31 December 2024

The Convenience Shop

The Convenience Shop (Holding) plc
Company Registration Number: C 87554

Annual Report
& Consolidated Financial Statements

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About Us

The Convenience Shop (Holding) plc

Everyone Shops at The Convenience Shop

Founded in 2009 in Żebbuġ, The Convenience Shop swiftly evolved into a household name, expanding to 90 outlets across 50 strategic central locations in Malta as well as being listed on the Malta Stock Exchange in 2023. Our exclusive partnership with COOP Italian FOOD S.P.A enriched our product range, offering more choices and affordability to our valued customers. This collaboration has allowed us to expand our product offerings, catering to diverse customer preferences while maintaining our commitment to quality and convenience.

Harnessing the power of technology, we introduced The Convenience Shop Online as well as partnered up with international service delivery online networks to ensure essential needs are delivered right to our customers' doorsteps.

With over 400+ dedicated employees across operations, sales, customer service, and management, we cherish their commitment, valuing teamwork toward common goals.

At the core of our philosophy lies Corporate Social Responsibility, where we annually support various local NGOs and vulnerable groups. Chiefly amongst them is The Convenience Shop for Puttinu Cares in Qormi, which directs all profits to aid the Puttinu Cares Foundation, aiding cancer patients and their families.

Aligned with our corporate vision, our focus remains on being Malta's retailer of choice by offering a hassle-free, convenient shopping experience while actively engaging and supporting our local community. We're committed to simplifying our customers' lives and making a meaningful difference in the Maltese community. Through constructive dialogue with shareholders and stakeholders, we continually strive for transformation and growth, ensuring our services remain modern, reliable, and customer-centric.

In this Report

GENERAL INFORMATION

Registration
The Convenience Shop (Holding) plc ("the Company") is registered in Malta as a public limited liability company under the Maltese Companies Act (Cap. 386) with registration number C 87554.

Directors
Ivan Calleja
Joseph Pace
Manuel Piscopo
Charles Scerri
Patrick Hall
Richard Saliba

Company Secretary
Richard Deschrijver

Registered Office and Principal Place of Business
8, TCS Building
Triq Ħal Luqa
Qormi QRM 9072
Malta

Bankers
Bank of Valletta p.l.c.
219-220
Triq ix-Xatt
Gżira GŻR 1022
Malta

Auditors
RSM Malta
Mdina Road
Żebbuġ ŻBĠ 9015
Malta

The printed report is not the official Annual Financial Report. The official version of the Annual Financial Report including ESEF tagging can be found by accessing this link https://www.theconvenienceshop.com/report. In case of any conflict, the ESEF version will prevail. A copy of the Independent auditor's report issued on the official statutory Annual Financial Report, is included within this document and comprises the auditor's report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the ESEF RTS), by reference to Capital Markets Rule 5.55.6.

"2024 was a year marked by measured stability. Our teams worked diligently to solidify our market position. We look at 2025 with greater enthusiasm and commitment to continue with our growth plans."

Charles Scerri
Chairman

Chairman's Statement

For the Financial Year Ended **31 December 2024**

It is with great pride that I present The Convenience Shop's Annual Report for the financial year ended 31 December 2024, a year that demonstrated our continued resilience, responsible growth, and commitment to forward-thinking transformation across the Group.

I would like to begin by acknowledging and thanking Mr. Benjamin Muscat for his leadership during his tenure as Chairman, which concluded on 31 May 2024. Upon his departure, I was honoured to be appointed to this role. Having served as a non-executive director since the company's inception, I have actively contributed to shaping the strategic direction and governance framework of The Convenience Shop. I am grateful to the Board for entrusting me with this responsibility.

Throughout the year, we remained steadfast in our mission to deliver value to our stakeholders and reinforce our standing as a leader in Malta's convenience retail sector. In an environment shaped by ongoing economic and regulatory shifts, the Group upheld its strong governance structures, maintained robust financial controls, and ensured the protection of stakeholder interests.

Financial Performance and Operational Stability

2024 was a year marked by measured stability. Our teams worked diligently to solidify our market position. We look at 2025 with greater enthusiasm and commitment to continue with our growth plans. This disciplined approach allowed us to navigate the year's complexities while safeguarding the long-term sustainability of our business.

As a result of these external and internal factors, Group turnover remained broadly in line with the previous year, reaching €46.4 million, marginally higher than the €46.3 million reported in 2023. However, profit before tax declined to €1.6 million, compared to €3.1 million in the prior year. A detailed review of our financial and operational performance is well documented in the report by our Chief Executive Officer, Mr. David Tabone.

Commitment to People and Purpose

Equally vital to our mission is our unwavering commitment to our people and the communities we serve. We have continued to foster a culture of responsibility, inclusiveness, and accountability throughout our organisation. Our Corporate Social Responsibility (CSR) initiatives remained central to our ethos, as we sought to balance commercial success with environmental stewardship and meaningful social contribution. These efforts reflect our longstanding belief that business success must be both shared and sustainable.

Governance and Accountability

The Board continued to champion high standards of corporate governance throughout the year. From transparent financial reporting to rigorous risk management oversight, we remained focused on meeting—and where possible exceeding—the expectations of our shareholders, employees, customers, and partners. As we reflect on our progress, we do so with confidence in the course we have set.

Looking Ahead

As we look to 2025 and beyond, our strategic priorities are clear. We are focused on accelerating our digital transformation, driving customer-centric innovation, and expanding our retail footprint to better serve our communities. Under the leadership of our new CEO, Mr. David Tabone, and his capable executive team, the Group remains firmly anchored in operational excellence, environmental responsibility, and an ambition to continuously enhance the quality of life for our customers and employees alike.

Appreciation

None of these achievements would be possible without the dedication of our workforce, the guidance of our executive leadership, and the continued trust of our stakeholders. I extend my sincere appreciation to all who contribute to our shared success.

Together, we will continue building on the strong foundations established over the years, advancing with purpose and optimism into the future.

Yours faithfully,

Charles Scerri
Chairman

The Convenience Shop (Holding) plc

Board of Directors

Joseph Pace (Executive Director)

Joseph Pace brings over 23 years of experience in the fast-moving consumer goods (FMCG) sector. He began his career as the owner of JPS Supermarket in 2001 and has since built a solid track record in day-to-day operational management. He also serves as Director of Marant Food Products Limited, where he oversees financial and operational matters, demonstrating strong business and financial acumen.

Charles Scerri (Chairman)

Charles Scerri is a Certified Public Accountant and Registered Auditor, as well as a Fellow of the Malta Institute of Accountants. With a career spanning senior executive roles across banking, finance, auditing, manufacturing, and hospitality, Charles established CSA Group in 1995. Under his leadership, the firm has grown into a multidisciplinary practice employing over 95 professionals.

Ivan Calleja (Director)

Ivan Calleja has been a driving force behind the Group since its inception, playing a key role in shaping its operational strategy within the FMCG sector. He is responsible for stakeholder relations, liaising with shareholders, business partners, and public authorities. Ivan also serves as a primary liaison between the Board and the wider management team, and he actively represents the Group in high-profile CSR initiatives.

Patrick Hall (Director)

Patrick Hall holds a degree in Business Administration from Henley Business School (UK) and is the founder of a consultancy firm serving both local and international clients. His experience spans IT, business services, and hospitality. He currently serves as a business administrator for a cloud and data center company and as a systems analyst on a university-led AI development project. Patrick is also a co-founder of several successful restaurant and cafeteria ventures.

Manuel Piscopo (Director)

Manuel Piscopo has been part of The Convenience Shop Group since 2005, initially as owner and manager of the Safi and Mqabba outlets. Following the Group's restructuring in 2018, he assumed roles as shareholder and manager across several entities within the Group. Since 2014, he has served as Head of New Outlets and Maintenance, leading the implementation and monitoring of Group operational standards across all retail locations.

Richard J. Saliba (Director)

Richard J. Saliba holds a B.A. (Hons) in Accountancy from the University of Malta and brings over 30 years of experience as a Certified Public Accountant and Auditor. He founded his own practice in 1993 after serving as Audit Manager at a leading local firm. Richard has been actively involved in The Convenience Shop Group since 2001.

(left to right) Joseph Pace **Executive Director**, Charles Scerri **Chairman**, Ivan Calleja **Director**, Patrick Hall **Director**, Manuel Piscopo **Director**

Richard Deschrijver – Company Secretary

Dr Richard Deschrijver has served as Company Secretary of the Group since July 2018. A lawyer by profession, Dr Deschrijver specialises in corporate and commercial law, with particular expertise in mergers and acquisitions (M&A). His experience includes advising clients on complex local and cross-border transactions, corporate restructurings, and M&A transactions across a broad range of industries. In his capacity as Company Secretary, Dr Deschrijver advises the Group on corporate governance matters and assists the Group in maintaining compliance with statutory and regulatory requirements. Having successfully completed his Bachelor of Laws (Hons.) degree in 2016, Richard obtained his Masters of Advocacy degree at the University of Malta in 2017. Richard also successfully completed the MIT Course on Taxation in 2018 and a Diploma in Governance, Risk and Compliance from the International Compliance Association in 2024.

Andrew Attard – Executive Assistant to the Board of Directors

Andrew Attard joined The Convenience Shop Group in 2015, bringing significant experience in catering, hospitality, and retail from both local and international brands. As Executive Assistant, he supports the Board of Directors and ensures an efficient working environment across the organisation. He also leads the Group's CSR efforts and is a key driver of workplace engagement and continuous improvement initiatives.

Deloitte.

In January 2024, the Company appointed Deloitte Malta to provide assistance in connection with the Internal Audit function, which was previously managed by the Group internally. This strategic decision to outsource the internal audit function was made to enhance the independence and technical depth of the audit process, while also benefiting from Deloitte's specialised expertise and broader industry insights.

Extended Executive Team

David Tabone –
Chief Executive Officer

David Tabone brings over 20 years of local and international experience in the fast-moving consumer goods (FMCG) and hospitality sectors. Prior to joining the Group, he served as CEO of a leading FMCG company in Cyprus, where he received recognition from Forbes and other international bodies. He also held the role of Senior Sales & Brand Manager at Malta's foremost FMCG distributor. David holds a degree in Hospitality Management from the Institute of Tourism Studies in Malta.

Claudio Coppini –
Chief Financial Officer

Claudio Coppini has more than two decades of experience in financial management, reporting, and strategic planning. Before joining the Group, he served as CFO for two multinational pharmaceutical companies and played a central role in various group and internal restructuring projects. Claudio holds a degree in Professional Finance from the Association of Chartered Certified Accountants (ACCA), is a Certified Public Accountant in Malta, and is a member of both the Malta Institute of Accountants and the ACCA (UK).

David Tortell –
Chief Commercial Officer

David Tortell has over 32 years of experience in the FMCG industry, having held leadership roles in sales and marketing. He previously served as Chief Sales and Marketing Officer at Malta's leading FMCG distributor, where he played a key role in driving local and international growth initiatives. David joined the industry in 1989 and is an alumnus of De La Salle College.

Adrian Zammit –
Chief Technology Officer

Adrian Zammit joined The Convenience Shop Group in 2019 and leads the Group's digital transformation and IT strategy. He previously worked as a Systems Developer in the beverage production industry and brings deep expertise in ERP implementation, database administration, data analysis, and software development. Adrian oversees the Group's IT and security infrastructure, supporting ongoing innovation and operational efficiency.

Denise Cortis –
Chief People Officer

Denise Cortis has over 13 years of experience in human resources, having led the HR function for a major local retail operator and a leading tertiary education institution. She holds a Master's degree in Business Administration Management from Heriot-Watt University, Edinburgh Business School, and a Master's degree in Sports, Science and Exercise from MCAST. Denise is responsible for the Group's people strategy, talent development, and organisational culture.

Pierre Mizzi –
Chief Marketing Officer

Pierre Mizzi brings more than 30 years of experience in marketing communications, branding, and digital innovation. In 1995, he founded one of Malta's first digital agencies, pioneering online solutions for local businesses. His ventures later expanded into branding, commercial interiors and product design. In 2019, Pierre joined a leading real estate group as CMO, supporting its growth from seven branches to thirty. He holds an MBA from MCAST, in partnership with Haaga-Helia University of Applied Sciences.

(left to right) Joe Camilleri, Andrew Attard, David Tortell, Adrian Zammit, Jonathan Saliba, David Tabone, Denise Cortis, Clint Caruana, Manuel Piscopo, Claudio Coppini and Pierre Mizzi

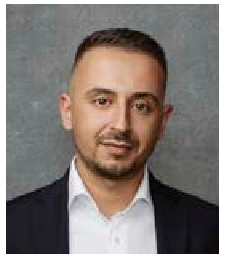
Manuel Piscopo –
Director of Facilities

Manuel Piscopo has been involved with The Convenience Shop Group since 2005, initially as owner and manager of the Safi and Mqabba outlets. Following the Group's restructuring in 2018, he became a shareholder and manager of multiple entities within the Group. Since 2014, he has served as Head of New Outlets and Maintenance, playing a central role in setting and upholding operational standards across the store network. In his current role, he leads the Facilities Department with a focus on retail infrastructure and store development.

Managers:

Joe Camilleri – Security Manager

Joe Camilleri has been a professional security officer since 1995, gaining vast experience in various sectors including manufacturing, security transport and national Government. He is certified in all the main categories of professional security services, including close protection, and has the necessary certifications to provide First Aid support. Joe is responsible for all security related issues across Convenience Shop properties, including our shops, offices and stores.



Jonathan Saliba – Head of Operations

Jonathan Saliba joined The Convenience Shop in 2017, working his way up from Shop Manager to lead the retail operations of the Group's outlets. Prior to joining the company, he had gained relevant experience working with prominent FMCG suppliers, giving him valuable insight into the supplier side of the business. Jonathan is currently finishing his final year of his Master's degree in Business Administration Management (MBA) in Retail Management, at The Malta College of Arts, Science & Technology (MCAST).

Clint Caruana – Franchises Development Manager

Clint Caruana joined The Convenience Shop Group in 2023 as a Franchise Development Manager. He brings with him over a decade of industry experience in retail management in the United Kingdom and franchise operations in Malta. Clint is responsible for overseeing the development and support of the Group's franchise network. His role focuses on ensuring that franchisees receive the necessary operational, marketing and logistical support to maintain consistent brand standards and deliver a quality customer experience across all locations.

“Since stepping into this role on January 1st, my priority has been to steer our company onto a transformative path. A path that builds on our core strengths while embracing bold, forward-thinking strategies.”

