



The Convenience Shop (Holding) plc

Condensed Interim Financial Statements
(Unaudited)

For the period 1 January 2021 to 30 June 2021

Company Registration Number: C 87554



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Interim Directors' Report

This half-yearly report is being published in terms of the Prospects MTF Rules and the Prevention of Financial Markets Abuse Act, (Chapter 476 of the Laws of Malta). The condensed set of financial statements included in this report has been extracted from The Convenience Shop (Holding) plc's unaudited financial information for the period commencing 1 January 2021 to 30 June 2021 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting').

The Directors who served during the period and up till the date of this report are as follows:

Benjamin Muscat
Ivan Calleja
Kevin Deguara
Joseph Pace
Manuel Piscopo
Charles Scerri

The Directors present the unaudited consolidated interim results of The Convenience Shop (Holding) plc. The Directors state that these interim condensed financial statements have not been audited or reviewed by an independent auditor.

1. Business Overview

The Convenience Shop Group (the "Group") is composed of The Convenience Shop Holding plc. ("the Company" or "the Parent Company") and of the following entities as detailed below:

1. The Convenience Shop Limited (C 87556)
2. Daily Retail Challenges Ltd. (C79662)
3. Aynic & Co. Ltd. (C74750)
4. Seafront Express Ltd. (C73435)
5. Gbake Manufacturing Limited (C60422)
6. Gbake Retail Limited (C60421)
7. The Convenience Shop (Management) Limited (C87711)
8. The Convenience Shop for Puttinu Cares Limited (C90748)

These condensed interim financial statements cover the period between 1 January 2021 and 30 June 2021.

The distinct strategies of our 'Owned' businesses – meaning those where we maintain full control over their operations and profits and 'Franchise' businesses – meaning those operating independently under the franchise terms and using the Company's brand name - have been successful in driving profit growth and creating shareholder value, underpinned by our disciplined approach to cash generation and capital allocation.

2. Financial Performance

Despite the effects of the pandemic, the Group has recorded a good financial performance across the board for the period

ended 30 June 2021, registering a turnover of €16.2m, a gross profit of €2.6m, and a profit before tax of €460K.

Operating profit for the period ended 30 June 2021 amounted to €629K or 3.88% of turnover, being an improvement of 0.3 percentage points over the operating profit for the year ended 31 December 2020.

During the first six months of 2021, the Group continued to invest further in technology and digitalised solutions as part of the business process reengineering program being undertaken. Our main focus was to control costs and improve efficiency so to enable the Company to be more adaptable and flexible towards changes in the future. The Group's main focus was on two main cost pillars;

- A commercial platform to control cost of goods sold and enhance relationships with suppliers, resulting in automation of posting of invoices at shop level, and
- A time and attendance system to introduce new controls and procedures to monitor cost of labour across all outlets.

Furthermore, the Group recruited a Franchise Development Manager to further enhance franchisee relationships and capture new opportunities in the retail market.

The results are satisfactory in view of the particular situation Malta and the rest of the world have been experiencing since early 2020. Amidst these difficulties, especially in the touristic areas, the Group continued

working on the strategy of optimising the return from our space and assets.

The first six months have been unprecedented and we are proud of the way our employees have responded to the challenges we have faced throughout the pandemic. The Convenience Shop Group has robust teams across the entire business and their contribution and support has been remarkable throughout these challenging months.

We would like to express gratitude to each and every colleague, from our fellow workers across all our stores to our team in head office.

3. Financial Position

Total assets as at 30 June 2021 amounted to €33.4m.

Although the COVID-19 pandemic has put pressure on the ability to generate cash, the Group continued to meet all obligations to its suppliers and other stakeholders, including loan repayments and other commitments. The Directors remain committed, and initiatives are underway to achieve a sound net current asset position in the foreseeable future.

4. Business Outlook

The Group is striving to implement a robust plan across the entire business focusing on initiatives within its control that support the Group in the immediate term and position it well to emerge stronger when markets recover.

The Group is envisaged to close the year with 78 outlets. In July, the Group invested in 2 new strategic outlets in St. Julian's (Paceville) and in Siggiewi. By the end of the year, the Group will open another 5 new franchise outlets.

Looking ahead, value creation to its shareholders remains central to the Group's plans as it continues to invest in the longer term where it identifies attractive opportunities for sustainable growth.

5. Dividends

The Directors are proposing a net interim dividend of €175K.

