



INTERIM REPORT

SIX MONTHS ENDED 30 JUNE 2023

THE CONVENIENCE SHOP (Holding) plc

Company Registration Number: C 87554



Table of **CONTENTS**

Interim Directors' Report	03
Condensed Consolidated Income Statement	05
Condensed Consolidated Statement of Financial Position	06
Condensed Consolidated Statement of Changes in Equity	07
Condensed Consolidated Statement of Cash Flows	08
Notes to the Condensed Interim Consolidated Financial Statements	09
Directors' Confirmations	10

Interim Directors' Report

This half-yearly report is being published in terms of the Prospects MTF and Capital Market 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 2023 to 30 June 2023 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

On 10 May 2023, a total of 7,700,000 ordinary shares, representing 25% of the total issued share capital of the Company, were admitted to the Official List of the Malta Stock Exchange and trading commenced as from 11 May 2023.

The Directors present the condensed 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. The Convenience Shop (Management) Limited (C87711)
6. The Convenience Shop for Puttinu Cares Limited (C90748)

These condensed interim financial statements cover the period between 1 January 2023 and 30 June 2023.

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

The Group has recorded a positive financial performance across the board for the period ended 30 June 2023, registering a turnover of €22.5 million, representing a 16% growth over the same 6-month period in 2022. Gross profit as a percentage of sales grew by 1.4 percentage points to 14.5% or €711K in absolute terms.

Operating profit for the period ended 30 June 2023 amounted to €1.6m or 6.9% of turnover, being an improvement of 0.9 percentage points over the first 6 months of last year. Profit before tax for the reporting period grew to €1.4 million, representing an increase of 57% or €515K.

Such a remarkable performance was mainly a result of the shop sales recovery post the Covid era, consistently improving margins from supplier negotiations as well as containment of overheads, despite the investment in human resources and significant cost of living salary adjustments effective from January 2023.

3. Financial Position

Total assets as at 30 June 2023 amounted to €36.5 million.

During the first six months of the year, the Group continued to meet all obligations to its suppliers and other stakeholders, whilst significantly improving its current liquidity ratio from 0.7 at end of 2022 to 0.9 at end of June this year.

4. Business Outlook

The Group remains focused on serving its customers and investing in its people and systems to not only enhance the shopper experience in all outlets but also to introduce more efficient processes and procedures for all employees.

Over the next 6 months, management plans to maintain and increase the Group's profitability and cash generation by capturing new shopper occasions. Through the collaboration with National Lottery, The Convenience Shop will be offering its shoppers the opportunity to purchase National Lottery instant scratch card products via the Convenience Shop network. Moreover, the Group is this year embarking on an extensive investment programme costing €1.8 million, where it will continue to invest in state-of-the-art refrigeration equipment, air conditioning, shop shelving and other machinery necessary to fully equip our outlets.

At the time of reporting, the Group has reached the 87 outlet mark following the opening of 4 new outlets earlier this year. By the end of 2023, the Group will continue to further expand its franchise network.

5. Dividends

On 21 July 2023, following the Annual General Meeting, the Company paid a net final dividend of €1 million for financial year 2022.

For the first 6 months of 2023, the Directors are declaring a net interim dividend of €462K (equivalent to €0.015 per share), an increase of 54% over the dividend declared in August 2022.

6. Going Concern

As required by the Prospects MTF Listing Rule 5.62, upon due consideration of the Company's profitability and statement of financial position,

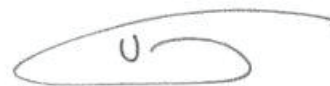
the Directors confirm the Company's ability to continue operating as a going concern for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Directors' report was approved by the Board of Directors on 24 August 2023 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

Six months ended 30 June 2023

	Note	Group		Company	
		30 June 2023 <i>unaudited</i> € '000	30 June 2022 <i>unaudited</i> € '000	30 June 2023 <i>unaudited</i> € '000	30 June 2022 <i>unaudited</i> € '000
Revenue		22,458	19,439	713	692
Cost of sales		(19,198)	(16,890)	-	-
Gross profit		3,260	2,549	713	692
Administrative expenses		(1,710)	(1,391)	(93)	(78)
Operating profit		1,550	1,158	620	614
Other income		296	230	30	30
Finance cost		(425)	(482)	(125)	(186)
Finance income		-	-	159	159
Profit before tax		1,421	906	684	617
Tax		(430)	(404)	(108)	(242)
Profit for the financial period		991	502	576	375
Total comprehensive income for the period		991	502	576	375
Total comprehensive income for the period is attributable to:					
Non-controlling interest		6	10	-	-
Owners of the Company		985	492	576	375
Earnings per share	4	0.03	7.17		