David Tabone
Chief Executive Officer

CEO's message

“To our shareholders and investors, I offer my commitment that we are turning challenges into opportunities, and we are doing so with transparency, discipline, and an unwavering focus on your trust. The year ahead promises progress, and I invite you to join us on this journey as we build a stronger, more resilient future together.”

As the newly appointed Chief Executive Officer, I am honoured to address you, our valued shareholders and investors, at a pivotal moment for our company. Reflecting on the past year, one has to acknowledge that the Company performance fell short of the forecasts that were set. This was mainly due to the investment made by the Group in its operating capability, mainly its workforce, in anticipation of the planned expansion programme. The Group experienced delays in the implementation of this programme with new outlets opening later than expected. This outcome was not what was intended, however it has served as a catalyst for change, propelling us toward a renewed vision and a sharper focus on delivering sustainable value.

Since stepping into this role on January 1st, my priority has been to steer our company onto a transformative path. A path that builds on our core strengths while embracing bold, forward-thinking strategies. The results of this shift are already taking shape. For the coming year, we are forecasting a robust 17% increase in revenue, driving a projected 24% rise in profit before tax. These figures are not mere aspirations, they are grounded in a clear plan, executed by a revitalised leadership team and an organisation reenergised for growth.

Our transformation is multifaceted. We are amplifying our digital presence to meet customers where they are, opening new outlets to expand our footprint, and refurbishing existing locations to enhance the experience we deliver. Behind these initiatives stands a strong management team, united in purpose and relentless in execution. Together, we are not just adapting, we are redefining what this company can achieve.

To our shareholders and investors, I offer my commitment that we are turning challenges into opportunities, and we are doing so with transparency, discipline, and an unwavering focus on your trust. The year ahead promises progress, and I invite you to join us on this journey as we build a stronger, more resilient future together.

David Tabone
Chief Executive Officer

The Convenience Shop (Holding) plc

Shareholder Update

FY2024 Financial Performance and Outlook

Resilience Amidst Market Challenges

Despite facing certain macroeconomic headwinds during the year, the Group demonstrated resilience and operational stability in FY2024. Our financial results reflect a solid foundation for sustained growth and strategic expansion in the years ahead.

Financial Performance Overview

Revenue and Profitability

Group revenue remained stable at €46.4 million, marginally up from €46.3 million in FY2023. This performance was achieved despite intensified competitive pressures and pricing challenges. However, a 13% increase in cost of sales, primarily driven by higher operational staff costs, led to a reduction in gross profit from €6.8 million to €6.0 million.

Operating expenses, including administrative costs and finance costs, rose by 14% to €4.2 million, largely due to inflationary trends and increased depreciation from property acquisitions. Consequently, profit before tax declined by 47% to €1.6 million (FY2023: €3.1 million).

Financial Position

Balance Sheet Strength

The Group's financial position remains robust. Total assets increased by 7.7% to €41.8 million (FY2023: €38.8 million), driven by a €1.6 million (6%) rise in non-current assets following the expansion of our retail footprint. This includes both new outlets acquired in 2024 and the full-year impact of acquisitions made in 2023.

Inventory levels rose from €3.2 million to €3.8 million, in line with the expanded operations, alongside a corresponding increase in trade and other receivables.

Liabilities remained well-managed, with increases in trade payables and borrowings aligned with operational and asset growth. Total equity remained stable at €9.7 million (FY2023: €9.8 million). The Group's gearing ratio increased slightly from 44% to 48%, reflecting strategic borrowing to support asset acquisition. The liquidity ratio improved by a further 7%, continuing a positive trend already noted in 2023.

Cash Flow Performance

Focused Investment in Growth

Net cash generated from operating activities increased by 30% to €5.3 million, supported by effective working capital management. Investment cash outflows rose by 63% to €2.4 million, reflecting our commitment to expanding our retail network.

Financing cash flows were significantly impacted by the absence of IPO-related inflows seen in 2023. Adjusting for this, financing outflows increased by 20%, consistent with our strategy to fund growth through a balanced mix of debt and equity.

Overall, net cash movements remained stable, underscoring the Group's capacity to self-finance its expansion initiatives.

Outlook for FY2025

The Group enters FY2025 with confidence and a clear strategic direction. We anticipate revenue growth of 17% to €54 million, with gross profit margins expected to remain steady. Profit before tax is forecasted to increase by 24% to €2.0 million.

Our investment priorities remain focused on our core strengths—our people and our stores. With disciplined balance sheet management and a strategic shift in cash utilisation from financing to investing activities, we are well-positioned to capitalise on emerging opportunities and deliver long-term value to our shareholders.

Claudio Coppini
Chief Financial Officer
The Convenience Shop (Holding) plc

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2024.

Directors

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, Mr Patrick Hall and Mr Richard J. Saliba were co-opted as directors of the Company to replace the ex-Chairman Mr Benjamin Muscat and Dr Kevin Deguara, who resigned from the Board of Directors of the Company with effect from the same day. Mr Charles Scerri was appointed as the new Chairman of the Board.

Overview

The Convenience Shop (Holding) plc ("the Company" or "the Parent Company") was incorporated on 26 July 2018 as the Parent Company and the finance arm of The Convenience Shop Group (the "Group"). The Group, of which the Company is the parent, consists of the entities as detailed below.

- The Convenience Shop Limited (C 87556)
- The Convenience Shop (Management) Limited (C 87711)
- Daily Retail Challenges Limited (C 79662)
- Aynic & Co. Limited (C 74750)
- Seafront Express Limited (C 73435)
- The Convenience Shop for Puttinu Cares Limited (C 90748)

In 2019, the Company announced the offer of €5,000,000 5% unsecured bonds callable 2026-2029, issued in terms of the Company Admission Document dated the 8 March 2019 ('the Bonds'). Bond subscriptions closed on the 22 March 2019 with the bond being fully subscribed and admitted to the Prospects MTF on the 28 March 2019. The funds were utilised for the acquisition of going concern businesses, to repay balances due to shareholders and to finance new shop openings.

Restructuring and Initial Public Offering (IPO)

On 25 January 2023, the Malta Financial Services Authority authorised the admissibility to listing on the Official List of the Malta Stock Exchange of 7,700,000 ordinary shares of a nominal value of €0.16 each at an issue price of €0.97 per share, representing 25% of the Company's issued share capital (the "Shares"). The Shares were issued to the public in accordance with the requirements of the Maltese Companies Act Cap. 386 and the Capital Markets Rules of the Malta Financial Services Authority. The Shares have been admitted to the official list of the Malta Stock Exchange on 10 May 2023 and trading commenced on 11 May 2023.

Principal activities

The principal activity of the Group is to operate and franchise grocery stores in the fast-moving consumer goods ('FMCG') industry. Through its subsidiaries, the Company manages a chain of retail outlets under The Convenience Shop brand in various locations across Malta with a shop count of 45 owned shops and 50 franchised shops as at 31 December 2024. The Group, through another subsidiary, also enters into franchise agreements with franchisees, thereby granting the right to use and operate under 'The Convenience Shop' brand.

Review of the business

Trading performance

The Group experienced a challenging year within a very competitive retail FMCG market, influenced by high inflation in the post-pandemic era and increased competitive pricing. Group turnover for 2024 was flat on 2023 at € 46.4 million.

The Group registered a gross profit of € 5.9 million and a profit before tax of € 1.6 million for the year ended 31 December 2024 (2023 - €6.8 million and € 3.1 million respectively). Group EBITDA, as adjusted for the impact of IFRS 16 Leases, amounted to € 3.4 million (2023 - € 4.5 million).

The main reasons for the reduction in profitability when compared to prior year is the investment made by the Group in its operating capability, particularly in its workforce, in preparation for the Group's expansion program. The Group experienced delays in the implementation of this plan with new outlets opening later in the year than originally planned. These investments are expected to yield returns in the coming year.

The Group is operating in an increasingly competitive landscape, characterized by an increase in the number of outlets of existing players and new market entrants. A number of operators have stepped up investments in their infrastructure and equipment to achieve a competitive edge over their rivals. A highly competitive environment is also prevalent in terms of securing and retaining talent

and having a trained workforce. This has translated into a bigger cost of labour and increased marketing costs, hence impacting profitability.

Financial position

The Group's total assets as at 31 December 2024 amounted to € 41.8 million (as at 31 December 2023 - € 38.8 million).

In terms of liquidity, the Group remains highly liquid as cash and cash equivalents as at 31 December 2024 amounted to € 1.9 million (as at 31 December 2023 – € 2.2 million). The Group generated a net cash flow from operating activities of €5.2million (2023 - €4.1 million), which was applied primarily towards the acquisition of property, plant and equipment and intangible assets to strengthen the customer experience at the outlets and the general operating capability. During the year, the Group also paid dividends of €1.4million.

The Group's net borrowings (excluding the lease liabilities in terms of IFRS 16) amounted to €4.6 million (as at 31 December 2023 - €4.3 million) whilst total equity of the Group at end of year amounted to €9.7 million (as at 31 December 2023 - € 9.8 million). Debt to equity ratio stood at 0.48 at end of 2024, slightly higher when compared to 0.44 in 2023. This is mainly attributable to increased level of borrowings coupled with a slightly lower equity base.

Investments

In 2024, the Group invested a record € 1.9 million in property, plant and equipment.

In October 2024, the Group unveiled its new flagship head office in Qormi, spanning over 1,350 square meters. This state-of-the-art facility today houses a modern office space for the Group employees, a retail outlet, a family-friendly food court, and a cafeteria, reflecting its commitment to providing an exceptional experience for its employees, customers, and the community.

Towards the end of the financial year, the Group upgraded its accounting system and implemented a new HR system, consolidating a single platform to manage employee data, streamline hiring and onboarding processes, and enhance overall employee experience and performance.

At an operational level, the Group continued renovating outlets and investing in energy efficient equipment to ensure that whilst outlets reduce their electricity consumption, the 'look-and-feel' of the outlets is consistently of excellent quality across the entire store network.

This reflects the ongoing commitment of the Group to continuously innovate and invest in the modernisation and security of its infrastructure, as well as the well-being of its employees.

Outlook for 2025 and events subsequent to the financial reporting date

The performance of 2024 has served the Group as a catalyst for change, propelling us toward a renewed vision and a sharper focus on delivering sustainable value.

The Board is committed to steer the Group onto a transformative path that builds on our core strengths while embracing bold, forward-thinking strategies. The results of this shift are already taking shape. For the coming year, we are forecasting a robust 17% increase in revenue, driving a projected 24% rise in profit before tax. These figures are grounded in a clear plan, executed by a revitalised leadership team and an organisation re-energised for growth.

Our transformation is multifaceted. We are amplifying our digital presence to meet customers where they are, opening new outlets to expand our footprint, and refurbishing existing locations to enhance the experience we deliver. Behind these initiatives stands a strong management team, united in purpose and relentless in execution. Together, we are not just adapting—we are redefining what this Company can achieve.

To our shareholders and investors, we offer our commitment that we are turning challenges into opportunities, and we are doing so with transparency, discipline, and an unwavering focus on the trust of our shareholders and investors. The year ahead promises progress and we are confident that this journey, that all of us are embarking on, will see us as we build a stronger, more resilient future together.

Financial risk management

The Group and the Parent Company are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk, as disclosed in Note 29 to the financial statements.

Principal risks and uncertainties

The Board of Directors does not consider that there were any material changes to the risks identified in the Prospectus related to the Company's IPO.

Dividend policy and dividend distribution

The statement of comprehensive income and statements of financial position are set out on pages 29 to 31. As at 31 December 2024, the Group's retained earnings amounted to € 3,262,886 (2023: € 3,341,208) whilst the Company's retained earnings amounted to € 985,623 (2023: € 1,255,522).

As noted in the IPO registration document, the Company's Board of Directors have implemented a policy to recommend a dividend distribution of 55% of the recurring free cash flow on an annual basis, subject to statutory requirements and availability of profits for distribution.

During the Company's AGM held on 28 June 2024, the shareholders of the Company approved the declaration and payment of a final net dividend of €1,108,800, equivalent to €0.036 per ordinary share out of prior year profits. On 30 August 2024, the Board declared a net interim dividend of €308,000, equivalent to €0.01 per ordinary share, which dividend was paid on 30 September 2024. The Board is now proposing the payment of a final net dividend of €0.024 per ordinary share, for consideration at the forthcoming Annual General Meeting.

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act, Cap. 386 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Parent Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union (EU);
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances;
- accounting for income and charges relating to the accounting period on accrual basis;
- valuing separately the components of asset and liability items; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and which enable the directors to ensure that the financial statements are free from material misstatement, whether due to fraud or error, and that they comply with the Maltese Companies Act, Cap. 386. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of The Convenience Shop (Holding) plc for the year ended 31 December 2024 are included in the Annual Report 2024, which is available on the Parent Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Parent Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Additionally, the directors are responsible for:

- the preparation and publication of the Annual report, including the consolidated financial statements and the relevant tagging requirements therein, as required by Capital Markets Rule 5.56A, in accordance with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the "ESEF RTS");
- designing, implementing and maintaining internal controls relevant to the preparation of the Annual report that is free from material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error; and
- for ensuring the accurate transfer of the information in the Annual report into a single electronic format.

Statement of responsibility pursuant to the Capital Market Rules issued by MFSA

We confirm that to the best of our knowledge:

- In accordance with Capital Market Rule 5.68, the financial statements give a true and fair view of the financial position of the Group and the Parent Company as at 31 December 2024, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union (EU); and
- In accordance with the Capital Market Rules, the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that the Group and the Parent Company face.

Going concern basis

As at 31 December 2024, total assets exceeded total liabilities by € 9.7 million. The Directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Group and the Parent Company have adequate resources to continue operating for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements. Reference is made to the outlook, as explained earlier on, for the financial year ending 31 December 2025 and events occurring after the statement of financial position date.

As required by Capital Markets Rule 5.62, upon due consideration of the Group and Parent Company's profitability and statement of financial position, the Directors confirm the Group and Parent Company's ability to continue operating as a going concern for the foreseeable future.

Shareholders register information pursuant to Capital Markets Rule 5.64

The authorised share capital is one hundred million Euro (€100,000,000) divided into six hundred and twenty-five million (625,000,000) Ordinary Shares of sixteen Euro cent (€0.16) each. The issued share capital of the Company is four million nine hundred and twenty-eight thousand Euro (€4,928,000) divided into thirty million eight hundred thousand (30,800,000) Ordinary Shares of sixteen Euro cent (€0.16) each, which shares have all been subscribed and paid up. All ordinary shares in the Company (whatever their class and nominal value) shall rank pari passu for all intents and purposes of law. The Share capital information of the Company is also disclosed in Note 19 of the financial statements.