6. Going Concern

The impact of the Coronavirus (COVID-19) pandemic is ongoing. Business in the tourism sector was adversely impacted with the vast majority of the northern region stores seeing a reduction in customer footfall due to the decline in tourism. Nonetheless, the revenue being generated from the Company's new outlets is cushioning the impact of COVID-19 whilst paving the way for recovery.

The Directors will continue to monitor and assess the situation on an on-going basis given that it is rapidly developing and is dependent on measures imposed by the Maltese Government, travel restrictions and any economic stimulus that may be provided.

As required by Listing Rule 5.62, upon due consideration of the Company's profitability

and statement of financial position, the Directors confirm the Company's ability to continue operating as a going concern for the foreseeable future.

The Directors' report was approved by the Board of Directors on 27 August 2021 and signed on its behalf by:



Benjamin Muscat
Chairman



Kevin Deguara
Director

Registered Office
Marant Food Products,
Mdina Road,
Zebbug ZBG 9017
Malta

Condensed Consolidated Income Statement

| | GROUP | | COMPANY | |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) |
| | €'000 | €'000 | €'000 | €'000 |
| Revenue | 16,212 | 16,144 | 98 | 462 |
| Cost of Sales | (13,622) | (13,519) | - | - |
| Gross Profit | 2,590 | 2,625 | 98 | 462 |
| Administrative Expenses | (1,522) | (1,487) | (32) | (25) |
| Amortisation of Right of Use Asset | (439) | (353) | - | - |
| Operating Profit | 629 | 785 | 66 | 437 |
| Finance Income | - | - | 159 | 158 |
| Finance Costs | (402) | (348) | (125) | (125) |
| Other Income | 233 | 147 | - | - |
| Profit before tax | 460 | 584 | 100 | 470 |
| Tax Expense | (218) | (250) | (34) | (165) |
| Profit for the period | 242 | 334 | 66 | 305 |
| Earnings per share | € 3.45 | € 6.69 | | |

Condensed Consolidated Statement of Financial Position

| | GROUP | | COMPANY | |
|--|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| | 30 June 2021 (unaudited) | 31 December 2020 (audited) | 30 June 2021 (unaudited) | 31 December 2020 (audited) |
| | €'000 | €'000 | €'000 | €'000 |
| ASSETS | | | | |
| Non-Current Assets | 26,302 | 26,732 | 9,088 | 8,750 |
| Current Assets | 7,088 | 6,899 | 2,395 | 3,460 |
| Total Assets | 33,390 | 33,631 | 11,483 | 12,210 |
| | | | | |
| EQUITY AND LIABILITIES | | | | |
| Capital and reserves attributed to owners of the Company | 2,697 | 2,579 | 2,273 | 2,331 |
| | | | | |
| Non-Current Liabilities | 13,981 | 15,071 | 4,744 | 4,745 |
| Current Liabilities | 16,712 | 15,981 | 4,466 | 5,134 |
| Total Liabilities | 30,693 | 31,052 | 9,210 | 9,879 |
| Total Equity and Liabilities | 33,390 | 33,631 | 11,483 | 12,210 |

Condensed Consolidated Statement of Changes in Equity

For the period 1 January 2021 to 30 June 2021

| | Share Capital | Share Premium | Retained Earnings | Total |
|--|---------------|---------------|-------------------|--------------|
| GROUP | €'000 | €'000 | €'000 | €'000 |
| Period ended 30 June 2021 | | | | |
| Balance at 1 January 2021 | 70 | 2,188 | 321 | 2,579 |
| Comprehensive Income for the period | | | | |
| Profit for the period ended 30 June 2021 | - | - | 242 | 242 |
| Transactions with owners of the Company | | | | |
| Dividends | - | - | (124) | (124) |
| Balance at 30 June 2021 | 70 | 2,188 | 439 | 2,697 |

| COMPANY | €'000 | €'000 | €'000 | €'000 |
|--|-----------|--------------|-----------|--------------|
| Period ended 30 June 2021 | | | | |
| Balance at 1 January 2021 | 70 | 2,188 | 73 | 2,331 |
| Comprehensive Income for the period | | | | |
| Profit for the period ended 30 June 2021 | - | - | 66 | 66 |
| Transactions with owners of the Company | | | | |
| Dividends | - | - | (124) | (124) |
| Balance at 30 June 2021 | 70 | 2,188 | 15 | 2,273 |

