

# **ANCHOVY STUDIOS plc**

**Interim financial report (unaudited)**

**For the period**

1 January 2023 to 30 June 2023

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## **ANCHOVY STUDIOS plc**

### **Company Information**

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**Directors:** Mr. Benjamin Borg  
Mr. Zachary Borg  
Dr. Lawrence Gonzi  
Mr. Julian Mamo  
Mr. Christopher Mifsud

**Company Secretary:** Ms. Sara Caruana

**Company Number:** C57419

**Registered Office:** 182, Mdina Road, Zebbug, ZBG 9015, Malta

# **ANCHOVY STUDIOS plc**

## **Interim Directors Report**

for the period 1 January 2023 to 30 June 2023

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### **Interim Directors Report pursuant to Prospectus Rule 4.11.12 for the period 1 January 2023 to 30 June 2023**

This Half-Yearly Report is being published in terms of Chapter 4 of the Prospectus Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (unaudited) condensed interim financial statements for the six months ended 30 June 2023 prepared in accordance with IAS 34, 'Interim Financial Reporting'. The comparative Statement of Financial Position has been extracted from the audited financial statements for the year ended 31 December 2022.

#### **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 2023, the Company registered a profit before tax of €43,364 (2022: €44,842), based on unaudited management accounts.

Revenue for the period under review stood at €1,100,592 (2022: €1,023,612), representing an 8% increase over the previous year. Direct costs decreased by €20,867 during the period under review, registering a decrease of 4% whilst administrative expenses amounted to €387,545 (2022: €286,963) reflecting a 35% increase in these costs.

During the first half of the current financial year, the Company has achieved an increase in revenue compared to the previous period, primarily driven by significant growth in the Middle East and North Africa ("MENA") region. However, this expansion has also resulted in increased direct costs, including marketing, business development, and personnel expenses, as well as higher administration costs.

To ensure sustained success in the MENA region, the Company remains dedicated to optimising its Gross Profit margins. As part of this commitment, the Company continues to invest in recruiting highly skilled personnel to cater to the demands of larger projects and clients in the MENA region.

Looking ahead, the Company aims to strike a balance between revenue growth and cost management, as it navigates the challenges and opportunities presented by its expansion plans in the Middle East. By prioritising efficiency and prudent investments, the Company remains confident in achieving sustainable growth and continued success in the MENA region.

## **ANCHOVY STUDIOS plc**

### **Interim Directors Report**

for the period 1 January 2023 to 30 June 2023

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#### **Outlook**

Over the next 6 months, the Company is expecting further growth in the MENA region which requires more travel. During 2023 the Company will complete a merger with NIU Limited.

The activities of the Company are expected to remain consistent for the foreseeable future.

#### **Dividends**

No dividends were distributed during the period.

Approved by the Board of Directors on 25 August 2023 and signed on its behalf by:



**Zachary Borg**  
Director



**Benjamin Borg**  
Director

#### **Registered Office**

182, Mdina Road  
Zebbug, ZBG 9015  
Malta

## **ANCHOVY STUDIOS plc**

### **Interim Directors' statement**

For the period 1 January 2023 to 30 June 2023

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#### **Directors' 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 2023, 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 2023 to 30 June 2023

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	<b>Six months to 30 June 2023 (unaudited) €</b>	Six months to 30 June 2022 (unaudited) €
Revenue	<b>1,100,592</b>	1,023,612
Cost of Sales	<b>(641,676)</b>	(662,543)
Gross profit	<u><b>458,916</b></u>	<u>361,069</u>
Administrative expenses	<b>(387,545)</b>	(286,963)
Operating profit	<u><b>71,371</b></u>	<u>74,106</u>
Finance costs	<b>(28,007)</b>	(29,264)
Profit before tax	<u><b>43,364</b></u>	<u>44,842</u>
Income tax expense	<b>(15,178)</b>	(15,695)
<b>Profit for the period</b>	<u><b>28,186</b></u>	<u>29,147</u>
Total comprehensive income for the period	<u><b>28,186</b></u>	<u>29,147</u>

The notes on pages 8 to 11 form part of these financial statements.

