companies	72,809	268,360
Prepayments	201	-
Other receivables	2,837	334
	692,079	269,772

The amounts due from shareholders and related parties are unsecured, interest free and repayable on demand.

8. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise:

	Group	Company
	2023	2023
	€	€
Bank deposits	175,887	13,597
	175,887	13,597

Dowdall Ltd.

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9. Assets classified as held for sale

During the current financial period, the shareholders of the company resolved to transfer the entire shareholding of one of its subsidiaries to the Parent company in the near future. The subsidiary's associated assets and liabilities are therefore presented as held for sale in the financial statements.

Financial performance and cash flow information

The financial performance and cash flow information presented is for the period ended 31 December 2023.

	2023
	€
Loss for the period	(1,092,385)
<i>Adjustments for:</i>	
Depreciation and amortisation	762
Net interest cost	693
Tax expense	630
<i>Changes in working capital:</i>	
Trade and other receivables	(3,906)
Trade and other payables	62,607
Cash used in operations	<u>(1,031,599)</u>
Net cash flows used in operating activities	<u>(1,031,599)</u>
Purchase of non-current assts	(655,190)
Acquisition of subsidiaries, net of cash acquired	148,240
Net cash flows used in investing activities	<u>(506,950)</u>
Proceeds from granting / repayment of borrowings	1,550,000
Movement in related party balances	57,606
Net interest paid	(693)
Net cash flows from financing activities	<u>1,606,913</u>
Net movement in cash and cash equivalents	68,364
Cash and cash equivalents at the end of the period	<u>-</u>
Cash and cash equivalents at the end of the period	68,364

Dowdall Ltd.

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10. Share capital

	Group	Company
	2023	2023
Authorised	€	€
789,600 Ordinary 'A' shares of €1 each	789,600	789,600
3,180,960 Ordinary 'B' shares of €1 each	3,180,960	3,180,960
246,667 Non-redeemable preference shares	246,667	246,667
Closing net book amount	4,217,227	4,217,227
	€	€
Issued and fully paid up		
789,600 Ordinary 'A' shares of €1 each	789,250	789,250
3,180,960 Ordinary 'B' shares of €1 each	3,179,550	3,179,550
246,667 Non-redeemable preference shares	246,667	246,667
70 Ordinary 'A' shares of €1 each – 20% paid up	70	70
282 Ordinary 'B' shares of €1 each – 20% paid up	282	282
Closing net book amount	4,215,819	4,215,819

11. Capital contribution reserve

During the current financial period, the Company received a capital contribution from its shareholders amounting to €20,000 in order to strengthen the financial position of the Company.

12. Fair value reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

13. Investments

13.1 Composition of the Group

	Registered office	2023
		%
Quicklets Property Management Ltd	Cali House, 3rd Floor, Vjal ir-Rihan San Gwann	100%
Dowdall (QL) IP Limited	Cali House, 3rd Floor, Vjal ir-Rihan San Gwann	100%
Dowdall Holdings (ZH) Limited	Cali House, 3rd Floor, Vjal ir-Rihan San Gwann	89.80%
Dowdall (ZH) Limited	Cali House, 3rd Floor, Vjal ir-Rihan San Gwann	<u>89.80%</u>

Dowdall Ltd.

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13. Investment in subsidiaries – continued

13.1. Composition of the Group – continued

Quicklets Property Management Ltd has further subsidiaries as per below:

	Registered office	2023 %
QLC Real Estate Limited	Zanzi Homes, Birkirkara Hill, San Giljan	87.5%
Worldom Ltd	Cali House, 3rd Floor, Vjal ir-Rihan San Gwann	<u>100%</u>

Worldom Ltd has further subsidiaries as per below:

	Registered office	2023 %
Houzit Spain S.L.	Calle Via Augusta 252 08017 Barcelona Spain	100%
Houzit Unipessoal LDA	Avenida dos Estados Unidos da América, N° 2, Loja 7 1700-174 Lisboa	100%
Houzit Labs D.o.o	86 Tadeuša Košćuška Street, Belgrade (Old Town), Belgrade - Old Town, Serbia	<u>100%</u>

13.2 Investments in subsidiaries

	Company 2023 €
At 26 July 2022	-
Additions	4,850,935
	<u>4,850,935</u>

13.3 Other investments at FVOCI

	Group 2023 €	Company 2023 €
At 26 July 2022	-	-
Additions	610	-
Fair value movement	10,707	-
	<u>11,317</u>	<u>-</u>

Dowdall Ltd.

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14. Business combinations

Quicklets Property Management Ltd:

On 20 December 2022, Dowdall Ltd acquired 100% of the issued share capital of Quick Lets Property Management Ltd (formerly Dowdall Holdings (QL) Limited) (C 77820), a property letting company operating the Quick Lets brand in Malta. The total consideration payable for the subscription of shares was €3,477,387.