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Group		Company	
	30 Jun 2023 <i>unaudited</i> €'000	31 Dec 2022 <i>audited</i> €'000	30 Jun 2023 <i>unaudited</i> €'000	31 Dec 2022 <i>audited</i> €'000
ASSETS				
Non-current assets	26,430	25,880	8,062	8,062
Current assets	10,112	7,737	5,143	3,733
TOTAL ASSETS	36,542	33,617	13,205	11,795
EQUITY AND LIABILITIES				
Capital and reserves attributable to owners of the Company	9,611	7,661	8,060	6,514
Non-current liabilities	15,978	15,383	4,836	4,824
Current liabilities	10,953	10,573	309	457
TOTAL LIABILITIES	26,931	25,956	5,145	5,281
TOTAL EQUITY AND LIABILITIES	36,542	33,617	13,205	11,795

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2023

THE GROUP	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Non- Controlling Interest €'000	Total €'000
Financial period ended 30 June 2022					
Balance at 01 January 2022	70	2,188	927	(58)	3,127
Total comprehensive income for the period - Profit for the financial period	-	-	492	10	502
Dividends paid	-	-	(325)	-	(325)
Balance at 30 June 2022	70	2,188	1,094	(48)	3,304
Financial period ended 30 June 2023					
Balance at 01 January 2023	4,768	729	2,190	(26)	7,661
Issuance of share capital	160	810	-	-	970
Total comprehensive income for the period - Profit for the financial period	-	-	985	6	991
Dividends paid	-	-	(12)	-	(12)
Balance at 30 June 2023	4,928	1,539	3,163	(20)	9,610

THE COMPANY	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Total €'000
Financial period ended 30 June 2022				
Balance at 01 January 2022		70	2,188	2,589
Total comprehensive income for the period - Profit for the financial period		-	375	375
Dividends paid		-	(325)	(325)
Balance at 30 June 2022		70	381	2,639
Financial period ended 30 June 2023				
Balance at 01 January 2023		4,768	729	6,514
Issuance of share capital		160	810	970
Total comprehensive income for the period - Profit for the financial period		-	576	576
Balance at 30 June 2023		4,928	1,593	8,060

Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2023

	<u>Group</u>		<u>Company</u>	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
	€ '000	€ '000	€ '000	€ '000
Net cash generated from operating activities	2,170	2,400	285	167
Net cash used in investing activities	(475)	(325)	-	-
Net cash (used in)/generated from financing activities	(42)	(1,237)	879	(368)
Net movement in cash and cash equivalents	1,653	838	1,164	(201)
Cash and cash equivalents at beginning of period	1,202	1,366	5	279
Cash and cash equivalents at end of period	2,855	2,204	1,169	78

Notes to the Condensed Interim Consolidated Financial Statements

1. Basis of Measurement and Statement of Compliance

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 2023, 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 and Capital Market Rules. In terms of Rule 4.11.12 of the Prospects MTF Rules and Rule 5.75.5 of the Capital Market Rules, this interim report has not been audited by the Group's independent auditors.

2. Significant Accounting Policies

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 2022. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

3. Segment Reporting

The operations of the Group consist of three operating segments - the retailing of food and beverage items, the importation of food and beverage items for the outlets operating under The Convenience Shop brand, and the provision of selected services to support the retail network. These operations are carried out entirely on the local market. The operating segments relating to importation and the provision of services do not meet any of the quantitative thresholds laid out in the relevant accounting standards to be considered reportable, and separately disclosed. Furthermore, management believes that these operating segments can be aggregated with the retailing of food and beverage items operating segment given that the three operating segments have similar economic characteristics and share a majority of the aggregation criteria laid out in IFRS 8 Operating Segments. The aggregated financial performance of the three segments is represented in the Condensed Consolidated Income Statement.

4. Earnings per share

Earnings per share of €0.03c 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 30,800,000 shares (June 2022: 70,000 ordinary shares).

5. Comparative information

Certain comparative figures have been reclassified to conform with the current period's condensed financial statements presentation.

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 2023 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 (IAS 34 - Interim Financial Reporting);
- The Interim Directors' Report includes a fair review of the information required in terms of the Prospects MTF and the Capital Market Rules.



Benjamin Muscat
Chairman



Kevin Deguara
Director

The Convenience Shop (Holding) plc



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Malta

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