



**onvenience
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The Convenience Shop (Holding) plc

Interim Report

Six months ended 30 June 2024



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Interim Directors' Report



Charles Scerri

**Chairman of the
Board of Directors**

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 2024 to 30 June 2024 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').

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.

The Directors who served at the date of this report are as follows:

Charles Scerri (Chairman)

Ivan Calleja

Joseph Pace

Manuel Piscopo

Patrick Hall

Richard J. Saliba

On 31 May 2024, Patrick Hall and Richard J. Saliba were appointed as directors to replace ex-Chairman Benjamin Muscat and Kevin Deguara who resigned on the day. Charles Scerri was appointed as the new Chairman of the Board.

1. Business Overview

The Group continues to operate through two distinct business strategies:

- Owned businesses, where the Group maintains full control over operations and profits.
- Franchise businesses, which operate independently under franchise terms while using the Company's brand name.

These strategies contributed to further growth, thus creating shareholder value. In addition, close monitoring of current and capital expenditure contributed to the Group's results.

The first half of 2024 marked a number of major milestones for the Group. In June, we celebrated the soft opening of our new state-of-the-art Head Office in Qormi. This modern facility will serve as the hub for our continued growth and expansion.

Another milestone was reached with the acquisition of our first two outlets in Gozo. The first store was acquired in June followed immediately by the second outlet in July. This represents a strategic and exciting goal in The Convenience Shop plan.

As the Group looks ahead, we remain committed to our core strategies, disciplined financial management, and providing unparalleled convenience and value to our customers. The new Qormi Head Office and entry into the Gozitan market confirms the Group's commitment to strategic growth.

2. Financial Performance

The Group's financial performance for the first half of 2024 reflects the broader challenges faced by the convenience retail sector as shoppers prioritised affordability over convenience due to inflationary pressures and high costs of living. Revenue for the six months ended 30 June 2024 amounted to €21.8 million, a decrease of 2.8% compared to the same period in 2023. Despite these headwinds, the Group took proactive measures to maintain its market position and meet its growth targets. Product Managers are reviewing the Group's outlets' floor layouts as well as its products' category management with the aim to optimise space allocation, sales performance and profitability.

Cost of goods sold has continued to improve year on year, going down from 66% to 65% as a result of improved margins from supplier agreements and product mix optimisation. Despite this, the gross profit for the reporting period dropped from €3.3 million to €2.7 million or 12.4% of turnover, primarily as a result of the decline in turnover and an increase in the operational cost of labour. The Cost of Living Adjustment (COLA) and the 'Stabbiltá' Government initiative on food retail prices also had their effect.

Group overheads have increased marginally by €20K over the same period last year, primarily due to professional fees incurred in improving the Group's internal control framework, as well as in the preparation of new ESG reporting regulations mandated by the EU, which will become applicable to our Group as from FY 2025. This proactive approach ensures that The Convenience Shop is well-positioned to meet these requirements and maintain its competitive edge.

Profit before Tax for the first six months of 2024 has decreased to €766K or 3.5% of turnover, primarily as a result of the changing consumer purchasing patterns and increase in cost of labour, as mentioned above.

3. Financial Position

Total Assets of The Convenience Shop Group as at end of June 2024 stood at €38.7 million marginally down from €38.8 million at end of 2023. Non-current assets increased by €801K over the 6-month period, primarily due to significant investments aimed at driving future growth and operational efficiency.

Apart from the state-of-the-art new Head Office in Qormi, the Group is this year investing in key shop equipment including modern and cost-efficient upright freezers that allow for an increase in the product range across its portfolio to better utilise space and prepare for future growth.

The Convenience Shop Group remains highly liquid through rigorous cash flow management, with adequate cash reserves of €1.7 million at end of June 2024. The Group's debt to equity ratio remains a balanced one at 53%.

4. Business Outlook

The Group is well-positioned to reap the benefits of its recent investments in the second half of 2024 and beyond. The new Head Office and the flagship 300m² retail outlet and cafeteria beneath it, will showcase the company's commitment to innovation and growth.

The Group is also on track in achieving its goal of opening its 100th store by the end of 2024. This milestone will be supported by a major on-going refurbishment project, including the installation of upright freezers in 32 Group outlets by year-end. These initiatives will enhance the customer experience and solidify The Convenience Shop's position in the market.

Furthermore, the Company plans to invest in new and advanced HR and Finance systems later this year to increase back-office efficiencies and support its ongoing expansion.

The Convenience Shop Group remains focused on its long-term growth strategy by investing in its infrastructure, expanding its store network, and adapting to changing consumer preferences. The Group is confident in its ability to navigate the evolving market landscape and deliver value to its shareholders and customers alike.