	€
Fair value of 100% equity holding in Quick Lets Property Management Ltd.	3,477,387

The assets and liabilities recognised as a result of the acquisition are as follows:

	€
Intangible assets	653,892
Property, plant and equipment	64,746
Investment in subsidiaries	1,410
Other investments	4,204
Trade and other receivables	590,437
Cash and cash equivalents	29,234
Trade and other payables	(1,107,270)
Borrowings	(30,950)
Retained earnings of subsidiaries on acquisition	(601,014)
Net asset value as at acquisition date	(395,311)
Uplift in fair value of acquired brand asset	1,793,663
Goodwill	2,079,035
Net assets acquired	<u>3,477,387</u>

Dowdall (ZH) Limited

On 20 December 2022, Dowdall Ltd acquired 89.8% of the issued share capital of Dowdall (ZH) Limited (C 71926), a property letting agency operating in Malta. The total consideration payable for the subscription of shares was €1,373,088.

	€
Fair value of 89.8% equity holding in Dowdall (ZH) Limited	1,373,088
Details of the purchase consideration, the net assets acquired and goodwill are as follows:	
	€
Intangible Asset	27,883
Property, plant and equipment	113,444
Other investments	237
Trade receivables	372,461
Cash and cash equivalents	23,352
Trade and other payables	(303,738)
Borrowings	(223,791)
Net asset value as at acquisition date	9,848
Fair value of acquired brand asset	854,904
Goodwill	508,336
Net assets acquired	<u>1,373,088</u>

Dowdall Ltd.

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15. Trade and other payables

	Group	Company
	2023	2023
	€	€
Non-current		
Other payables	77,475	-
	77,475	-
Current		
Trade and other payables	109,405	1,581
Indirect taxation	451,568	127,344
Other payables	58,999	3,896
Accruals	68,938	5,400
	688,910	138,221

16. Borrowings

	Group	Company
	2023	2023
	€	€
Non-current		
Loan to third party	108,709	-
	108,709	-
Current		
Loan to third party	2,027	-
Related party balance	480,565	-
Bank loan	12,672	-
	495,264	-

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17. Revenue

Revenue represents agency fees on property sales and letting of residential and commercial properties generated from various branches. The parent company income is derived from dividends receivable and wages recharged to group entities and to related entities outside the group.

	Group Period from 26 July 2022 to 31 December 2023 €	Company Period from 26 July 2022 to 31 December 2023 €
Agency fees	2,315,860	-
Dividends received	-	445,347
Wages recharges	-	467,443
	2,315,860	912,790

18. Expenses by nature

The operating profit for the period is stated after charging the following:

	Group Period from 26 July 2022 to 31 December 2023 €	Company Period from 26 July 2022 to 31 December 2023 €
Cost of sales	579,400	-
Employee benefit expense (Note 19)	520,239	467,445
Depreciation of property, plant and equipment (Note 4)	47,947	-
Amortisation of intangible assets (Note 5)	61,582	-
Depreciation of right of use assets (Note 6)	27,220	-
Impairment of investment in financial assets	3,831	-
Annual statutory audit fees	12,000	3,600
Other	711,407	30,149
Total cost of sales, administrative and other related expenses	1,963,626	501,194

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19. Employee benefit expense

	Group Period from 26 July 2022 to 31 December 2023 €	Company Period from 26 July 2022 to 31 December 2023 €
Wages and salaries	487,231	438,819
Social security costs	33,008	28,626
Total employee benefit expense	520,239	467,445

The average number of persons employed by the Group and the Company during the period amounted to 18 and 13 respectively.

20. Directors' emoluments

	Group Period from 26 July 2022 to 31 December 2023 €	Company Period from 26 July 2022 to 31 December 2023 €
Fees	83,276	-

Directors' emoluments are included within 'administrative and other related expenses'.

21. Other income

	Group Period from 26 July 2022 to 31 December 2023 €	Company Period from 26 July 2022 to 31 December 2023 €
Management fees recharges	209,922	-

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22. Finance costs

	Group Period from 26 July 2022 to 31 December 2023	Company Period from 26 July 2022 to 31 December 2023
	€	€
Bank loan interest	1,191	-
Interest on third party loans	8,829	-
Bank charges	7,544	-
Other interest	8,092	-
Finance cost on finance lease	20,287	-
	45,943	-

23. Tax expense

	Group Period from 26 July 2022 to 31 December 2023	Company Period from 26 July 2022 to 31 December 2023
	€	€
Current tax		
Current tax expense	(13,738)	-

The accounting profits and the tax charge for the year are reconciled as shown hereunder:

	Group	Company
	€	€
Net profit for the year	516,213	411,596
Tax on profit at 35% applicable to taxable profits in Malta	180,675	144,059
Tax effect of:		
Disallowed expenses	11,038	11,812
Income exempt from tax	-	(155,871)
Other adjustment	(13,738)	-
Deferred tax not recognised	(191,713)	-
	(13,738)	-

Dowdall Ltd.