For the purposes of Rule 5.176 of the Capital Markets Rules, each of IC Holdings Limited, JMP Holdings Limited, MPH Malta Limited and GAIA Investments Limited hold 18.75% of the shareholding in the Company, and Calamatta Cuschieri Investment Services Limited (in its own name and/or for the benefit of its clients) holds 5,470,987 shares in the Company, representing 17.76% of the Company's total issued share capital.

In terms of Capital Markets Rule 5.64.2, trading restrictions include the high volume investors lock-in period, representing the period of twelve (12) months from the date when any discounted Sale Shares are allotted to high volume investors within which the said high volume investors who have so been allotted the discounted sale shares undertake not to offer, sell, grant any option, right or warrant to purchase over or otherwise transfer, assign or dispose of, any of the discounted sale shares in the Company allotted to them in terms of the IPO. Moreover, the main shareholders of the Company IC Holdings Limited, JMP Holdings Limited, MPH Malta Limited and GAIA Investments Limited are collectively subject to the Lock-In Agreement. On 12 December 2022, the Company and each of the Locked-In Shareholders entered into a Lock-In Agreement pursuant to which the Locked-In Shareholders undertook, for a period of twenty-four (24) months from the date when the Shares are admitted to listing on the Official List, not to offer, sell, grant any option, right or warrant to purchase over or otherwise transfer, assign or dispose of, any of the Share in the Company retained by them as at the date on which, following closing of the Offers in terms of the Prospectus, the transfer of the Sale Shares in terms of the Sale Shares Offer shall have been affected (the 'Lock-In').

Powers of the Board Members Pursuant to Capital Markets Rule 5.64.9

The rules governing the appointment, election or removal of Directors are contained in the Company's Articles of Association, Articles 15.1 to 15.8. The powers and duties of the Directors are outlined in Articles 15.9 to 15.31 of the Company's Articles of Association.

Save as otherwise disclosed herein, the provisions of Capital Markets Rules 5.64.4 to 5.64.7, 5.64.10 and 5.64.11 are not applicable to the Company.

Disclosure of Material Contracts Pursuant to Capital Markets Rule 5.70.1

It is hereby being declared that, as at 31 December 2024, the Company is not party to any significant agreement pursuant to Capital Markets Rule 5.64.10.

Company Secretary and Registered Office of the Company Pursuant to Capital Markets Rule 5.70.2

Richard Deschrijver

8, TCS Building, Triq Ħal Luqa, Qormi QRM 9072, Malta

Remuneration report

The Remuneration report is set out on pages 18 to 20 of this Annual Report and sets out details of the Remuneration strategy and policy of the Group. The Remuneration Report also sets out the required details of the remuneration paid to directors and senior executives. The Remuneration Report will be subject to a vote by the Shareholders at the forthcoming Annual General Meeting. The contents of the remuneration report have been reviewed by the external auditors to ensure that it conforms with the requirements of the Capital Market Rules.

Auditor

RSM Malta, Registered Auditors, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

Signed on behalf of the company's Board of Directors on 28 April 2025 by Charles Scerri (Chairman) and Ivan Calleja (Executive Director) as per the Directors Declaration on ESEF Annual report submitted in conjunction with the Annual Report 2024.

Registered address:
8, TCS Building
Triq Ħal Luqa
Qormi QRM 9072
Malta

28 April 2025

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE

Introduction

The Prospects MTF Rules issued by the Malta Stock Exchange require qualifying companies admitted to Prospects MTF and whose securities are listed on a regulated market to observe relevant corporate governance standards, in this case the Code of Principles of Good Corporate Governance ("the Code").

Pursuant to the Capital Market Rules issued by the Malta Financial Services Authority, The Convenience Shop (Holding) plc (the "Company") should endeavor to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules ("the Code"). In terms of Capital Markets Rule 5.94, the Company hereby reports on the extent of its adoption of the principles of the Code for the financial year being reported upon.

The Board of Directors (the "Board" or the "Directors") of the Company acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended in the Code is in the best interests of the Company, its shareholders and other stakeholders.

The Company's decision-making structure is designed to meet the Company requirements and to ascertain that decision making is subject to the checks and balances where this is appropriate.

General

Good corporate governance is the responsibility of the Board as a whole, and has been, and remains a priority for the Company. In deciding on the most appropriate manner in which to implement the Code, the Board took cognisance of the Company's size, nature and operations, and is of the opinion that the adoption of certain mechanisms and structures is proportionate to the scale of operations which the Company has.

The Board considers that, to the extent otherwise disclosed herein, the Company has generally been in compliance with the Code throughout the year under review.

This Statement sets out the structures and processes in place within the Company and how these effectively achieve the goals set out in the Code for the year under review. For this purpose, this Statement makes reference to the pertinent principles of the Code and then sets out the manner in which the Board considers that these have been adhered to, and where it has not.

For the avoidance of doubt, reference in this Statement to Compliance with the principles of the Code means compliance with the Code's main principles.

The Directors believe that for the financial year under review, the Company has generally complied with the requirements for each of the Code's main principles. Further information in this respect is provided hereunder.

Principle One: The Company's Board of Directors

The role of the Board of Directors is to provide the necessary leadership, set strategy and steward the values and standards by acting in the best interests of shareholders and other relevant stakeholders. The Directors report that for the financial year under review, the Directors have provided the necessary leadership in the overall direction of the Company and have performed their responsibilities for the efficient and smooth running of the Company with honesty, competence and integrity. The Board is composed of members who are fit and proper to direct the business of the Company with honesty, competence and integrity. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company. The Board is accountable for its performance and that of its delegates to shareholders and other relevant stakeholders.

The Board has throughout the year under review adopted prudent and effective systems which ensure an open dialogue between the Board and senior management.

The Company has a structure that ensures a mix of executive and non-executive directors and that enables the Board to have direct information about the Company's performance and business activities.

Principle Two: The Company's Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are held by separate individuals and the division of responsibilities is clearly established and agreed by the Board.

The Chairman exercises independent judgement and is responsible to lead the Board and set its agenda, whilst also ensuring that the directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company. The Chairman is also responsible for ensuring effective communication with shareholders and ensuring active engagement by all members of the Board for discussion of complex or contentious issues.

The Chief Executive Officer reports regularly to the Board on the business and affairs of the Company and the Group and the commercial, economic and other challenges facing it. He is also responsible to ensure that all submissions made to the Board are timely, give a true and correct picture of the issue or issues under consideration, and are of high professional standards as may be required by the subject matter concerned.

As at the date of this statement, Mr. Charles Scerri and Mr David Tabone act as Chairman of the Company and Chief Executive Officer of the Group, respectively. Mr Benjamin Muscat resigned from his post as Chairman of the Board with effect from the 31st May 2024, and Mr Charles Scerri was appointed in his stead on the same day. Mr. Martin Agius resigned from the position of Chief Executive Officer of the Group on 4th September 2024, and Mr. David Tabone has been appointed as Chief Executive Officer of the Group effective from 1st January 2025.

Each subsidiary within the Group has its own management structure and accounting systems and internal controls, and is governed by its own Board, whose members, are appointed by the Company. This provides sufficient delegation of powers to achieve effective management. The organisational structure ensures that decision making powers are spread wide enough to allow proper control and reporting systems to be in place and maintained in such a way that no one individual or small group of individuals actually has unfettered powers of decision.

Principle Three: Composition of the Board

The Board is composed of 6 members, with 3 executive and 3 non-executive Directors, with each member offering core skills and experience that are relevant for the successful operation of the Company. The Company considers that the current board set up constitutes an appropriate mix between executive and non-executive directors. The Board is responsible for the overall long-term strategy and general policies of the Company, of monitoring the Company's systems of control and financial reporting and communicating effectively with the market as and when necessary.

The Board of Directors consists of the following:

- Mr Charles Scerri – Chairman and Non-executive Director
- Mr Joseph Pace – Executive Director
- Mr Ivan Calleja – Executive Director
- Mr Manuel Piscopo – Executive Director
- Mr Patrick Hall – Non-executive Director
- Mr Richard Saliba – Non-executive Director

In accordance with the provisions of the Company's Articles of Association, the appointment of Directors to the Board is exclusively reserved to the Company's shareholders, except in so far as appointment is made by the Board to fill a casual vacancy, which appointment would be valid until the conclusion of the next Annual General Meeting of the Company following such an appointment. In terms of the Articles of Association, a Director shall hold office without retirement until death or until they retire or are removed by the Company in accordance with Article 140 of the Companies Act Cap. 386.

Mr. Charles Scerri, Mr. Patrick Hall and Mr. Richard Saliba are considered by the Board to be independent non-executive members of the Board.

None of the independent non-executive Directors:

a) is or has been employed in any capacity with the Company and/or the Group;

b) has or had a significant business relationship with the Company and/or the Group;

c) has received significant additional remuneration from the Company and/or the Group;

d) has close family ties with any of the Company's executive Directors or senior employees;

e) has served on the Board for more than twelve consecutive years; or

f) is or has been within the last three years an engagement partner or a member of the audit team of the present or former external auditor of the Company and/or the Group.

Each non-executive Director has declared in writing to the Board that he undertakes:

a) to maintain in all circumstances his independence of analysis, decision and action;

b) not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and

c) to clearly express his/her opposition in the event that he finds that a decision of the Board may harm the Company.

Principle Four: The Responsibilities of the Board

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. In fulfilling this mandate and discharging its duty of stewardship of the Company, the Board assumes responsibility for the Company's strategy and decisions with respect to the issue, servicing and redemption of its bond in issue, and for monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, and all relevant laws and regulations. The Board is also responsible for ensuring that the Company establishes and operates effective internal control and management information systems and that it communicates effectively with the market.

Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Company's expense.

The Board has also established an Audit Committee in terms of rule 4.01.01(d) of the Prospects MTF Rules and rules 5.117 to 5.134 of the Capital Markets Rules as follows:

The Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its responsibilities: in dealing with issues of risk, control and governance; and review the financial reporting processes, financial policies and internal control structure. During the financial year under review, the Audit Committee met five times.

Although the Audit Committee is set up at the level of the Company its main tasks are also related to the activities of the Group.

The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board.

Furthermore, the Audit Committee has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company.

The Audit Committee is composed of 3 members:

- Mr Richard Saliba – Chairman
- Mr Patrick Hall – Member
- Mr Charles Scerri – Member

All 3 members are non-executive Directors and qualified accountants, who the Board considers as independent and competent in accounting.

The Audit Committee has met 11 times during the financial year ended 31 December 2024, and the attendance at these meetings was as follows:

Name	Designation	Attendance of Meetings
Mr Benjamin Muscat	Ex-Chairman	5 of 11
Dr Kevin Deguara	Ex-non-executive Director	4 of 11
Mr Richard Saliba	Chairman	6 of 11
Mr Patrick Hall	Non-executive Director	6 of 11
Mr Charles Scerri	Non-executive Director	11 of 11

Risk identification, control and reporting

The Board, with the assistance of the management team, is responsible for the identification and evaluation of key risks applicable to the areas of business in which the Company and its subsidiaries are involved. Processes are in place for identifying, evaluating and managing the significant risks facing the Company These risks are assessed on a continual basis with a view to control and mitigate where deemed necessary. The Board receives periodic risk management information to enable the effective monitoring and mitigation of key risks to the Company and its subsidiaries. This allows the Board to be proactive in ensuring that financial controls and risk management systems are well established, and to satisfy itself about the integrity of financial information.

Reporting

The Group has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and reviews by management. On a monthly basis the Board receives a comprehensive analysis of financial and business performance, including reports comparing actual performance with budgets as well as analysis of any variances. Comprehensive annual financial plans are prepared, reviewed and approved by the Board. Business alternatives are regularly considered by the Board on the basis of the variance analysis carried out. Responsibilities for financial performance against plans are delegated to the management team.

In conclusion, the Board considers that the Company has generally been in compliance with the Principles throughout the year under review as befits a company of this size and nature. Non-compliance with the principles and the reasons thereof have been identified below.

Principle Five: Board Meetings

The Directors meet regularly to dispatch the business of the Board. The Directors are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting Board papers, which are circulated in advance of the meeting. Minutes are prepared during Board meetings recording faithfully attendance, and resolutions taken at the meeting. The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all Directors every opportunity to contribute to relevant issues on the agenda. The agenda on the Board seeks to achieve a balance between long-term strategic and short-term performance issues.

The Board meets as often as frequently required in line with the nature and demands of the business of the Company. Directors attend meetings on a frequent and regular basis and dedicate the necessary time and attention to their duties as Directors of the Company. The Board met 7 times during the financial year under review.

The following Directors attended Board meetings as follows:

Name	Designation	Attendance of Meetings
Mr Benjamin Muscat	Ex-Chairman	3 out of 7
Mr Charles Scerri	Chairman	7 out of 7
Dr Kevin Deguara	Non-executive Director	3 out of 7
Mr Joseph Pace	Director	7 out of 7
Mr Ivan Calleja	Director	7 out of 7
Mr Manuel Piscopo	Director	7 out of 7
Mr Richard Saliba	Director	4 out of 7
Mr Patrick Hall	Director	4 out of 7

Principle Six: Information and Professional Development

As part of succession planning and employee retention, the Board and Chief Executive ensure that the Company implements appropriate schemes to recruit, retain and motivate employees and senior management and keep a high morale amongst employees.

The Chief Executive, although responsible for the recruitment and selection of senior management, consults with the Board on the appointment of, and on a succession plan for, senior management.

Training (both internal and external) of management and employees remains a priority. This is coordinated through the Company's Human Resources Department.

The Board has access to the advice and services of the company secretary who is responsible for ensuring that board procedures are complied with, as well as for ensuring sound information flows between the Board and the Audit Committee.

Principle Seven: Evaluation of the Board's Performance

Under the present circumstances, the Board still does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is always under the scrutiny of the shareholders of the Company.

Principle Eight: Committees

A. Remuneration Committee

As is permitted in terms of provision 8.A.2 of the Code, on the basis of the fact that the remuneration of the directors is not performance-related, the Company has not set up a remuneration committee. Instead, the functions of the Remuneration Committee are vested in the Board, which itself establishes the remuneration policies of the Company. Further details on remuneration of the directors are set out in the Remuneration Report for the financial year under review and is in compliance with the requirements of Capital Markets Rules 12.26 and contains the information required by Appendix 12.1 of the Capital Market Rules.

