

ANCHOVY STUDIOS plc

Interim financial report (unaudited)

For the period

1 January 2020 to 30 June 2020

Table of Contents

| | Page |
|---|-------------|
| Director's report | 1 - 3 |
| Condensed Interim Statement of Comprehensive Income | 4 |
| Condensed Interim Statement of Financial Position | 5 |
| Condensed Interim Statement of Changes in Equity | 6 |
| Condensed Interim Statement of Cash Flows | 7 |
| Notes to the Condensed Interim Financial Statements | 8 - 9 |

ANCHOVY STUDIOS plc

Director's report

for the period 1 January 2020 to 30 June 2020

Director's Report pursuant to Prospects Rule 4.11.12 for the period 1 January 2020 to 30 June 2020

This Half-Yearly Report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed interim financial statements for the six months ended 30 June 2020 prepared in accordance with IAS 34, 'Interim Financial Reporting'. The comparative Statement of Financial Position has been extracted from the unaudited financial statements for the year ended 30 June 2019.

Principal activity

The principal activity of Anchovy Studios p.l.c. (the Company) is to provide services of online marketing design and production.

Review of business and results

During the six months ending 30 June 2020, the Company registered a profit before tax of €55,821 (2019:€5,857), based on unaudited management accounts.

Revenue for the period under review stood at €602,137 (2019: €565,111), representing a 7% increase. Direct costs increased by €10,456 during the period under review, registering an increase of 3% whilst administrative expenses amounted to €171,782 (2019: €195,176) reflecting a 12% decrease.

The Company was also adversely impacted by the global pandemic declared by the World Health Organisation on 11 March 2020, whereby the Government of Malta imposed measures to mitigate the spread of COVID-19, including the closure of all non-essential retail outlets and imposing lockdowns on the whole country for a prolonged period. This in turn led to significant disruptions to business, lessening the scale and scope of economic activity.

In light of this situation, the Company took various measures in mitigating the negative effects brought about by the pandemic. Consequently, the aforementioned substantial decrease in administrative costs was brought about by a cost cutting exercise introduced by the Company, including a reduction in wages for executive directors, senior management and employees. Moreover, the Company also applied for the COVID-19 Wage Supplement Scheme made available by Malta Enterprise.

Outlook

The Company shall continue to closely monitor the situation and constantly assess the impact of the COVID-19 pandemic on its operations, including the operations of its subsidiaries and associate.

ANCHOVY STUDIOS plc

Director's report

for the period 1 January 2020 to 30 June 2020

Dividends

Interim dividends of €45,112 were paid.

Approved by the Board of Directors on 28 July 2020 and signed on its behalf by:

Zachary Borg

Director



Benjamin Borg

Director



Registered Office

682, High Street
Hamrun, HMR 1012
Malta

ANCHOVY STUDIOS plc

Director's report

For the period 1 January 2020 to 30 June 2020

Director's Statement

We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and cash flows for the six month period then ended in accordance with IAS 34, "Interim Financial Reporting"; and
- The Interim Directors' Report includes a fair view of the information required in terms of Prospects Rules 4.11.12.



Zachary Borg
Director



Benjamin Borg
Director

ANCHOVY STUDIOS plc**Condensed Interim Statement of Comprehensive Income**

For the period 1 January 2020 to 30 June 2020

| | 30 June 2020 (unaudited) € | 30 June 2019 (unaudited) € |
|------------------------------|--|----------------------------------|
| Revenue | 602,137 | 565,111 |
| Cost of Sales | (347,034) | (336,578) |
| Gross profit | <u>255,103</u> | <u>228,533</u> |
| Administrative expenses | (171,782) | (195,176) |
| Operating profit | <u>83,321</u> | <u>33,357</u> |
| Finance costs | (27,500) | (27,500) |
| Profit before tax | <u>55,821</u> | <u>5,857</u> |
| Income tax expense | (19,537) | - |
| Profit for the period | <u>36,284</u> | <u>5,857</u> |
| No. of shares in issue | 47,000 | 47,000 |
| Earnings per Share | 0.77 | 0.12 |

The notes on pages 8 to 9 form part of these financial statements.