5. Dividends

On 28 June 2024, following the Annual General Meeting, the Company paid a net final dividend of €1,108,800 for financial year 2023.

For the first 6 months of 2024, the Directors are declaring a net interim dividend of €0.01 per share.


6. Going Concern

As required by the Prospects MTF 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 30 August 2024 and signed on its behalf by:



Charles Scerri
Chairman



Ivan Calleja
Director

Registered Office

8, TCS Building, Luqa Road
Qormi QRM 9072
Malta

Condensed Statement of Comprehensive Income

Six months ended 30 June 2024

	Note	Group		Company	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
		Unaudited €000's	Unaudited €000's	Unaudited €000's	Unaudited €000's
Revenue		21,817	22,458	559	713
Cost of sales		(19,108)	(19,198)	-	-
Gross profit		2,709	3,260	559	713
Administrative expenses		(1,731)	(1,710)	(155)	(94)
Operating profit		978	1,550	404	619
Other income		271	296	30	30
Finance costs		(483)	(425)	(125)	(125)
Finance income		-	-	159	159
Profit before tax		766	1421	468	683
Tax		(230)	(430)	(54)	(108)
Profit for the financial period		536	991	414	575
Total comprehensive income for the period		536	991	414	575
Total comprehensive income for the period is attributable to:					
Non-controlling interest		4	10	-	-
Owners of the Company		532	981	414	575
Earnings per share	4	€0.017	€0.032		

Condensed Statement of Financial Position

As at 30 June 2024

	Group		Company	
	30 June 2024	31 Dec 2023	30 June 2024	31 Dec 2023
	Unaudited	Audited	Unaudited	Audited
	€000's	€000's	€000's	€000's
Assets				
Non-current assets	29,347	28,546	6,653	6,333
Current assets	9,319	10,243	5,896	6,829
Total assets	38,666	38,789	12,549	13,162
Equity and liabilities				
Capital and reserves attributable to owners of the Company	9,216	9,789	7,029	7,723
Non-current liabilities	17,617	17,455	4,861	4,849
Current liabilities	11,833	11,545	659	590
Total liabilities	29,450	29,000	5,520	5,439
Total equity and liabilities	38,666	38,789	12,549	13,162

Condensed Statement of Changes In Equity

Six months ended 30 June 2024

THE GROUP	Share Capital	Share Premium	Retained Earnings	Non-Controlling Interest	Total
	€000's	€000's	€000's	€000's	€000's
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 as 30 June 2023	4,928	1,539	3,163	(20)	9,610
Financial period ended 30 June 2024					
Balance at 01 January 2024	4,928	1,539	3,341	(19)	9,789
Total comprehensive income for the period					
- Profit for the financial period	-	-	532	4	536
Dividends paid	-	-	(1,109)	-	(1,109)
Balance as 30 June 2024	4,928	1,539	2,764	(15)	9,216

THE COMPANY	Share Capital	Share Premium	Retained Earnings	Total
	€000's	€000's	€000's	€000's
Financial period ended 30 June 2023				
Balance at 01 January 2023	4,768	729	1,017	6,514
Issuance of share capital	160	810	-	970
Total comprehensive income for the period				
- Profit for the financial period	-	-	576	576
Balance as 30 June 2023	4,928	1,539	1,593	8,060
Financial period ended 30 June 2024				
Balance at 01 January 2024	4,928	1,539	1,256	7,723
Total comprehensive income for the period				
- Profit for the financial period	-	-	415	415
Dividends paid	-	-	(1,109)	(1,109)
Balance as 30 June 2024	4,928	1,539	562	7,029

Condensed Statement of Cash Flows

Six months ended 30 June 2024

	Group		Company	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Unaudited €000's	Unaudited €000's	Unaudited €000's	Unaudited €000's
Net cash generated from operating activities	2,904	2,169	1,266	285
Net cash used in investing activities	(1,354)	(475)	(319)	-
Net cash (used in)/generated from financing activities	(2,079)	(42)	(1,074)	879
Net movement in cash and cash equivalents	(529)	1,652	(127)	1,164
Cash and cash equivalents at beginning of period	2,185	1,202	186	5
Cash and cash equivalents at end of period	1,656	2,854	59	1,169

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 2024, 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 2023. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

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 €0.017 is based on the profit after tax attributable to the ordinary shareholders of The Convenience Shop (Holding) plc 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.

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 2024 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.

Approved by the Directors and signed on its behalf by:



Charles Scerri
Chairman



Ivan Calleja
Director

30 August 2024

theconvenienceshop.com



The Convenience Shop (Holding) plc

Registered office

8, TCS Building, Luqa Road, Qormi, QRM 9072, Malta

Company Registration Number: C 87554