B. Nomination Committee

The Board of Directors considers that the size and operation of the Company does not warrant the setting up of a nomination committee and will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the company's Memorandum and Articles of Association. The Company considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

Principles Nine and Ten: Relations with Shareholders and with the Market and Institutional Shareholders

Pursuant to the Company's statutory obligations in terms of the Companies Act (Cap. 386 of the Laws of Malta), the Annual Report and Financial Statements, the election of Directors and approval of Directors' fees, the appointment of the auditors, the declaration of a dividend and the authorisation of the Directors to set the auditors' fees, and other special business, are proposed and approved at the Company's Annual General Meeting.

The Company's website (https://www.theconvenienceshop.com/investor-information/) also contains information about the Company and its business which is a source of further information to the market.

In view that the Company is subject to the Prospects MTF Rules, the Company is required to hold its Annual General Meeting within four (4) months of the end of the financial year to, inter alia, consider the annual financial statements, the directors' and auditors' reports for the year, to decide on any dividends recommended by the Board, to elect directors, appoint auditors and to set their remuneration. Nonetheless, as communicated in terms of Company Announcement CVS 92, the Malta Stock Exchange has granted an extension to such deadline for the Company's 2025 Annual General Meeting, to allow shareholders of the Company adequate time to exercise their rights under the Capital Markets Rules in connection with the Annual General Meeting. Consequently, the Company's 2025 Annual General Meeting shall be held by not later than the 31st July 2025 in accordance with the requirements under the Companies Act (Chapter 386 of the Laws of Malta) and the Capital Markets Rules.

Principle Eleven: Conflicts of Interest

The Directors are strongly aware of their responsibility to act at all times in the interest of the Company and its shareholders as a whole and of their obligation to avoid conflicts of interest.

Mr. Joseph Pace, Mr. Ivan Calleja and Mr. Manuel Piscopo have a direct beneficial interest in the share capital of the Company, and as such are susceptible to conflicts arising between the potentially diverging interests of the shareholders and the Company. During the financial year under review, no private interests or duties unrelated to the Company were disclosed by the Directors which were or could have been likely to place any of them in conflict with any interests in, or duties towards, the Company.

If a Director has a continuing material interest that conflicts with the interests of the Company, he is obliged to take effective steps to eliminate the grounds for conflict. In the event that such steps do not eliminate the grounds for conflict then the Director should consider resigning.

Moreover, the Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Furthermore, in accordance with the provisions of article 145 of the Companies Act (Cap. 386 of the Laws of Malta), every Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company is under the duty

to fully declare his interest in the relevant transaction to the Board at the first possible opportunity and he will not be entitled to vote on matters relating to the proposed transaction and only parties who do not have any conflict in considering the matter will participate in the consideration of the proposed transaction (unless the Board finds no objection to the presence of such Director with conflict of interest).

Principle Twelve: Corporate Social Responsibility

The Company seeks to adhere to sound Principles of Corporate Social Responsibility in its management practices and is committed to enhance the quality of life of all stakeholders and of the employees of the Company and the Group.

The Board is mindful of the environment and its responsibility within the community in which it operates.

Since its origins, the Group chooses to recognise its social and environmental responsibilities by making Corporate Social Responsibility an important tool to mediate and achieve an optimum balance in responding to the different needs of the various stakeholders.

In 2024, the Group continued exercising its commitment in supporting several NGOs including the Malta Community Chest Fund, The Malta Trust Foundation, ALS Malta, Caritas, Missio and Dar Tal Providenza. The Group has a retail outlet in Qormi with all profits being passed on to Puttinu Cares Foundation.

In carrying on its business, the Group is fully aware and at the forefront to preserving the environment and continuously review its policies aimed at respecting the environment and encouraging social responsibility and accountability.

Internal Control and Risk Management

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. The Directors are aware that internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against normal business risks.

During the financial year under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. The Board has adopted and implemented appropriate policies and procedures to manage risks and internal controls. The Board plans, controls and monitors business operations in order to achieve the set objectives. Processes are in place for identifying, evaluating and managing the significant risks facing the Company.

Through the Audit Committee, the Board reviews the effectiveness of the internal controls, including financial reporting. The Audit Committee oversees and provides advice to the Board on matters relating to financial reporting and thereby monitors the integrity of the financial statements and any formal announcements and disclosures related to financial matters.

General Meetings

The manner in which the general meeting is conducted is outlined in Articles 11 - 13 of the Company's Articles of Association, subject to the provisions of the Companies Act, the Prospects MTF Rules and the Capital Markets Rules.

As explained under Principles 9 and 10, the Annual General Meeting of the shareholders shall be convened to, inter alia, deal with 'ordinary business' including the adoption of the annual financial statements, the directors' and auditors' reports for the year, to decide on any dividends recommended by the Board, to elect directors if necessary, appoint auditors and to set their remuneration.

A presentation is given to the shareholders present detailing the Company's performance and an assessment of the future prospects is given.

In addition, and in terms of Article 11.3 of the Articles of Association of the Company, the Board may convene an extraordinary general meeting whenever is deemed fit.

In accordance with Article 12.1 of the Articles of Association, notice of any General Meeting shall be given to all members of the Company, to all Directors, and to the auditors of the Company. Adequate notice of general meetings must be given as specified in the Company's Articles of Association and in the Capital Markets Rules.

All shareholders registered in the Shareholders' Register on the Record Date as defined in the Capital Markets Rules and the Articles of Association of the Company have the right to attend, participate and vote in the general meetings. A shareholder who cannot participate in the general meeting can appoint a proxy in accordance with the instructions set forth in the notice convening the general meeting, and such proxy must be received by the Company at least 24 hours before the time of the general meeting.

Non-Compliance with the Code

As at the date hereof, the Board considers the Company to be in compliance with the Code except for the following:

Evaluation of the Board's Performance

The Board has not appointed a committee for the purpose of undertaking an evaluation of the Board's performance in accordance with the requirements of Code Provision 7.1. The Board believes that the size of the Company and the Board itself does not warrant the establishment of a committee specifically for the purpose of carrying out a performance evaluation of its role. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the company's Board is such that it should enable it to evaluate its own performance without the requirement of setting up an ad-hoc committee for this purpose. The Board shall retain this matter under review over the coming year.

Committees

The Board considers that the size and operation of the Company does not warrant the setting up of a remuneration committee and a nomination committee in line with Code Provisions 8A and 8B, respectively. The Board relies on the constant scrutiny of the Board itself, the company's shareholders, the market and the rules by which the company is regulated as a listed entity. In addition, the Board took into consideration the fact that the remuneration of the Board is not performance related. The Board intends to keep under review the utility and possible benefits of having a Remuneration Committee in due course.

Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the company's Memorandum and Articles of Association. The Company considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

Signed on behalf of the Company's Board of Directors by Charles Scerri (Chairman) and Manuel Piscopo (Executive Director) on 28 April 2025.

REMUNERATION REPORT

Remuneration Policy

In compliance with Capital Markets Rule 12.26A of the Capital Markets Rules (CMR), the Board of Directors of the Company has established a remuneration policy (the "Policy") that will be submitted for the approval of the shareholders during the forthcoming annual general meeting (AGM).

The proposed Policy aims to ensure equitable and competitive compensation for all Directors, Key Managerial Personnel and employees, based on individual performance, industry benchmarks and the overall performance of the Company. The oversight and implementation of the Policy is the ultimate responsibility of the Board of Directors. As outlined in the Prospectus relating to the Company's IPO Listing, due to the nature, size and complexity of the Company's operations, the size and volume of transactions, and the number of Company staff, and since the remuneration paid to the Directors is not performance related, the Company has not set up a remuneration committee and all duties are borne by the Board of Directors.

The key considerations in determining the remuneration for Company officers and employees, as stipulated in the Policy, include their qualifications, experience, expertise, prevailing industry compensation norms, and the financial position of the Company.

Contracts for Directors of the Company terminate upon the Director resigning from his/her position by giving the Company not less than one (1) month written notice, or upon his/her removal from his/her position as director by the shareholders in accordance with the Articles of Association and the Companies Act (Chapter 386 of the Laws of Malta), or upon expiration of his/her term of office as Director in accordance with the Articles of Association. If the Director is re-appointed to a further term/s of office as Director, his/her appointment to the Board of Directors shall be automatically extended and shall terminate upon the Director's resignation or removal from his/her position as Director or upon expiration of such further term/s of office as Director. No termination fees are payable to Directors upon the termination of their tenure.

Remuneration payable to Directors

The CMR also require the Company to prepare a remuneration report (the "Report") in accordance with the criteria outlined in Appendix 12.1 'Information to be provided in the Remuneration Report' of the said CMR.

In accordance with the requirements under the CMR, the Company will be submitting the Report to the shareholders at the forthcoming AGM. In view that the Company qualifies as a small or medium-sized company, as defined in Article 3 (2) and (3) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, the Report must be submitted for discussion at the AGM.

The remuneration payable to Directors is determined by the Company in the general meeting. During the preceding AGM of the Company held on the 29th April 2024 the general meeting set the maximum annual aggregate emoluments payable to the Directors of the Company and its subsidiary entities (the "Group") at € 313,848. The total sum disbursed as remuneration to the Directors of the Group in 2024 amounted to € 314,380 for 2024.

For the purposes of Appendix 12.1 of Chapter 12 of the CMR and Rule 8.A.5 of the Code of Principles of Good Corporate Governance (the "Code"), the following amounts were paid by the Group to the Directors during the financial year 2024:

Name of Directors	**Position**	**Annual remuneration (Gross)**			
			Variable	Share Option	Total
Mr Benjamin Muscat	Chairman and Non-Executive, Independent Director	€7,777	Nil	Nil	€7,777
Mr Charles Scerri	Chairman and Non-Executive Independent Director	€18,668	Nil	Nil	€18,668
Dr Kevin Deguara	Ex-Non-Executive Director	€41,750	Nil	Nil	€41,750
Mr Ivan Calleja	Executive Director	€76,909	Nil	Nil	€76,909
Mr Joseph Pace	Executive Director	€76,909	Nil	Nil	€76,909
Mr Manuel Piscopo	Executive Director	€76,909	Nil	Nil	€76,909
Mr Patrick Hall	Non-Executive Independent Director	€7,000	Nil	Nil	€7,000
Mr Richard Saliba	Non-Executive Independent Director	€8,458	Nil	Nil	€8,458

The fees set forth above are inclusive of the remuneration payable to the directors for their appointment to the Company's audit committee.

For clarification purposes, only Mr Benjamin Muscat, Mr Charles Scerri, Mr Patrick Hall and Mr Richard Saliba received their remuneration from the Company. Mr Ivan Calleja (Executive Director), Mr Joseph Pace (Executive Director), Mr Manuel Piscopo (Executive Director), and Dr Kevin Deguara (Non-Executive Director) received their remuneration for directorship services rendered to the Group from The Convenience Shop (Management) Limited (C 87711) ("TCSM"), a fully-owned subsidiary entity of the Company.

For 2023, the total emoluments payable by the Group to the directors (inclusive of fees payable for their appointment to the Company's audit committee) were as follows:

Name of Directors	**Position**	**Annual remuneration (Gross)**			
		Fixed	Variable	Share Option	Total
Mr Benjamin Muscat	Chairman and Non-Executive, Independent Director	€16,626	Nil	Nil	€16,626
Mr Charles Scerri	Non-Executive Independent Director	€14,000	Nil	Nil	€14,000
Dr Kevin Deguara	Non-Executive Director	€61,091	Nil	Nil	€61,091
Mr Ivan Calleja	Executive Director	€61,091	Nil	Nil	€61,091
Mr Joseph Pace	Executive Director	€61,091	Nil	Nil	€61,091
Mr Manuel Piscopo	Executive Director	€61,091	Nil	Nil	€61,091

For the purposes of CMR 8.A.4.1, the remuneration structure for Directors of the Company and its subsidiary entities is established as a fixed annual amount and does not include any performance-related remuneration such as share options, pension benefits, profit sharing and any other emoluments related to the performance of the Company or its subsidiaries. The fees payable to the Directors have been determined on the basis of their time commitment, contribution and ongoing responsibilities towards the Company and its subsidiary entities. Given the organisational structure of the Group, and the fact that the Company's primary assets are its investments in its operating subsidiaries, the Board of Directors considers

<u>Remuneration payable to Senior Executives and employees</u>

Mr Charles Scerri, Mr Patrick Hall and Mr Richard Saliba constitute the only employees of the Company. All other personnel engaged in the Group's operations are employed by subsidiary entities of the Company and receive their remuneration from their respective employer/s.

For the purposes of Rule 8.A.4.9 of the Code, the Chief Executive Officer of the Group was, until the 4th September 2024, Mr Martin Agius and was employed with TCS (Management) Limited. The total gross emoluments paid to the Chief Executive Officer for the year under review included €98,020 by way of fixed remuneration and €50,000 by way of variable remuneration

<u>Contents of the Remuneration Report</u>

The contents of this Report have been reviewed by the external auditor to ensure that the information required in terms of Appendix 12.1 of the Capital Markets Rules has been included.