Condensed Consolidated Statement of Changes in Equity

For the period 1 January 2020 to 30 June 2020

| | Share Capital | Retained Earnings | Total |
|--|---------------|-------------------|------------|
| GROUP | €'000 | €'000 | €'000 |
| Period ended 30 June 2020 | | | |
| Balance at 1 January 2020 | 50 | 650 | 700 |
| Comprehensive Income for the period | | | |
| Profit for the period ended 30 June 2020 | - | 334 | 334 |
| Transactions with owners of the Company | | | |
| Dividends | - | (700) | (700) |
| Balance at 30 June 2020 | 50 | 284 | 334 |

| COMPANY | €'000 | €'000 | €'000 |
|--|-----------|------------|------------|
| Period ended 30 June 2020 | | | |
| Balance at 1 January 2020 | 50 | 690 | 740 |
| Comprehensive Income for the period | | | |
| Profit for the period ended 30 June 2020 | - | 305 | 305 |
| Transactions with owners of the Company | | | |
| Dividends | - | (700) | (700) |
| Balance at 30 June 2020 | 50 | 295 | 345 |

Condensed Consolidated Statement of Cash Flows

| | GROUP | | COMPANY | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) |
| | €'000 | €'000 | €'000 | €'000 |
| Net cash generated from operating activities | 1,312 | 2,460 | 410 | 424 |
| Net cash used in investing activities | (464) | (1,618) | - | - |
| Net cash used in financing activities | (1,166) | (1,179) | (394) | (909) |
| Net movement in cash and cash equivalents | (318) | (337) | 16 | (485) |
| Cash and cash equivalents at beginning of the period | 1,065 | 1,819 | 106 | 507 |
| Cash and cash equivalents at end of period | 747 | 1,482 | 122 | 22 |

Notes to the Condensed Interim Consolidated Financial Statements

1. The financial information being published has been extracted from The Convenience Shop (Holding) plc's unaudited interim financial statements for the six months ended 30 June 2021, prepared in accordance with accounting standards adopted for use in the European Union for reported interim financial information (IAS 34 – Interim Financial Reporting). These Condensed Interim Financial Statements are being published in terms of the Prospects MTF Rules. In terms of Rule 4.11.12, this interim report has not been audited by the Group's independent auditors.
2. The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2020. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020.
3. The interim financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.
4. The Group's operations consist of the following business segments:
 - Retail – including all retail outlets;
 - Wholesale – including the bakery operations and sales to third party entities; and
 - Other – including the provision of back-office services.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

The Group's business segments operate in the local market. An analysis by segment of the Group's turnover and profitability is set out below:

| | RETAIL | | WHOLESALE | | OTHER | | TOTAL | |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) |
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Revenue | 15,081 | 15,268 | 34 | 27 | 1,882 | 1,889 | 16,997 | 17,184 |
| Less inter-segmental revenue | (74) | (462) | - | - | (711) | (578) | (785) | (1,040) |
| | 15,008 | 14,806 | 34 | 27 | 1,171 | 1,311 | 16,212 | 16,144 |

| | | | | | | | | |
|------------------------------------|--------------|--------------|-----------|-----------|------------|------------|--------------|--------------|
| Segmental Gross profit | 2,210 | 2,019 | 34 | 27 | 346 | 579 | 2,590 | 2,625 |
| Administrative Expenses | | | | | | | (1,522) | (1,487) |
| Amortisation of Right of Use Asset | | | | | | | (439) | (353) |
| | | | | | | | | |
| Operating Profit | | | | | | | 629 | 785 |
| Finance Costs | | | | | | | (402) | (348) |
| Other Income | | | | | | | 233 | 147 |
| | | | | | | | | |
| Profit before tax | | | | | | | 460 | 584 |
| Tax Expense | | | | | | | (218) | (250) |
| Profit for the period | | | | | | | 242 | 334 |

- Earnings per share of €3.45 is based on the profit after tax attributable to the ordinary shareholders of The Convenience Shop (Holding) p.l.c. divided by the weighted average number of ordinary shares in issue during the period and ranking for dividend. Ordinary shares in issue during the period amounted to 70,000 shares, following the increase of 20,000 ordinary shares in December 2020.

Directors' Confirmations

We confirm to the best of our knowledge that:

- The Condensed Consolidated Interim Financial information gives a true and fair view of the Financial Position of the Group as at 30 June 2021 and of its financial performance and its cash flows for the six month period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (International Accounting Standards 34, 'Interim Financial Reporting');
- The Interim Directors' Report includes a fair review of the information required in terms of the Prospects MTF Rules.



Benjamin Muscat
Chairman



Kevin Deguara
Director

The Convenience Shop (Holding) plc

Condensed Interim Financial Statements
(Unaudited)

For the period 1 January 2021 to 30 June 2021



Registered Office

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Malta

Company Registration Number: C 87554