DIZZ

FINANCE PLC

Notice of material Variance

Date of Announcement 16th April 2021

The following is a company announcement issued by Dizz Finance p.l.c. (C71189), hereinafter the "Company" of Dizz Buildings, Carob Street, Santa Venera, Malta, pursuant to the Listing Rules issued by the Listing Authority:

QUOTE

The Board of Directors note that in the consolidated financial statements of the Dizz Group of Companies Limited for the year ended 31 December 2020, the Group has registered a total comprehensive loss of €3.3m. This represents a material variance of circa €3.1m from the 2020 projections that were published in the Financial Analysis Summary issued on 14 July 2020 by way of company announcement DZF50, given that the projections had forecasted a total comprehensive loss of €203k. This adverse material variance is mainly attributable to cost of sales, administrative expenses and taxation.

The Group registered an adverse variance of €4.7m in relation to cost of sales, whereby this variance is mainly due to a decrease in the selling prices charged by the fashion division to attract more sales, which translates into a reduction in the gross profit margin of the Group. This is offset by a significant positive material variance of €3.1m relating to other income, primarily consisting of rental income from investment property and the granting of the COVID-19 wage and rent supplements which were classified as administrative expenses in the Financial Analysis Summary. This was also sustained by other income derived from the diversification efforts of the Group which have proven to be successful in mitigating the losses registered during the year as a result of the global pandemic.

The Group also reported an adverse variance of €949k in relation to administrative costs which was primarily due to an increase in legal and professional fees, fines, loss on termination of lease and a higher rental cost incurred which was higher than projected. This variance was registered despite the granting of the COVID-19 wage supplements received. Moreover, the Group registered an additional adverse variance of €529k with regards to taxation resulting from clarification received from the Commissioner for Revenue on the final tax treatment of leases under IFRS 16.

Despite these aforementioned variances, the Group managed to reduce its negative cash and cash equivalents by as much as €1.1m in comparison to what was originally provided for in the Financial Analysis Summary, primarily being bolstered by increases in cash generated from financing activities.

UNQUOTE

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