The Convenience Shop (Holding) plc

Financial Statements
for the year ended 31 December 2024

STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December

		Group		Company	
		2024	2023	**2024**	2023
		€	€	**€**	€
	Notes				
Revenue	4	**46,378,766**	46,314,448	**1,788,783**	2,231,037
Cost of sales		**(40,481,038)**	(39,476,986)	**–**	–
Gross profit		**5,897,728**	6,837,462	**1,788,783**	2,231,037
Administrative expenses		**(3,960,192)**	(3,817,886)	**(590,718)**	(196,929)
Operating profit	5	**1,937,536**	3,019,576	**1,198,065**	2,034,108
Other income	7	**670,984**	907,766	**67,472**	60,000
Finance costs	8	**(972,782)**	(824,488)	**(250,608)**	(251,544)
Finance income	9	**–**	–	**318,500**	318,500
Gain on disposal of property, plant and equipment		**1,899**	–	**–**	–
Profit before tax		**1,637,637**	3,102,854	**1,333,429**	2,161,064
Tax expense	10	**(282,187)**	(470,679)	**(186,700)**	(460,125)
Profit for the year		**1,355,450**	2,632,175	**1,146,729**	1,700,939
Profit for the year is attributable to:					
Non-controlling interest		**(7,856)**	7,124	**–**	–
Owners of the Company		**1,363,306**	2,625,051	**1,146,729**	1,700,939
		1,355,450	2,632,175	**1,146,729**	1,700,939
Basic earnings per share	22	**0.044**	0.086	**0.037**	0.056

The notes on pages 35 to 62 are an integral part of these consolidated financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December

		Group		Company	
		2024	2023	**2024**	2023
		€	€	**€**	€
ASSETS	**Notes**				
Non-current assets					
Property, plant and equipment	11	**5,080,347**	4,051,924	**–**	–
Intangible assets	12	**13,722,445**	13,493,677	**4,000,000**	4,000,000
Right-of-use asset	13	**11,005,357**	10,805,122	**–**	–
Investment in subsidiaries	14	**–**	–	**320,147**	171,347
Investment in associates	15	**–**	–	**1,688**	1,688
Loans receivable	16	**–**	–	**7,522,091**	2,160,359
Deferred tax asset	10	**319,686**	195,573	**–**	–
Total non-current assets		**30,127,835**	28,546,296	**11,843,926**	6,333,394
Current assets					
Inventories	17	**3,797,230**	3,197,815	**–**	–
Trade and other receivables	18	**5,465,230**	4,860,408	**1,145,360**	6,574,602
Cash at bank and in hand	25	**2,185,761**	2,185,078	**5,025**	186,003
Current tax receivable		**205,104**	–	**187,482**	67,389
Total current assets		**11,653,325**	10,243,301	**1,337,867**	6,827,994
TOTAL ASSETS		**41,781,160**	38,789,597	**13,181,793**	13,161,388

		Group		Company	
		2024	2023	**2024**	2023
		€	€	**€**	€
EQUITY AND LIABILITIES	**Notes**				
Capital and reserves attributable to ordinary equity holders of the Company					
Share capital	19	**4,928,000**	4,928,000	**4,928,000**	4,928,000
Share premium		**1,539,087**	1,539,087	**1,539,087**	1,539,087
Retained earnings		**3,262,886**	3,341,208	**985,623**	1,255,522
		9,729,973	9,808,295	**7,452,710**	7,722,609
Non-controlling interest		**(27,218)**	(19,362)	**–**	–
TOTAL EQUITY		**9,702,755**	9,788,933	**7,452,710**	7,722,609
Non-current liabilities					
Borrowings	20	**6,134,990**	5,962,537	**4,875,114**	4,848,616
Lease liabilities	23	**11,706,062**	11,268,947	**–**	–
Trade and other payables	24	**196,545**	223,468	**13,144**	–
Total non-current liabilities		**18,037,597**	17,454,952	**4,888,258**	4,848,616
Current liabilities					
Current tax payable		**–**	346,454	**–**	–
Borrowings	20	**411,734**	482,421	**–**	–
Bank overdraft	25	**250,695**	4	**–**	–
Lease liabilities	23	**972,500**	838,587	**–**	–
Trade and other payables	24	**12,405,879**	9,878,246	**840,825**	590,163
Total current liabilities		**14,040,808**	11,545,712	**840,825**	590,163
TOTAL LIABILITIES		**32,078,405**	29,000,664	**5,729,083**	5,438,779
TOTAL EQUITY AND LIABILITIES		**41,781,160**	38,789,597	**13,181,793**	13,161,388

The notes on pages 35 to 62 are an integral part of these consolidated financial statements.

The financial statements on pages 28 to 62 were approved and authorised for issue by the Board of Directors on 28 April 2025. The financial statements were signed on behalf of the Company's Board of Directors by Charles Scerri (Chairman) and Ivan Calleja (Executive Director) as per the Directors' Declaration on ESEF Annual report submitted in conjunction with the Annual Report 2024.

STATEMENTS OF CHANGES IN EQUITY

THE GROUP	Notes	Share capital €	Share premium €	Retained earnings €	Non–controlling interest €	Total €
Balance at 1 January 2023		4,768,000	729,087	2,190,175	(26,486)	7,660,776
Comprehensive income						
Profit for the year		–	–	2,625,051	7,124	2,632,175
Transactions with owners						
Issuance of share capital		160,000	810,000	–	–	970,000
Dividends paid	21	–	–	(1,474,018)	–	(1,474,018)
Total transactions with owners		160,000	810,000	(1,474,018)	–	(504,018)
Balance at 31 December 2023		**4,928,000**	**1,539,087**	**3,341,208**	**(19,362)**	**9,788,933**
Balance at 1 January 2024		4,928,000	1,539,087	3,341,208	(19,362)	9,788,933
Comprehensive income						
Profit/(loss) for the year		–	–	1,363,306	(7,856)	1,355,450
Transactions with owners						
Dividends paid	21	–	–	(1,441,628)	–	(1,441,628)
Total transactions with owners		–	–	(1,441,628)	–	(1,441,628)
Balance at 31 December 2024		**4,928,000**	**1,539,087**	**3,262,886**	**(27,218)**	**9,702,755**

THE COMPANY	Notes	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2023		4,768,000	729,087	1,016,602	6,513,689
Comprehensive income					
Profit for the year		–	–	1,700,939	1,700,939
Transactions with owners					
Dividends paid	21	160,000	810,000	–	970,000
Issuance of share capital		–	–	(1,462,019)	(1,462,019)
Total transactions with owners		160,000	810,000	(1,462,019)	(492,019)
Balance at 31 December 2023		**4,928,000**	**1,539,087**	**1,255,522**	**7,722,609**
Balance at 1 January 2024		4,928,000	1,539,087	1,255,522	7,722,609
Comprehensive income					
Profit for the year		–	–	1,146,729	1,146,729
Transactions with owners					
Dividends paid	21	–	–	(1,416,628)	(1,416,628)
Total transactions with owners		–	–	(1,416,628)	(1,416,628)
Balance at 31 December 2024		**4,928,000**	**1,539,087**	**985,623**	**7,452,710**

The notes on pages 35 to 62 are an integral part of these consolidated financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December

		Group		Company	
		2024	2023	**2024**	2023
	Notes	**€**	€	**€**	€
Cash flows from operating activities					
Receipts from customers		**44,938,963**	45,031,858	**–**	–
Payments to suppliers and employees		**(39,320,373)**	(41,205,583)	**(300,167)**	(202,879)
Other revenue		**671,045**	907,731	**1,418,142**	128,689
Interest paid		**(80,290)**	(15,263)	**–**	(1,544)
Income tax paid		**(898,754)**	(628,275)	**(306,793)**	(484,615)
Net cash flows generated from/(used in) operating activities		**5,310,591**	4,090,468	**811,182**	(560,349)
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(1,940,191)**	(1,211,196)	**–**	–
Acquisition of intangible assets		**(370,000)**	(155,000)	**–**	–
Acquisition of investments in subsidiaries		**–**	–	**(148,800)**	–
Payments to acquire business		**(128,800)**	(128,800)	**–**	–
Proceeds from disposal of property, plant and equipment		**2,560**	–	**–**	–
Repayment of advances to subsidiary		**–**	–	**823,268**	1,483,641
Net cash flows (used in)/generated from investing activities		**(2,436,431)**	(1,494,996)	**674,468**	1,483,641
Cash flows from financing activities					
Proceeds/(repayments) from interest-bearing loans		**75,268**	538,692	**–**	–
Proceeds from issuance of share capital		**–**	970,000	**–**	970,000
Payment of lease liabilities		**(1,507,808)**	(1,396,372)	**–**	–
Other interests		**–**	–	**–**	–
Interest on bond		**(250,000)**	(250,000)	**(250,000)**	(250,000)
Dividends paid		**(1,441,628)**	(1,474,018)	**(1,416,628)**	(1,462,019)
Net cash flows used in financing activities		**(3,124,168)**	(1,611,698)	**(1,666,628)**	(742,019)
Net cash movement in cash and cash equivalents		**(250,008)**	983,774	**(180,978)**	181,273
Cash and cash equivalents at beginning of year		**2,185,074**	1,201,300	**186,003**	4,730
Cash and cash equivalents at end of year	25	**1,935,066**	2,185,074	**5,025**	186,003

The notes on pages 35 to 62 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Convenience Shop (Holding) plc ("the Company") is a public limited liability company incorporated in Malta with registration number of C 87554 and registered address at 8, TCS Building, Triq Hal Luqa, Qormi QRM 9072, Malta.

The principal activity of the Company is to act as a holding company and to provide finance to group companies. The Company, together with its subsidiaries ("the Group") is engaged in operating in the fast-moving consumer goods industry and is engaged in the retailing of food, goods and other ancillary products through its shops located across Malta.

The ownership of the Company's share capital and voting rights is such that no particular individual or identifiable group of individuals may be deemed to exercise ultimate control over the Company.

These financial statements include the results of the Group, together with those of the Company, for the year ended 31 December 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the consolidated financial statements are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union (EU) and comply with the requirements of the Maltese Companies Act (Cap. 386).

The financial statements have been prepared under the historical cost basis.

Presentation and functional currency

The financial statements are presented in Euro (€) which is also the Company's and the Group's functional currency.

New or amended accounting standards and interpretations adopted

The Group and the Company adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee and endorsed by the EU that are mandatory for the current reporting period. The adoption of these amendments to the requirements of IFRS Accounting Standards as adopted by the EU did not result in substantial changes to the Group's and the Company's accounting policies impacting the Group's and the Company's financial performance and position.

New or amended Accounting Standards and Interpretations issued but not yet effective

Any new or amended Accounting Standards or Interpretations that were in issue and endorsed by the EU but not yet effective for the current financial year, have not been early adopted. The directors are of the opinion that the adoption of the new, amended accounting standards or interpretations will not have a significant impact on the Group and Company's current or future reporting periods and on foreseeable future transactions.

Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities, cash flows and revenues and expenses of The Convenience Shop (Holding) plc and its subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control, directly or indirectly. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

The results and equity of non-controlling interest of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

When the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities, and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

These consolidated financial statements comprise the parent company and its subsidiaries. Subsidiaries that were consolidated are listed in notes 14 and 15 to these financial statements.

Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at point of sale.

Rendering of services

Revenue from a contract to provide services is recognised at a point in time on completion of the service.

Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the assets net carrying amount.

Tax

The tax charge/(credit) in profit or loss comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on tax rates that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

Under this method, the Group is required to make provision for deferred income taxes on the revaluation of certain property assets and provisions on the difference between the carrying value for financial reporting purposes and their tax base.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised and/or sufficient taxable temporary differences are available. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Property, plant and equipment

An item of property, plant and equipment is initially measured at cost. Cost includes the purchase prices and other expenditures directly attributable to bringing the assets to the location and condition for its intended use.

Subsequent expenditure relating to the assets is added to the carrying values of the assets when it is probable that future economic benefits associated with the asset, in excess of the originally assessed standards of performance, will flow back to the Company and the Group. All other subsequent expenditure is recognised in profit or loss. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

	%
Improvements to premises	10
Plant and machinery	10
Office equipment	20
Motor vehicles	20

Assets in the course of construction are not depreciated. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions are recognised in profit or loss when the changes arise.

Where the carrying amount of an asset is greater that its estimated recoverable amount, it is written down immediately to its recoverable amount. On disposal of an item of property, plant and equipment, the cost and related accumulated depreciation and impairment losses, if any, are derecognised and the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

On disposal of an item of property, plant and equipment, the cost and related accumulated depreciation and impairment losses, if any, are derecognised and the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets acquired separately are initially measured at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

Amortisation of intangible assets with finite useful lives is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

The estimated useful lives, residual values, and amortisation method of intangible assets are reviewed at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of of an intangible asset, the cost and related accumulated amortisation and impairment losses, if any are derecognised and the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at fair value at the date of acquisition.

Goodwill and suppliers' agreements

Goodwill and suppliers' agreements arise on the acquisition of a business. These intangible assets are not amortised. Instead, these are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses are taken to profit or loss and are not subsequently reversed.

Key money

The Group's other intangible asset pertains to key money. This represents expenditure associated with acquiring existing operating lease agreements for shops where there is an active market, or the shop is ready for its intended use.

The amortisation of key money is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life of 2-14 years.

Intellectual Property

The intellectual property of the Company pertains to a trademark. This intangible asset is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. The asset is carried at cost less impairment losses.

Leases

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group.

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term and discounted at the Group's incremental borrowing rate of five percent (5%). The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Lease payments on short-term leases (i.e. leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Investment in subsidiaries

Subsidiaries are all those entities over which the Company has control, i.e., when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries are initially recognised at cost, being the fair value of the consideration given, including acquisition costs and are subsequently carried at cost less accumulated impairment losses, if any. Dividend income is recognised when the Company's right to receive payment is established.

Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

Investment in associate

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are initially recognised at cost, including transaction costs. Subsequently, investments in associates are accounted for using the equity method, that is, the carrying amount is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has obligations or made payments on behalf of the associate.

The Company determines whether there is objective evidence that the investment in associate undertaking is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate undertaking and its carrying value. The Company recognised the loss within the statement of comprehensive income.

Gains and losses arising from partial disposals or dilutions in investments in associates are recognised in profit or loss.

Investments in associates are recognised when the Company loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Inventories

Inventories are assets held for sale in the ordinary course of business. Inventories are carried at the lower of cost and net realisable value (NRV). Cost is calculated using the first-in, first-out (FIFO) method. The inventory costs comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The NRV value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company and the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expired.

Financial assets

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

The Group and parent Company classifies its financial assets in the amortised cost measurement category. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted where the effect of discounting is immaterial. Trade receivables without a significant financing component are measured at the transaction price as a practical expedient.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

The Company's financial assets under this classification include loans receivable, trade and other receivables and cash and cash equivalents.

Impairment of financial assets

The Company and the Group recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company and the Group expects to receive, discounted at an approximation of the original effective interest rate. The resulting impairment allowance is insignificant to the company's financial position and results.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For trade receivables, the group and the company apply the simplifies approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 18 for further details.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment losses are insignificant.

Financial liabilities

Financial liabilities are classified at initial recognition in accordance with how they are subsequently measured as follows:

- financial liabilities at amortised cost; and
- financial liabilities at fair value through profit or loss.

The Company and the Group's financial liabilities are mainly financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit or loss.

The group derecognises as a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit or loss.

The Company's financial liabilities under this classification include bonds payable, and trade and other payables.

The Group's financial liabilities under this classification include bonds payable, interest-bearing loans and borrowings, lease liabilities and trade and other payables.