# ANCHOVY STUDIOS plc

## Condensed Interim Statement of Financial Position

For the period 1 January 2023 to 30 June 2023

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	22,110	24,323
Right of use asset	116,940	123,437
Deferred tax asset	6,906	6,906
Intangible assets	32,378	36,051
Investment in subsidiary	60,964	60,964
<b>Total Non-Current Assets</b>	<b>239,298</b>	<b>251,681</b>
<b>Current Assets</b>		
Trade & other receivables	826,087	1,252,822
Current tax asset	-	10,106
Cash at bank and in hand	766,955	744,919
<b>Total Current Assets</b>	<b>1,593,042</b>	<b>2,007,847</b>
<b>Total Assets</b>	<b>1,832,340</b>	<b>2,259,528</b>
<b>Equity &amp; Liabilities</b>		
<b>Equity</b>		
Called up issued share capital	11,984	11,984
Retained earnings	270,222	242,036
<b>Total Equity</b>	<b>282,206</b>	<b>254,020</b>
<b>Non-Current Liabilities</b>		
Borrowings	987,792	986,213
Lease liability	115,265	108,112
<b>Total Non-Current Liabilities</b>	<b>1,103,057</b>	<b>1,094,325</b>
<b>Current Liabilities</b>		
Borrowings	-	2,142
Trade & other payables	437,441	894,735
Lease liability	7,661	14,306
Current tax liability	1,975	-
<b>Total Current Liabilities</b>	<b>447,077</b>	<b>911,183</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,832,340</b>	<b>2,259,528</b>

The notes on pages 8 to 11 form part of these financial statements. The financial statements on pages 4-11 were approved by the Board of Directors on 25 August 2023 and signed on its behalf by:



**Zachary Borg**  
Director



**Benjamin Borg**  
Director



## ANCHOVY STUDIOS plc

### Condensed Interim Statement of Changes in Equity

For the period 1 January 2023 to 30 June 2023

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	Share Capital	Retained earnings	Total
	€	€	€
<b>Period ended 30 June 2022</b>			
<b>Balance as at 1 January 2022</b>	11,984	189,512	201,496
Profit for the period/Total comprehensive income for the period	-	29,147	29,147
<b>Balance as at 30 June 2022 (unaudited)</b>	<b>11,984</b>	<b>218,659</b>	<b>230,643</b>
<b>Period ended 30 June 2023</b>			
<b>Balance as at 1 January 2023</b>	11,984	242,036	254,020
Profit for the period/Total comprehensive income for the period	-	28,186	28,186
<b>Balance as at 30 June 2023 (unaudited)</b>	<b>11,984</b>	<b>270,222</b>	<b>282,206</b>

The notes on pages 8 to 11 form part of these financial statements.

## ANCHOVY STUDIOS plc

### Condensed Interim Statement of Cash Flows

For the period 1 January 2023 to 30 June 2023

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	<b>Six months to 30 June 2023 (unaudited) €</b>	Six months to 30 June 2022 (unaudited) €
Net cash flows generated from operating activities	<b>91,594</b>	143,211
Net cash flows (used in)/generated from investing activities	<b>(12,572)</b>	(171,349)
Net cash flows (used in)/generated from financing activities	<b>(54,118)</b>	140,338
	<hr/> <b>24,904</b>	<hr/> 122,200
<b>Cash and cash equivalents at the beginning of the period</b>	<b>742,051</b>	824,912
<b>Cash and cash equivalents at the end of the period</b>	<hr/> <b>766,955</b>	<hr/> 937,112

The notes on pages 8 to 11 form part of these financial statements.

**Notes to the Condensed Interim Financial Statements**

For the period 1 January 2023 to 30 June 2023

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**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 2023 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 2023.

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 2022, 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.

**1.2 New standards, interpretations and amendments adopted by the Company**

*International Financial Reporting Standards applicable in the current year*

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective on 1 January 2023)

Previously, an entity was required to disclose in its financial statements its significant accounting policies, with the amendments an entity will now be required to disclose its material accounting policies.