ANCHOVY STUDIOS plc**Condensed Interim Statement of Financial Position**

For the period 1 January 2020 to 30 June 2020

| | 30 June 2020 (unaudited) € | 31 December 2019 (audited) € |
|---------------------------------------|---|---------------------------------------|
| Assets | | |
| Non-Current Assets | | |
| Property, plant & equipment | 31,432 | 34,395 |
| Right of use asset | 84,440 | 84,440 |
| Investment in associate | 67 | 67 |
| Investment in subsidiary | 480 | 480 |
| Total Non-Current Assets | 116,419 | 119,382 |
| Current Assets | | |
| Trade & other receivables | 559,479 | 513,473 |
| Current tax asset | - | 7,832 |
| Cash at bank and in hand | 808,776 | 860,429 |
| Total Current Assets | 1,368,255 | 1,381,734 |
| Total Assets | 1,484,674 | 1,501,116 |
| Equity & Liabilities | | |
| Equity | | |
| Called up issued share capital | 11,984 | 11,984 |
| Retained earnings | 171,621 | 180,449 |
| Total Equity | 183,605 | 192,433 |
| Non-Current Liabilities | | |
| Borrowings | 978,314 | 976,735 |
| Lease liability | 105,758 | 105,758 |
| Total Non-Current Liabilities | 1,084,072 | 1,082,493 |
| Current Liabilities | | |
| Trade & other payables | 188,782 | 226,190 |
| Current tax liability | 28,215 | - |
| Total Current Liabilities | 216,997 | 226,190 |
| Total Equity & Liabilities | 1,484,674 | 1,501,116 |

The notes on pages 8 to 9 form part of these financial statements.

ANCHOVY STUDIOS plc

Condensed Interim Statement of Changes in Equity

For the period 1 January 2020 to 30 June 2020

| | Share Capital € | Profit & Loss Account € | Total € |
|-------------------------------------|--------------------|-------------------------------|----------------|
| Period ended 30 June 2019 | | | |
| Balance as at 1 January 2019 | 11,984 | 109,270 | 121,254 |
| Profit for the period | - | 5,857 | 5,857 |
| Balance as at 30 June 2019 | 11,984 | 115,127 | 127,111 |
| Period ended 30 June 2020 | | | |
| Balance as at 1 January 2020 | 11,984 | 180,449 | 192,433 |
| Profit for the period | - | 36,284 | 36,284 |
| Dividends paid | - | (45,112) | (45,112) |
| Balance as at 30 June 2020 | 11,984 | 171,621 | 183,605 |

The notes on pages 8 to 9 form part of these financial statements.

ANCHOVY STUDIOS plc

Condensed Interim Statement of Cash Flows

For the period 1 January 2020 to 30 June 2020

| | 30 June 2020 (unaudited) € | 30 June 2019 (unaudited) € |
|---|---|-------------------------------------|
| Net cash flows used in operating activities | 110,172 | 4,773 |
| Net cash flows used in investing activities | (70,203) | (15,669) |
| Net cash flows from financing activities | (91,622) | 30,969 |
| | (51,653) | 20,073 |
| Cash and cash equivalents at the beginning of the period | 860,429 | 740,300 |
| Cash and cash equivalents at the end of the period | 808,776 | 760,373 |

The notes on pages 8 to 9 form part of these financial statements.

Notes to the Condensed Interim Financial Statements

For the period 1 January 2020 to 30 June 2020

1. Basis of preparation and principal accounting policies

1.1 Basis of preparation

The interim condensed financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting”. The Condensed financial statements balances have been extracted from Anchovy Studios p.l.c. unaudited management accounts for the six months ended 30 June 2020.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

These condensed financial statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances, including events related to the Covid-19 outbreak which have become evident in the first half of 2020.

1.2 New standards, interpretations and amendments adopted by the Company

The company had initially adopted IFRS 16 Leases in the financial year covering 1 January 2019 to 31 December 2019. The nature and effect of changes from the initial application can be referred to in the company’s audited financial statements for the financial year ended 31 December 2019.

1.3 Significant accounting policies

The Interim Financial Statements as of 30 June 2020 have been prepared using the same accounting policies and methods of computation as those on which the preceding annual financial statements as of 31 December 2019 were based.

1.4 Critical accounting estimates and judgements

In preparing these Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised. The significant judgements made in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Estimates and judgements are continuously being evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the Condensed Interim Financial Statements

For the period 1 January 2020 to 30 June 2020

1.5 Income tax

The interim period income tax is based on the Maltese corporate tax rate of 35%. Income taxes for the interim reporting period represent a best estimate of the weighted average annual income tax rate expected for the full financial year.

1.6 Debt in issue

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds.

| | € |
|--|----------------|
| 1,000,000, 5.5% bonds | 1,000,000 |
| Issue Costs | 31,593 |
| Accumulated amortisation | <u>(9,907)</u> |
| Closing net book value | 21,686 |
| Amortised cost at 30th June 2020 | 978,314 |