Segment reporting

The operations of the Group determines and presents segments based on the information that internally is provided to the Board of Directors, which is the Group's chief operating decision maker in accordance with the requirements of IFRS 8 'Operating Segments'. The operating segments consist of three segments, retailing of food and beverages, importation of food and beverages items for the outlets and the provision of services.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues under The Convenience Shop brand, and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. An operating segment's operating results the provision of selected services to support the retail network. These operations are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to carried out entirely on the local market. The board of directors assesses the segment and to assess its performance executing on an outlet-by-outlet level since revenue is largely driven by the function of significant numbers of consumers buying the chief operating decision maker range of products through its entire network of shops.

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 Consolidated Statement of Comprehensive Income.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The directors have considered the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Company's directors, except for the matters disclosed below, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their disclosure in terms of the requirements of IAS 1 Presentation of Financial Statements, except for the matters described below.

Business combinations

As discussed in Note 2, the Group accounted for acquisitions in accordance with IFRS 3 Business Combinations. The purchase consideration was based on the book value of the assets and liabilities of the acquired business. The directors have assessed and agreed that this is representative of the fair value, hence no adjustment was deemed necessary.

Impairment assessment of intangible assets with indefinite useful lives

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and suppliers' agreements have suffered any impairment, in accordance with the accounting policy stated in Note 2.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

4. REVENUE

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Dividend income	**–**	–	**923,076**	1,384,615
Royalty fee income	**–**	–	**865,707**	846,422
Sale of goods	**42,167,731**	41,938,625	**–**	–
Fees, commissions and other revenue	**4,211,035**	4,375,823	**–**	–
	46,378,766	46,314,448	**1,788,783**	2,231,037

5. OPERATING PROFIT

The operating profit is stated after charging:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Employee benefit expense (Note 6)	**5,778,669**	5,185,072	**–**	35,800
Directors' remuneration	**267,685**	220,690	**41,904**	30,626
Auditors' remuneration				
- Statutory audit	**41,200**	37,450	**16,000**	14,500
- Tax compliance services	**3,100**	3,100	**600**	600
- Other non-assurance services	**4,500**	4,500	**4,500**	4,500
- Other assurance services	**1,500**	1,500	**1,500**	1,500
Cost of sales	**33,009,472**	32,747,779	**–**	–
Subcontracted labour	**1,792,386**	1,693,111	**–**	–
Provision on impairment of receivables and loans receivable	**20,866**	–	**261,639**	
Depreciation of property, plant and equipment (Note 11)	**911,107**	784,077	**–**	–
Depreciation of right of use asset (Note 13)	**1,257,587**	1,007,549	**–**	–
Amortisation of intangible assets (Note 12)	**141,232**	127,831	**–**	–

During the year, directors' remuneration amounting to €46,697 (2023: €54,300) were capitalised within property, plant and equipment.

6. EMPLOYEE BENEFIT EXPENSE

Employee benefit expense incurred during the year were as follows:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Salaries and wages	**5,420,441**	4,876,161	**–**	34,152
Social security costs	**322,611**	299,278	**–**	1,600
Maternity fund contribution	**35,617**	9,633	**–**	48
	5,778,669	5,185,072	**–**	35,800

The average number of persons employed by the Group and the Company during the year were 298 and Nil respectively (2023: 281 employees for the Group and 1 employee for the Company). The non-executive directors received their remuneration from the Company.

7. OTHER INCOME

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Commission income	**75,839**	45,520	**–**	–
Rental income	**442,621**	596,682	**–**	–
Government grants	**–**	16,432	**–**	–
Other income	**152,524**	249,132	**7,472**	–
Management fee	**–**	–	**60,000**	60,000
	670,984	907,766	**67,472**	60,000

8. FINANCE COSTS

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Interest expense on bonds payable (Note 20)	**250,000**	250,000	**250,000**	250,000
Interest expense on bank loan (Note 20)	**79,666**	44,739	**–**	–
Interest expense on lease liabilities (Note 23)	**642,492**	522,287	**–**	–
Other interest and financing expenses	**624**	7,462	**608**	1,544
	972,782	824,488	**250,608**	251,544

9. FINANCE INCOME

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Interest income from loans receivable (Note 16)	**–**	–	**318,500**	318,500
	–	–	**318,500**	318,500

10. TAX EXPENSE

The tax charged to profit or loss comprised of the following:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Current tax charge	**406,300**	822,093	**186,700**	460,125
Deferred tax (credit)/charge	**(124,113)**	(351,414)	**–**	–
	282,187	470,679	**186,700**	460,125

The tax on the Group and the Company's profit before tax differs from the theoretical tax charge that would arise using the applicable tax rate in Malta of 35% as follows:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Profit before tax	**1,637,638**	3,102,854	**1,333,429**	2,161,064
Tax on profit at 35%	**573,173**	1,085,999	**466,700**	756,372
Non-deductible expenses	**31,405**	80,752	**–**	–
Difference between tax base and carrying amounts of property, plant and equipment	**154**	(5,175)	**–**	–
Intangible assets amortisation tax benefit	**(280,000)**	(296,248)	**(280,000)**	(296,247)
Absorbed tax losses	**–**	(37,545)	**–**	–
Income not subject to tax	**(7,518)**	–	**–**	–
Absorbed capital allowances	**(1,006)**	(668)	**–**	–
Unabsorbed capital allowances	**44,707**	44,753	**–**	–
Other differences between accounting and tax deductible items of expenditure	**(78,728)**	(401,189)	**–**	–
	282,187	470,679	**186,700**	460,125

Deferred income taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2023: 35%). The movement on the deferred tax account is as follows:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
At the beginning of the year	**195,573**	(155,842)	**–**	–
Credited to profit or loss	**124,113**	351,415	**–**	–
At the end of year	**319,686**	195,573	**–**	–

The balance as at 31 December represents:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Tax effect on temporary differences arising from:				
– Differences between tax base and carry-ing amounts of fixed assets	**(317,219)**	(244,901)	**–**	–
– Difference arising from leases	**556,534**	433,550	**–**	–
– Provision on doubtful debts	**13,422**	6,924	**–**	–
– Unabsorbed capital allowances	**66,949**	–	**–**	–
	319,686	195,573	**–**	–

Deferred taxation is principally composed of deferred tax assets and liabilities which are to be recovered and settled after more than twelve months.

As at 31 December 2024, the Group had a potential deferred tax asset of €272,223 (2023: €212,699) emanating from unabsorbed capital allowances, unutilised tax losses and differences in the carrying amount and tax base of fixed assets relating to two of the group companies. This amount has not been recognised in the statement of financial position since the directors do not consider it prudent to recognise such asset.

11. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Improvements to premises	Plant and machinery	Office equipment	Motor vehicles	Asset under construction	Total
	€	€	€	€	€	€
Cost						
As at 1 January 2023	3,670,709	2,190,352	1,247,644	60,009	–	7,168,714
Additions	164,083	413,591	291,024	22,850	320,648	1,212,196
Balance at 31 December 2023	**3,834,792**	**2,603,943**	**1,538,668**	**82,859**	**320,648**	**8,380,910**
Accumulated depreciation						
As at 1 January 2023	(1,754,273)	(1,006,839)	(744,447)	(39,350)	–	(3,544,909)
Depreciation	(356,689)	(218,274)	(197,263)	(11,851)	–	(784,077)
Balance at 31 December 2023	**(2,110,962)**	**(1,225,113)**	**(941,710)**	**(51,201)**	**–**	**(4,328,986)**
Carrying amount At 31 December 2023	**1,723,830**	**1,378,830**	**596,958**	**31,658**	**320,648**	**4,051,924**

THE GROUP	Improvements to premises	Plant and machinery	Office equipment	Motor vehicles	Asset under construction	Total
	€	€	€	€	€	€
Cost						
As at 1 January 2024	3,834,792	2,603,943	1,538,668	82,859	320,648	8,380,910
Additions and commissioned assets	1,109,782	613,184	530,785	–	(313,560)	1,940,191
Disposals	(84)	–	(1,572)	–	–	(1,656)
Balance at 31 December 2024	**4,944,490**	**3,217,127**	**2,067,881**	**82,859**	**7,088**	**10,319,445**
Accumulated depreciation						
As at 1 January 2024	(2,110,962)	(1,225,113)	(941,710)	(51,201)	–	(4,328,986)
Depreciation	(400,460)	(260,775)	(239,888)	(9,984)	–	(911,107)
Release on disposal	25	–	970	–	–	995
Balance at 31 December 2024	**(2,511,397)**	**(1,485,888)**	**(1,180,628)**	**(61,185)**	**–**	**(5,239,098)**
Carrying amount At 31 December 2023	**2,433,093**	**1,731,239**	**887,253**	**21,674**	**7,088**	**5,080,347**

12. INTANGIBLE ASSETS

THE GROUP	Goodwill	Suppliers agreements	Intellectual Property	Key money	Total
	€	€	€	€	€
Cost					
As at 1 January 2023	5,124,870	3,099,647	4,000,000	1,589,950	13,814,467
Additions	–	–	–	155,000	155,000
Balance at 31 December 2023	**5,124,870**	**3,099,647**	**4,000,000**	**1,744,950**	**13,969,467**
Accumulated amortisation					
As at 1 January 2023	–	–	–	(347,959)	(347,959)
Amortisation	–	–	–	(127,831)	(127,831)
Balance at 31 December 2023	**–**	**–**	**–**	**(475,790)**	**(475,790)**
Carrying amount At 31 December 2023	**5,124,870**	**3,099,647**	**4,000,000**	**1,269,160**	**13,493,677**

THE GROUP	Goodwill	Suppliers agreements	Intellectual Property	Key money	Total
	€	€	€	€	€
Cost					
As at 1 January 2024	5,124,870	3,099,647	4,000,000	1,744,950	13,969,467
Additions	–	–	–	370,000	370,000
Balance at 31 December 2024	**5,124,870**	**3,099,647**	**4,000,000**	**2,114,950**	**14,339,467**
Accumulated amortisation					
As at 1 January 2024	–	–	–	(475,790)	(475,790)
Amortisation	–	–	–	(141,232)	(141,232)
Balance at 31 December 2024	**–**	**–**	**–**	**(617,022)**	**(617,022)**
Carrying amount					
At 31 December 2024	**5,124,870**	**3,099,647**	**4,000,000**	**1,497,928**	**13,722,445**

THE COMPANY	Intellectual property
	€
Cost and carrying amount	
As at 31 December 2023 and 31 December 2024	4,000,000

13. RIGHT OF USE ASSETS

The Group leases several properties which it operates as retail outlets. The terms of the leases range from 1 to 16 years commencing on 1 September 2019. Lease payments are subject to escalations.

The Group also has leases which it uses as a warehouse and an office space. The term of the lease is 8 years and 11 months commencing on 1 September 2018. Lease payments are subject to escalation of 3% every four years starting on 1 May 2019.

The Group also has leases which it uses as its head office. The term of the lease is of 15 years commencing from 1 July 2023. Lease payments are subject to escalations.

THE GROUP	Total
	€
Cost	
As at 1 January 2023	12,057,080
Additions	3,178,011
Closure of outlets	(77,438)
Lease modification	(271,112)
Balance at 31 December 2023	**14,886,541**
Accumulated depreciation	
As at 1 January 2023	(3,267,806)
Depreciation	(1,007,549)
Closure of outlets	77,438
Lease modification	116,498
Balance at 31 December 2023	**(4,081,419)**
Carrying amount	
At 31 December 2023	**10,805,122**

THE GROUP	Total
	€
Cost	
As at 1 January 2024	14,886,541
Additions	1,595,405
Closure of outlets	(273,250)
Balance at 31 December 2024	**16,208,696**
Accumulated depreciation	
As at 1 January 2024	(4,081,419)
Depreciation	(1,257,587)
Closure of outlets	135,667
Balance at 31 December 2024	**(5,203,339)**
Carrying amount	
At 31 December 2024	**11,005,357**

14. INVESTMENT IN SUBSIDIARIES

	2024	2023	Company 2024	Company 2023
	% of shares held	% of shares held	€	€
At cost:				
The Convenience Shop Limited (Note i)	**100**	**100**	**200,000**	100,000
The Convenience Shop for Puttinu Cares Limited (Note ii)	**99**	**99**	**1,199**	1,199
The Convenience Shop (Management) Limited (Note iii)	**100**	**100**	**50,000**	1,200
Daily Retail Challenges (Note vi)	**80**	**80**	**960**	960
Aynic & Co Limited (Note vii)	**100**	**100**	**67,988**	67,988
			320,147	171,347

During the year, the Company held the following investments:

i. 200,000 (2023: 100,000) ordinary shares with a nominal value of €1 each of which, €101,200 (2023: €1,200) were acquired on subscription and the remaining €98,800 was capitalised as a capital contribution.

ii. 1,199 ordinary shares with a nominal value of €1 each for a total consideration of €1,199.

iii.50,000 (2023: 1,200) ordinary shares with a nominal value of €1 each for a total consideration of €50,000 (2023: €1,200).

iv. 960 ordinary shares with a nominal value of €1 each for a total consideration of €960.

v. 100,000 ordinary shares with a nominal value of €1 each for a total consideration of €67,988.

The following summarises the financial position and performance of the Company's subsidiaries as at and for the year ended 31 December 2023 and 31 December 2024:

31 December 2023

Subsidiaries	Registered Office	Capital and reserves	Profit/(loss) for the year
		€	€
The Convenience Shop Limited	Marant Food Products, Mdina Road, Żebbuġ ZBG 9017,Malta	1,448,307	1,607,528
The Convenience Shop for Puttinu Cares Limited	Marant Food Products, Mdina Road, Żebbuġ ZBG 9017,Malta	65,749	64,477
The Convenience Shop (Management) Limited	Marant Food Products, Mdina Road, Żebbuġ ZBG 9017,Malta	1,609,862	438,776
Daily Retail Challenges Limited	Marant Food Products, Mdina Road, Żebbuġ ZBG 9017,Malta	(74,716)	149,681
Aynic & Co. Limited	Marant Food Products, Mdina Road, Żebbuġ ZBG 9017,Malta	(514,829)	(198,763)

31 December 2024

Subsidiaries	Registered Office	Capital and reserves	Profit/(loss) for the year
		€	€
The Convenience Shop Limited	8, TCS Building, Triq Ħal Luqa, Qormi QRM 9072, Malta	1,481,007	755,224
The Convenience Shop for Puttinu Cares Limited	8, TCS Building, Triq Ħal Luqa, Qormi QRM 9072, Malta	72,110	31,361
The Convenience Shop (Management) Limited	8, TCS Building, Triq Ħal Luqa, Qormi QRM 9072, Malta	1,508,671	(140,176)
Daily Retail Challenges Limited	8, TCS Building, Triq Ħal Luqa, Qormi QRM 9072, Malta	(11,975)	62,741
Aynic & Co. Limited	8, TCS Building, Triq Ħal Luqa, Qormi QRM 9072, Malta	(721,578)	(206,749)

15. INVESTMENT IN ASSOCIATE

	2024	2023	Company 2024	Company 2023
	% of shares held	% of shares held	€	€
At cost:				
Seafront Express Limited (Note i)	**50**	**50**	**1,688**	1,688
			1,688	1,688

i. The Company through the acquisition of Seafront Express Limited owns 600 ordinary A shares with a nominal value of €1 each for a total consideration of €1,688. The Company exercises control over the associate, therefore it is being consolidated at group level.