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24. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group	Company
	2023	2023
	€	€
Profit after tax	529,951	411,596
Loss from discontinued operations	(1,092,385)	
<i>Adjustments for:</i>		
Income tax	(13,738)	-
Depreciation and amortisation	136,270	-
Finance lease interest	20,287	-
Net interest cost	1,191	-
Expected credit losses	6,251	16,467
Dividends received	-	(445,347)
<i>Changes in working capital:</i>		
Trade and other receivables	37,165	(1,421)
Trade and other payables	265,537	138,221
Cash generated from operations	(109,471)	119,516

25. Related party transactions

Companies having the same shareholders and directors are considered by the directors to be related parties.

During the period, the Company and the Group entered into transactions with related undertakings all of which arise in the ordinary course of business. The related party transactions were:

	Group	Company
	2023	2023
	€	€
<i>Income</i>		
Dividend income	-	445,347
Wages recharged to related companies outside the group	11,219	11,219
Wages recharged to group entities	-	449,384

Balances due to/from shareholders and related parties are disclosed in Notes 7 and 16 respectively. During the year, the parent company declared dividends amounting to EUR 286,340 to its shareholders.

Dowdall Ltd.

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26. Statutory information

Dowdall Ltd. is a limited liability company and is incorporated in Malta, with its registered address at Cali House, 3rd Floor, Vjal ir-Rihan, San Gwann, SGN 9020, Malta.

The parent companies of Dowdall Ltd. is Valletta Hub Limited, a company registered in Malta, with its registered address at Cali House, 3rd Floor, Vjal ir-Rihan, San Gwann, SGN 9020, Malta.

The directors consider the ultimate controlling party to be Mr. Stephen Mercieca.

These are the Company's first financial statements and, accordingly, no comparative information is presented.



DOWDALL LTD.

Independent Auditors' Report

To the shareholders of Dowdall Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Dowdall Ltd., set out on pages 3 to 41, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects the Group's financial position of the Company as at 31 December 2023, and of the Group's financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The standalone financial information of Dowdall Ltd. as at 31 December 2023 and for the year then ended, presented separately as supplementary information in the Group financial statements, was audited by another auditor who expressed an unmodified opinion on those financial statements on 20 December 2024. Our opinion on the Group financial statements does not extend to the separate financial information of the Parent Company, and we do not express an opinion thereon.

As disclosed in Note 26, these are the first financial statements of the Group and the Company and, accordingly, no comparative figures have been presented.

Key Audit Matter

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

CLA Malta is a Civil Partnership registered in Malta bearing registration number LPA-92, with offices at CLA Malta, The Core, Valley Road, Msida MSD9021, Malta (EU)

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DOWDALL LTD.

Independent Auditors' Report (continued)

Impairment Assessment of Goodwill – note 5

As at 31 December 2023, the Group's consolidated statement of financial position includes goodwill of €2.6 million, representing approximately 44.3% of total assets. In accordance with IAS 36 *Impairment of Assets*, goodwill is required to be tested for impairment annually or more frequently if indicators of impairment are identified.

Management determined the recoverable amount of the cash-generating unit (CGU) to which goodwill is allocated based on its value in use, using a discounted cash flow model. This assessment involves significant judgment in respect of key assumptions, including forecast revenue growth rates, operating margins, and the discount rate applied. Due to the materiality of the goodwill balance and the sensitivity of the value in use calculation to these assumptions, we considered this to be a key audit matter.

Our audit procedures included:

- Evaluating the design and implementation of relevant controls over the impairment assessment process.
- Assessing the valuation methodology used by management in estimating the recoverable amount.
- Testing the reasonableness of key assumptions, including forecast revenues and margins, by reference to historical results and external market data.
- Performing sensitivity analyses on key assumptions to evaluate the impact of reasonably possible changes.
- Evaluating the adequacy of the disclosures made in Note 5, particularly in relation to the key assumptions and sensitivities.

Other Information

The directors are responsible for the other information. The other information comprises of Company Information and the Report of the Directors. Our opinion on the consolidated financial statements does not cover this information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Report of the Directors, we also considered whether the Report of the Directors includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- 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 the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report. We have nothing to report in this regard.

DOWDALL LTD.

Independent Auditors' Report (continued)

Responsibilities of the Directors

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



DOWDALL LTD.

Independent Auditors' Report (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have responsibilities under the Companies Act (Cap. 386) enacted in Malta to report to you if, in our opinion:

- The information given in the Report of the Directors is not consistent with the consolidated financial statements.
- Adequate accounting records have not been kept, or that 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.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

A handwritten signature in dark ink, appearing to read 'Bernard Charles Gauci'.

Bernard Charles Gauci (Partner) for and on behalf of

CLA Malta
Certified Public Accountants

Msida
Malta

4 June 2025