

Summary of Significant Assumptions and Accounting Policies

A. Introduction

The forecast statement of financial position, the forecast statement of profit or loss, and the forecast statement of cash flows (“the Forecasts”) of the Issuer for the period ending 31st December 2024 has been prepared to provide financial information for the purposes of the announcement of Financial Sustainability Forecasts. The assumptions set out below are the sole responsibility of the Directors of the Company.

The Forecasts are intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions which the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. We draw your attention in particular, to the risk factors set out in the Admission Document, which describe the primary risks associated with the business to which the Forecast Financial Information relates.

The Forecasts are not intended to and do not provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

These Forecasts were formally approved on 30th April 2024 by the Directors, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are described in Section C below.

B. Significant accounting policies

The Forecast Financial Information shows the projected financial performance and position of Middletown Investments Limited (the “Company”) in accordance with International Financial Reporting Standards as adopted by the European Union (“EU-IFRS”) except that, due to the nature of Forecast Financial Information, the Forecast Financial Information does not include all the disclosure requirements under EU-IFRS and other laws or securities regulations, including but not limited to the Maltese Companies Act (Cap. 386).

C. Basis of preparation and significant assumptions

The principal assumptions relating to the environment in which the Company operates, and the factors which are exclusively outside the influence of the Directors, and which underlie the forecast financial statements, are the following:

- The rate of inflation will be in line with historic trends;
- The basis and rates of taxation, direct and indirect, will not change materially throughout the year covered by the Forecast Financial Information

D. Other significant assumptions

1. Revenue

Annual revenue has been projected using 2023 trends. Profits after tax generated by one of the associates is expected to increase by 12%.

2. Administrative expenses

Administration expenses include professional fees and other general or corporate overheads. These costs are based on historical trends and agreements.

3. Finance costs

Finance costs comprise of interest on the outstanding bond issue and the amortisation of the issue costs.

4. Taxation

Tax is calculated at 35% of adjusted taxable profit before tax, also taking into account an estimate of the deferred tax movement for the year.

5. Loans and receivables

Loans and receivables comprise loan receivable from related party.

6. Working capital

The Company's working capital mainly comprises the net impact of trade receivables, inventory and trade payables and is based on historical trends.

7. Borrowings

Non-current liabilities are debt securities in issue and borrowings are from related parties.

Statement of Comprehensive Income

	Forecasted FY24 €	Audited FY23 €
Dividend Income	-	-
Finance Income	132,500	133,370
Other Income		
Gain on fair value of investment in associates	0	0
Share of profit/(loss) from equity accounted investments	2,381,855	2,126,656
Administrative expenses	-31,453	-27,350
Finance costs	-108,479	-112,260
Profit/(loss) before tax	2,374,423	2,120,416
Taxation	-3,187	-3,084
Profit/(loss) for the year - total comprehensive income/(loss)	2,371,236	2,117,332
Attributable to:		
Owners of the parent	2,371,236	2,117,332
Non-controlling interest	0	0
	2,371,236	2,117,332

Statement of Financial Position

	Forecasted FY24 €	Audited FY23 €
ASSETS		
Non-current assets		
Investment in subsidiary	-	-
Investment in associates	-	-
Investments accounted for using the equity method	6,321,873	4,318,152
Financial assets at fair value through profit and loss	146,850	141,000
Other investments	74,000	74,000
Loan receivable	2,162,000	2,162,000
Deferred tax assets	21,382	22,517
Total non-current assets	8,726,105	6,717,669
Current assets		
Loan receivables	-	-
Other receivables	110,680	110,680
Current tax receivable	1,250	1,250
Cash and cash equivalents	85,577	83,849
Total current assets	197,507	195,779
TOTAL ASSETS	8,923,612	6,913,448
EQUITY AND LIABILITIES		
Equity		
Share Capital	1,200	1,200
Retained earnings	4,781,802	2,410,566
Total attributable to owners	4,783,002	2,411,766
Non-controlling interest	2	2
Total equity	4,783,004	2,411,768
Liabilities		
Non-current liabilities		
Deferred tax liabilities	-	-
Debt securities in issue	1,954,151	1,960,561
Other borrowings	2,083,148	2,439,836
Total non-current liabilities	4,037,299	4,400,397
Current liabilities		
Other payables	103,309	101,283
Total current liabilities	103,309	101,283
Total liabilities	4,140,608	4,501,680
TOTAL EQUITY AND LIABILITIES	8,923,612	6,913,448

Statement of Cash Flows

	Forecasted FY24 €	Audited FY23 €
Cash from operating activities:		
Profit/(loss) for the year	1,928,707	1,297,660
Tax income	64,663	63,172
Dividend income	-	(180,484)
Share of profit/(loss) from equity accounted investments	-	-
Interest income	(62,495)	(62,495)
Interest on financial assets at fair value through profit and loss	-	-
Change in fair value of financial assets at fair value through profit and loss	(2,000,000)	(1,186,997)
Interest expense	61,625	61,625
Amortisation of bond issue costs	-	-
Extinguishment of debt upon liquidation of associate	-	-
Loss from operations	(7,500)	(7,519)
Movement in other receivables	-	-
Movement in other payables	3,500	3,250
Tax paid	(64,663)	(63,172)
Net cash flows used in operating activities	(68,663)	(67,441)
Cash flows from investing activities:		
Payments to acquire other investment	-	(74,000)
Payments to acquire investment in associates	-	-
Payments to acquire financial assets at fair value through profit and loss	-	-
Proceeds from dividends received	-	180,484
Proceeds from interest received	62,495	62,495
Loan advanced to associate	-	(400,000)
Payments for loans made to related parties	-	-
Proceeds from repayment of loans made to related parties	-	-
Net cash flows used in investing activities	62,495	(231,021)
Cash flows from financing activities:		
Payment of interest on loans from related parties	(61,625)	(61,625)
Repayment of loans advanced from shareholders	-	(293,312)
Loans advanced from associates	100,000	650,000
Proceeds from issue of bonds	-	-
Payment of bond issue costs	-	-
Payment of bond interest	-	-
Payment of dividends	-	-
Repayment of loans from related parties	-	-
Proceeds from loans from related parties	-	-
Net cash flows from financing activities	38,375	295,063
Net movement in cash and cash equivalents	32,207	(3,399)
Cash and cash equivalents at beginning of year	5,562	8,961
Cash and cash equivalents at end of year	37,769	5,562

E. Conclusion

The Directors believe that the assumptions on which the Forecast Financial Information is based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Company will be sufficient for the carrying on of its business.

Approved by the Board of Directors on 30th April 2024 .