The following summarises the financial position and performance of the Company's associate as at and for the year ended 31 December 2023 and 31 December 2024:

31 December 2023

Associate	Registered Office	Capital and reserves	Profit for he year
		€	€
Seafront Express Limited	Marant Food Products, Mdina Road, Żebbuġ ZBG 9017,Malta	(61,298)	3,089

31 December 2024

Associate	Registered Office	Capital and reserves	Profit for he year
		€	€
Seafront Express Limited	8, TCS Building, Triq Ħal Luqa, Qormi QRM 9072, Malta	(58,424)	2,874

16. LOANS RECEIVABLE

	Company	
	2024	2023
	€	€
Loans to subsidiaries	**7,522,091**	2,160,359

On 27 March 2019, the Company entered into a loan facility agreement with The Convenience Shop Limited through which the balance of €4,900,000 was made available to the latter. An interest of 6.5% per annum accrued daily on the entire amount of the Loan Facility and was repayable annually in arrears. The utilised amounts were repayable on the expiration of the loan facility period i.e. the maturity date of the issued bond or the early redemption date if this option was exercised by the lender. The interest income during the year amounted to €318,500 (2023: €318,500). On 31 December 2024, the Company entered into an agreement superseding the prior loan agreement, for a loan facility up to €4,000,000. The loan incurs an interest of 3% per annum and is repayable by not later than 31 December 2034. The outstanding balance as at 31 December 2024, net off expected credit losses of €46,698, amounted to €3,575,424.

On 31 December 2024, the Company entered into an assignment agreement with The Convenience Shop Limited and The Convenience Shop (Management) Limited, whereby the amount of €3,816,734 receivable from The Convenience Shop Limited is now receivable from The Convenience Shop (Management) Limited. On 31 December the Company entered into another loan facility agreement with The Convenience Shop (Management) Limited for an additional loan facility up to €730,000. The loans incur an interest of 3% per annum and are repayable by not later than 31 December 2034. The outstanding balance as at 31 December 2024, net of expected credit losses of €41,523, amounted to €3,179,188.

On 31 December the Company entered into a loan facility agreement with Aynic & Co Limited for a loan facility up to €1,500,000 of which the amount of €936,022 was utilised as at year-end. The loan incurs an interest of 3% per annum and is repayable by not later than 31 December 2034. The outstanding balance as at 31 December 2024 net of expected credit losses of €168,544, amounted to €767,479.

The Company's exposure to credit risk relating to loans receivable is disclosed in Note 29.

17. INVENTORIES

	Company	
	2024	2023
	€	€
Fast moving consumer goods	**3,718,864**	3,270,190
Consumables	**64,971**	47,920
Shop fittings	**91,131**	62,978
Stock provision	**(77,736)**	(183,273)
	3,797,230	3,197,815

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Trade receivables - third parties (Note i)	**1,470,553**	1,673,219	**–**	–
Trade receivables - related parties (Note i)	**–**	–	**375,365**	–
Amounts owed by subsidiaries (Note ii)	**–**	–	**–**	5,924,147
Prepayments	**324,328**	312,588	**13,077**	13,655
Deposits	**250,632**	226,119	**–**	–
VAT receivable	**–**	55,342	**–**	–
Other receivables	**3,128,026**	2,325,416	**217,610**	–
Dividends receivable	**–**	–	**500,000**	600,000
Amounts owed by related parties (Note ii)	**291,691**	236,157	**39,308**	36,800
Accrued income	**–**	31,567	**–**	–
	5,465,230	4,860,408	**1,145,360**	6,574,602

i. The Group's trade receivables are stated net of expected credit losses of €18,342 (2023: €19,782) and the Company's trade receivables are stated net of expected credit losses of €4,874 (2023: €Nil).

ii. The amounts owed by subsidiaries and related parties are unsecured, interest-free and have no fixed repayment date.

iii. The Group's and Company's exposure to credit and currency risk and impairment losses relating to trade and other receivables is disclosed in Note 29.

19. SHARE CAPITAL

	Group and Company	
	2024	2023
	€	€
Authorised		
625,000,000 ordinary shares of €0.16 each	**100,000,000**	100,000,000
Issued and fully paid up		
30,800,000 ordinary shares of €0.16 each	**4,928,000**	4,928,000

The ordinary shares carry identical voting rights at general meeting of the Group and Company, are equally entitled to any distribution of dividends, and all classes of shares rank equally for any residual assets of the Group and Company after the settlement of all liabilities in the event of the winding up.

20. BORROWINGS

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current				
Bank loan (Note i)	**1,259,876**	1,113,921	**–**	–
Bonds payable (Note ii)	**4,875,114**	4,848,616	**4,875,114**	4,848,616
	6,134,990	5,962,537	**4,875,114**	4,848,616
Current				
Bank loan (Note i)	**411,734**	482,421	**–**	–
Bank overdraft (Note iii)	**250,695**	–	**–**	–
	662,429	482,421	**–**	–

i. The Group has the following bank loans:

The Convenience Shop Limited has the following banking facilities:

€131,726 (2023: €131,726) which is subject to 5.40% interest and is to be repaid over a period of 12 years ending on 31 May 2025. As at 31 December 2024 the outstanding balance is €128,940 (2023: €145,284).

€750,000 (2023: €750,000) which is subject to 3.5% and is to be repaid over a period of 10 years ending on 31 November 2030. As at 31 December 2024, €749,131 (2023: €749,131) has been utilised and the outstanding balance as at year end amounted to €471,107 (2023: €542,172).

The above facilities are secured by a general hypothec over the Company's assets.

€437,000 (2023: €437,000) relating to an Energy Loan Facility Agreement, which is subject to 5.15% and is to be repaid over a period of 3 years 9 months ending on 30 June 2029. The Company is eligible to an interest rate subsidy of 5.15% on the interest paid. As at 31 December 2024, €437,000 (2023: €437,000) has been utilised and the outstanding balance as at year end amounted to €291,733 (2023: €408,427).

In 2023, the Company entered into a Business Loan facility for the amount of €400,000 with annual interest of 5.65 % and repayable within 7 years and 6 months with a 6-month moratorium period ending on 31 October 2031. The facility is secured by a pledge from The Convenience Shop (Management) Limited and guarantees from related parties and third parties. As at 31 December 2024 €388,392 (2023: €Nil) has been utilised and the outstanding balance as at 31 December 2024 amounted to €376,270 (2023: €Nil).

In September 2024, The Convenience Shop Limited entered into another general banking facility for the amount of €2 million to acquire and renovate new and existing outlets, with an annual interest rate of 3.25% per annum over the bank's base rate currently at 2.25%. The facility has not been used by end of 2024.

Aynic & Co. Limited has a banking facility of €500,000 which is secured by a general hypothec over the Company's assets, by general and special hypothecs over assets of third parties and by a pledge on insurance policy. The rate of interest during the year was 3.50% and is to be repaid by no later than 19 July 2026. The outstanding balance as at 31 December 2024 amounted to €131,311 (2023: €195,001).

The Convenience Shop (Management) Limited has the following banking facilities:

On 25 August 2023, The Convenience Shop (Management) Limited entered into an Energy Loan Facility Agreement for the amount of €312,400 with annual interest rate of 5.15% and repayable over a period not exceeding 3 years and 9 months. The Convenience Shop (Management) Limited is eligible to an interest rate subsidy of 5.15% on the interest paid for the duration of the loan term. The facility is secured by a pledge from The Convenience Shop (Management) Limited and guarantees from related parties and third parties. The outstanding balance as at year end amounted to €191,804 (2023: €305,458).

In 2023, The Convenience Shop (Management) Limited entered into a Business Loan facility agreement for the amount of €100,000 with annual interest of 5.65% and repayable within seven years and 6 months with a 6-month moratorium period. This facility was used starting March 2024. The outstanding balance as at year end amounted to €80,445 (2023: €Nil).

In September 2024, The Convenience Shop (Management) Limited entered in another general banking facility for the amount of €500,000 with an annual interest of 3.25% per annum over the bank's base rate which is currently at 2.25%. The facility has not been used by end of 2024

ii. The Convenience Shop (Holding) plc issued bonds for an aggregate amount of €5,000,000 during the period ended 31 December 2019. The Bonds are subject to interest at the rate of 5% per annum and are repayable in full upon maturity on 8 March 2029 unless previously

re-purchased and cancelled, or the Company exercises the option to redeem all or any part of the Bonds at their nominal value prior to the Redemption Date, between 8 March 2026 and 8 March 2029.

iii. The Convenience Shop Limited has an overdraft facility of €250,000 (2023: €Nil) to finance working capital which is subject to 5.40% interest and is repayable on demand.

iv. The Group and Company's exposure to liquidity risk relating to loans is disclosed in Note 29.

21. DIVIDENDS

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Gross of income tax				
Ordinary shares dividend	**2,217,889**	2,267,722	**2,179,428**	2,249,260
Net of income tax				
Ordinary shares dividend	**1,441,628**	1,474,018	**1,416,628**	1,462,019
Bank loan (Note i)	**0.05**	0.05	**0.05**	0.05

22. EARNINGS PER SHARE

Earnings per share is based on the profit for the financial year attributable to the ordinary equity holders of The Convenience Shop (Holding) plc divided by the weighted average number of ordinary shares in issue during the year and ranking for dividend.

	Group		Company	
	2024	2023	**2024**	2023
Profit attributable to ordinary equity holders	**€1,355,450**	€2,632,175	**€1,146,729**	€1,700,939
Issued Ordinary Shares at 1 January	**30,800,000**	29,800,000	**30,800,000**	29,800,000
Effect of Shares issued on 10 May 2023	**–**	1,000,0000	**–**	1,000,000
Weighted Average number of ordinary shares at 31 December	**30,800,000**	30,443,836	**30,800,000**	30,443,836
Basic earnings per share for the year attributable to ordinary equity holders	**€0.044**	€0.086	**€0.037**	€0.056

23. LEASE LIABILITIES

	Group	
	2024	2023
	€	€
Current	**972,500**	838,587
Non-current	**11,706,062**	11,268,947
	12,678,562	12,107,534

	Group	
	2024	2023
	€	€
Gross lease payments		
Due after more than five years	**8,983,524**	8,891,611
Due after one year but within five years	**6,346,902**	5,961,733
Due within one year	**1,606,596**	1,451,915
	16,937,022	16,305,259
Discounting	**(4,258,460)**	(4,197,725)
	12,678,562	12,107,534

The carrying amount of lease liabilities recognised during the year is as follows:

	Group	
	2024	2023
	€	€
Opening balance	**12,107,534**	9,909,259
Additions	**1,595,405**	3,178,011
Release on disposals	**(159,061)**	–
Lease modification	**–**	(154,614)
Interest	**642,492**	522,287
Interest expense capitalised	**–**	48,963
Lease payments	**(1,507,808)**	(1,396,372)
	12,678,562	12,107,534

The following are the amounts recognised in profit or loss relating to leases:

	Group	
	2024	2023
	€	€
Interest expense (Note 8)	**642,492**	522,287
Depreciation expense (Note 5)	**1,257,587**	1,007,549
	1,900,079	1,529,836

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current				
Other payables	**196,545**	223,468	**13,144**	–

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Current				
Trade payables - third parties	**9,447,865**	7,448,632	**12,390**	90,713
Trade payables - related parties	**189,863**	579,791	**–**	–
Amounts owed to shareholders (i)	**440,705**	178,910	**440,705**	178,910
VAT payables	**98,031**	270,034	**105,122**	72,198
Accruals and deferred income	**1,942,115**	1,112,796	**281,593**	229,792
Other payables	**287,300**	288,083	**1,015**	18,550
	12,405,879	9,878,246	**840,825**	590,163

i. The amounts owed to shareholders are unsecured, interest-free and have no fixed date of repayment.

ii. The Group's and Company's exposure to liquidity risk relating to trade and other payables is disclosed in Note 29.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and in banks, net of overdrawn bank balances. Cash and cash equivalents included in the statement of cash flow reconcile to the amounts shown in the statement of financial position as follows:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Cash in hand	**289,518**	352,749	**–**	–
Cash at bank	**1,896,243**	1,832,329	**5,025**	186,003
	2,185,761	2,185,078	**5,025**	186,003
Bank overdraft and overdrawn bank balances	**(250,695)**	(4)	**–**	–
	1,935,066	2,185,074	**5,025**	186,003

The Group's and Company's exposure to credit risk relating to cash at bank is disclosed in Note 29.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Group

	Balance at 01.01.2023	Proceeds	Repayments	Non–cash adjustment	Balance at 31.12.2023
	€	€	€		€
Issuance of share capital (including share premium)	5,497,087	970,000	–	–	**6,467,087**
Bonds payable	4,824,262	–	(250,000)	274,354	**4,848,616**
Interest-bearing loans	1,020,712	750,000	(211,307)	36,937	**1,596,342**
Lease liabilities	9,909,259	–	(1,396,372)	3,594,647	**12,107,534**
	21,251,320	**1,720,000**	**(1,857,679)**	**3,905,938**	**25,019,579**

The Group

	Balance at 01.01.2024	Proceeds	Repayments	Non–cash adjustment	Balance at 31.12.2024
	€	€	€		€
Issuance of share capital (including share premium)	6,467,087	–	–	–	**6,467,087**
Bonds payable	4,848,616	–	(250,000)	276,498	**4,875,114**
Interest-bearing loans	1,596,342	473,096	(397,828)	–	**1,671,610**
Lease liabilities	12,107,534	–	(1,507,808)	2,078,836	**12,678,562**
	25,019,579	**473,096**	**(2,155,636)**	**2,355,334**	**25,692,373**

The Company

	Balance at 01.01.2023	Proceeds	Repayments	Non–cash adjustment	Balance at 31.12.2023
	€	€	€	€	€
Issuance of share capital (including share premium)	5,497,087	970,000	–	–	**6,467,087**
Bonds payable	4,824,262	–	(250,000)	274,354	**4,848,616**
	10,321,349	**970,000**	**(250,000)**	**274,354**	**11,315,703**

The Company

	Balance at 01.01.2024	Proceeds	Repayments	Non–cash adjustment	Balance at 31.12.2024
	€	€	€	€	€
Issuance of share capital (including share premium)	6,467,087	–	–	–	**6,467,087**
Bonds payable	4,848,616	–	(250,000)	276,498	**4,875,114**
	11,315,703	**–**	**(250,000)**	**276,498**	**11,342,201**

27. CAPITAL COMMITMENTS

Capital commitments for capital expenditure with respect to property, plant and equipment not provided for in these financial statements are as follows:

	Group	
	2024	2023
	€	€
Contracted but not provided	**121,502**	1,142,959
	121,502	1,142,959

28. RELATED PARTY TRANSACTIONS

The Group and Company has related party relationships with companies over which there exists common control and directors exercise common control. Transactions are carried out with related parties on a regular basis and in the ordinary course of the business.