Paragraphs are added to explain how an entity identifies material accounting policies along with added examples to explain when accounting policy information becomes likely to be material focusing on concepts such as that accounting policy information becomes material because of its nature, even if the related amounts are immaterial.

Additionally, IFRS Practice Statement 2 has been amended through added guidance and examples to explain and illustrate the application of the ‘four-step materiality process’ to accounting policy information in aim of supporting the amendments to IAS 1.

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective on 1 January 2023)

The amendments to IAS 8 focus entirely on accounting estimates with the definition of a change in accounting estimates being replaced with a definition of accounting estimates. Accounting estimates are now defined as “monetary amounts in financial statements that are subject to measurement uncertainty”.

**Notes to the Condensed Interim Financial Statements**

For the period 1 January 2023 to 30 June 2023

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Accounting estimates arise when accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error and that the effects of a change in an input or a measurement method used to derive an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

**Standards, interpretations and amendments to published standards as adopted by the EU in issue but not yet effective:**

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective on 1 January 2023)

The amendments narrow the scope of the recognition exemption in paragraph 15 of IAS 24 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

**Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union:**

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)
- Amendments to IFRS 16 Leases: Lease liability in a sale and leaseback (issued on 22 September 2022)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023)

The Directors are assessing the impact that the adoption of these Financial Reporting Standards will have in the financial statements of the Company in the period of initial application.

**1.3 Significant accounting policies**

The Interim Financial Statements as of 30 June 2023 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 2022 were based.

**Notes to the Condensed Interim Financial Statements**

For the period 1 January 2023 to 30 June 2023

**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 judgments 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.

**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**

By virtue of the Company Admission Document dated 10 May 2017, the Company issued for subscription by the general public 10,000 unsecured bonds for an amount of €1,000,000. The bonds have a nominal value of €100 per bond and have been issued at par.

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.

	<b>30 June 2023 (unaudited) €</b>	30 June 2022 (unaudited) €
1,000,000, 5.5% bonds	<b>1,000,000</b>	1,000,000
Issue Costs	<b>31,593</b>	31,593
Accumulated amortisation	<b>(19,385)</b>	(16,226)
Closing net book value	<b>12,208</b>	15,367
<b>Amortised cost</b>	<b>987,792</b>	984,633

**Notes to the Condensed Interim Financial Statements**

For the period 1 January 2023 to 30 June 2023

**1.7 Financial Risk Management**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year end 31 December 2022.

**1.8 Contingent Liabilities**

No events occurred since 31 December 2022 that require disclosure of any contingent liabilities as at 30 June 2023.

**1.9 Related party transactions**

The related parties' transactions would typically relate to the selling of digital marketing services in the ordinary course of business. The operating transactions with related parties that have a material effect on the Company's results and financial position are disclosed below:

	<b>30 June 2023 (unaudited) €</b>	31 December 2022 (audited) €
<b>Sales - provision of digital marketing services</b>		
Subsidiaries	<b>4,415</b>	20,870
Other related party	<b>37,225</b>	106,726
	<b><u>41,640</u></b>	<u>127,596</u>

Year end balances with related parties, arising principally from the trading transactions relating referred to above are disclosed below:

	<b>30 June 2023 (unaudited) €</b>	31 December 2022 (audited) €
Amounts owed by subsidiaries	<b>136,786</b>	245,237
Amounts due from other related parties	<b>18,898</b>	-
	<b><u>155,684</u></b>	<u>245,237</u>

All balances with related parties are unsecured, interest free and repayable upon demand. No guarantees have been given or have been received.

# Signature Certificate

Reference number: 2WEEX-XYWUE-4RDD5-LCVQQ

## Signer

## Timestamp

## Signature

### Benji Borg

Email: benji.borg@9hcapital.com

Sent: 24 Aug 2023 08:48:39 UTC  
Viewed: 25 Aug 2023 06:49:46 UTC  
Signed: 25 Aug 2023 06:50:20 UTC



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Location: Madrid, Spain

### Zak Borg

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