	Group	
	2024	2023
	€	€
Income from goods and services		
Sale of goods and services to related parties	**132,740**	182,104
Recharge of payroll and other costs to related parties	**432,689**	496,475
Commission income from related parties	**14,575**	16,749
	580,004	695,328
Expenditure for goods and services		
Purchase of goods from related parties	**1,022,398**	1,596,262
Purchase of services from related parties	**11,043**	98,850
Rental expenses from related parties	**117,642**	127,408
	1,151,083	1,822,520

	Company	
	2024	2023
	€	€
Income from goods and services		
Sale of services to subsidiaries	**925,707**	933,402
Dividend income from subsidiaries	**923,076**	1,384,615
Finance income on loans to subsidiaries	**318,500**	318,500
	2,167,283	2,636,517
Expenditure for goods and services		
Recharge of payroll from subsidiaries	**–**	71,980
Purchase of services from related parties	**–**	34,074
	–	106,054

The outstanding amounts arising from these transactions are disclosed in Notes 18, 20 and 24 to the financial statements.

29. FINANCIAL RISK MANAGEMENT

The Group and the Company's activities exposed it to a variety of financial risks, including market risk (cash flow and fair value interest rate risk), credit risk and liquidity risks.

The Company's directors are responsible for managing the risks faced by the Group and Company. This responsibility includes identifying, analysing, setting the appropriate risk limits and controls, and monitoring adherence to such limits and controls. The Group and Company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial periods.

At year-end, the Company's financial assets are comprised of financial assets at amortised cost namely loans receivable, trade and other receivables and cash and cash equivalents while the Group's financial assets at amortised cost comprise of loans receivables, trade and other receivables and cash and cash equivalents. At year-end, there were no off-balance sheet financial assets.

At year-end, the Company's financial liabilities comprised of financial liabilities at amortised cost namely bonds payable and trade and other payables while the Group's financial liabilities at amortised cost include bonds payable, borrowings, lease liabilities and trade and other payables. At year-end, there were no off-balance sheet financial liabilities except as disclosed in Note 20 to the financial statements.

Market risk

Market risk is the risk that changes in market prices (e.g. foreign exchange rates, interest rates and equity prices) will affect the Company and the Group's income or the value of its holdings of financial instruments. The Company and the Group is exposed mainly to changes in interest rates.

Cash flow and fair value interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The directors manage interest rate risk by minimising variable-rate long-term borrowings.

The Group and Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's bonds payable are at fixed interest rates and therefore do not expose the Group and Company to cash flow and fair value interest rate risk.

Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central Bank. The Group's bank loans amounting to €1,671,610 (2023: €1,596,342) are principal and interest payment loans. An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of €16,716 per annum. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. Up to the end of the reporting period, the group did not have any hedging arrangements with respect to the exposure of floating interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company.

Credit risk principally arises from cash and cash equivalents comprising deposits with financial institutions, and other receivables, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The Group's and the Company's principal exposures to credit risk as at the end of the reporting period are analysed as follows:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Financial assets at amortised cost:				
Cash at bank	**1,896,243**	1,832,329	**5,025**	186,003
Trade receivables	**1,470,553**	1,673,219	**375,365**	–
Other receivables	**3,128,026**	2,325,416	**217,610**	–
Loans receivable	**–**	–	**7,522,091**	2,160,359
Amounts owed by subsidiaries	**–**	–	**–**	5,924,147
Amounts owed by related parties	**291,691**	236,157	**39,308**	36,800
	6,786,513	6,067,121	**8,159,399**	8,307,309

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements.

Cash at Bank

The Group and Company's cash is placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the companies within the group. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

Trade and other receivables

The Group and Company's risk is managed through assessing the credit quality of its customers by taking into account the financial position, past experience and other factors and incorporating forward looking information such as economic conditions where the debtors operate and other macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment of trade receivables

An impairment analysis is performed at each reporting date for these assets using the simplified approach to measure the allowance ECL on trade receivables. The Group and Company determines the allowance for ECL by using a provision matrix as they possess shared credit risk characteristics, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The Group's loss allowances of €18,342 (2023: €19,782) were present at year end in respect of trade and other receivables that were overdue and that were not expected to be recovered. Other overdue trade receivables that were not impaired amounted to €Nil (2023: €126,074). The Group and Company holds no security against these receivables. The Group's unsecured overdue amounts consisted of €Nil (2023: €240,997) that were less than three months overdue and €Nil (2023: €229,852) that were greater than three months.

Loans receivable

The Company has adopted a 12-month ECL method to its loans receivable. As at 31 December 2024, the expected credit losses on the loans receivables from subsidiaries amounted to €256,765 (2023: €Nil).

Amounts due from subsidiaries and related parties

The Company's receivables include receivables from subsidiaries. The Company monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Company assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Company takes cognisance of the related party relationship with these entities and management does not expect any significant losses from non-performance or default.

Since amounts due from subsidiaries are repayable on demand, expected credit losses are based on the assumption that repayment of the balance is demanded at the reporting date. Accordingly, the expected credit loss allowance attributable to such balances is insignificant.

Collateral

The Company and the Group do not hold any collateral.

Liquidity risk

The Group and Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings (refer to note 20 and 24). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group and Company's obligations.

The directors manage liquidity risk by maintaining adequate cash reserves and/or available borrowing facilities by continuously monitoring actual and forecast cash flows as well as the maturity profiles of financial liabilities.

The table below analyses the Group and Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying amounts, as the impact of discounting is not significant.

Group

	Carrying amount	Contractual cash flows	Within one year	One to five years	Over five years
	€	€	€	€	€
31 December 2024					
Bonds payable (Note 20)	4,875,114	6,250,000	250,000	6,000,000	–
Bank loan (Note 20)	1,671,610	1,705,275	378,758	1,049,495	277,022
Lease liabilities	12,678,562	16,937,022	1,606,596	6,346,902	8,983,524
	19,225,286	**24,892,297**	**2,235,354**	**13,396,397**	**9,260,546**
31 December 2023					
Bonds payable (Note 20)	4,848,616	6,500,000	250,000	1,000,000	5,250,000
Bank loan (Note 20)	1,596,342	2,377,136	404,150	1,650,295	322,691
Lease liabilities	12,107,534	16,305,259	1,451,915	5,961,733	8,891,611
	18,552,492	**25,182,395**	**2,106,065**	**8,612,028**	**14,464,302**

Company

	Carrying amount	Contractual cash flows	Within one year	One to five years	Over five years
	€	€	€	€	€
31 December 2024					
Bonds payable (Note 20)	4,875,114	6,250,000	250,000	6,000,000	–
31 December 2023					
Bonds payable (Note 20)	4,868,616	6,500,000	250,000	1,000,000	5,250,000

During the year under review the Group entered into a number of lease arrangements resulting in outstanding lease liabilities of €12,678,562 (2023: €12,107,534) out of which €972,500 (2023: €838,587) is repayable within the year (Note 23).

Fair value of financial instruments

As at year-end, the carrying amounts of the cash and cash equivalents, trade and other receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of amounts owed by subsidiaries which are current or repayable on demand is equivalent to their carrying amount. The fair value of the Group's non-current floating interest rate bank borrowings at the end of the reporting period is not significantly different from the carrying amounts.

Timing of cash flows

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Capital risk management

The capital structure of the Company and the Group consists of debt, which includes the borrowings disclosed in Note 20, and equity attributable to equity holders, comprising issued share capital and retained earnings as disclosed in Note 19 to these financial statements and in the statement of changes in equity.

The Company and the Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

30. Comparative information

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Convenience Shop (Holding) plc

Report on the Audit of The Financial Statements

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Opinion

We have audited the accompanying financial statements of The Convenience Shop (Holding) plc ("the Company") and the consolidated financial statements of the Company and its subsidiaries (together, "the Group"), set out on pages 28-62, which comprise the statements of financial position as at 31 December 2024, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union ("EU"), and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with the additional report to the audit committee in accordance with the provision of Article 11 of the EU Regulation No. 537/2014 on specific requirements regarding statutory audits of public-interest entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and of the Group in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the parent company and its subsidiaries are in accordance with the applicable laws and regulations in Malta and that we have not provided any non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Group during the year ended 31 December 2024 are disclosed in Note 5 to the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of intangible assets with indefinite useful lives

As disclosed in Note 12, the Group's goodwill, suppliers' agreements and intellectual property are carried at €5.1 million, €3.1 million and €4 million respectively. The first two intangible assets arose from the PPA exercise performed in 2019 whilst the intellectual property arose from the acquisition of 'The Convenience Shop' trademark which was purchased from Jin Limited during the prior years.

In line with IAS 36, "Impairment of assets", the directors are required to assess whether the intangible assets with indefinite useful lives are potentially impaired.

The impairment assessment is subject to significant directors' judgement and estimation in the following areas;

1. the selection of an appropriate impairment model to be used, in this case, the discounted cash flows model,
2. the assessment and determination of the expected cash flows
3. setting appropriate growth rates; and
4. selection of the appropriate discount rate.

In light of the significant directors' judgement we consider this to be a key audit matter for our audit.

In responding to the significant judgement involved, our audit procedures included, assessing the appropriateness of the impairment model, assessing the reasonableness of the key assumptions employed in the valuation model, including the discount rate adopted with the help of our internal valuation specialist, and we challenged and evaluated key assumptions related to revenue projection.

Inventory and sale of goods

The business is characterised by fast movement of consumer goods and operates 45 shops around Malta. The inventory of the Group primarily consists of food, goods and other ancillary products that are sold through its retail outlets in the fast-moving consumer goods industry. The revenue and inventory processes are key drivers to the development of the business. We identified the accuracy and existence of the inventory and revenue as an area of higher risk of material misstatement and consequently, a key audit matter.

Key Audit Matters – *continued*
Inventory and sale of goods – *continued*

As at 31 December 2024, the Group's inventories amounted to €3.8 million, while revenue amounted to €46.4 million as disclosed in Notes 17 and 4 to the financial statements. In responding to the risk identified, we obtained an understanding of the revenue cycle, inventory management processes and inventory count procedures. We assessed the design and implementation of the key controls over these processes. We were not able to take a control reliant audit approach on certain assertions due to weaknesses noted in the IT environment and inventory process. Where we noted deficiencies, we extended the scope of our substantive procedures.

Our audit procedures also included, but were not restricted to, observing inventory count procedures at selected shops and performing test counts. We traced our test counts to the inventory system to determine if the system reflects actual count results. Analytical procedure on gross margin was performed by linking the margin against supplier agreements and selling prices, on a sample basis.

Other Information

The directors are responsible for the other information. The other information comprises the general information, directors' report, the corporate governance - statement of compliance and the remuneration report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Under Article 179(3) of the Maltese Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

Based on the work we have performed, in our opinion:

- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386);
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with those in the financial statements; and
- in light of our knowledge and understanding of the Company and the Group, and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of the Directors and those charged with Governance for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Group and the Company.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements – *continued*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Prospects MTF Rules and the Capital Market Rules issued by the Malta Financial Services Authority require the directors to prepare and include in their Annual Report a Statement of Compliance with the Code of Principals of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Market Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures the Board has taken to ensure compliance throughout the accounting period with those Principles.

The Prospects MTF Rules and the Capital Market Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware

of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report with respect to the information referred to in the Capital Market Rules 5.97.4 and 5.97.5. We also assessed whether the Statement of Compliance includes all the other information required to be presented as per Capital Market Rules 5.97. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

Report on the Statement of Compliance with the Principles of Good Corporate Governance – *continued*

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Prospects MTF Rules issued by the Malta Stock Exchange and the Capital Market Rules issued by the Malta Financial Services Authority.

Report on the Remuneration Report

The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration Report including the contents listed in Appendix 12.2 to Chapter 12 of the Capital Market Rules.

We are required to consider whether the information that should be provided under the Remuneration Report, as required in terms of Appendix 12.2 to Chapter 12 of the Capital Market Rules, has been included.

In our opinion, the Remuneration Report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual report of The Convenience Shop (Holding) plc for the year ended 31 December 2024, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the annual report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Auditor's responsibilities

Our responsibility is to obtain reasonable assurance about whether the annual report, including the consolidated financial statements and the relevant electronic tagging therein complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual report and performing validations to determine whether the Annual report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Annual report for the year ended 31 December 2024 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other matters on which we have to report by exception

Under the Maltese Companies Act (Cap. 386), we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- proper returns adequate for our audit have not been received from branches we have not visited; or
- the financial statements are not in agreement with the accounting records and returns; or
- we were unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

We also have responsibilities under the Capital Market Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

Appointment

We were first appointed to act as statutory auditors of the Company by the shareholders of the Company on 29 October 2019 for the period ended 31 December 2019 and we were subsequently reappointed by the shareholders at the Company's general meeting for the financial years thereafter. The period of uninterrupted engagement as statutory auditor of the Company is six financial years.

This copy of the audit report has been signed by
Conrad Borg (Principal)
for and on behalf of

RSM Malta
Registered Auditors

28 April 2025

The Convenience Shop (Holding) plc

Registered office
8, TCS Building, Triq Ħal Luqa, Qormi QRM 9072, Malta

Company Registration Number: C 87554

theconvenienceshop.com