

ANCHOVY STUDIOS plc

Interim financial report (unaudited)

For the period

1 January 2021 to 30 June 2021

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ANCHOVY STUDIOS plc

Company Information

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: 682, High Street, Hamrun, HMR 1012, Malta

ANCHOVY STUDIOS plc

Interim Directors Report

for the period 1 January 2021 to 30 June 2021

Interim Directors Report pursuant to Prospects Rule 4.11.12 for the period 1 January 2021 to 30 June 2021

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 (unaudited) condensed interim financial statements for the six months ended 30 June 2021 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 2020.

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 2021, the Company registered a profit before tax of €54,582 (2020: €55,821), based on unaudited management accounts.

Revenue for the period under review stood at €847,600 (2020: €602,137), representing a 41% increase over the previous year. Direct costs increased by €213,794 during the period under review, registering an increase of 62% whilst administrative expenses amounted to €204,690 (2020: €171,782) reflecting a 19% increase.

During the first half of the financial year under review, the Company has experienced a substantial increase in revenue when compared to the previous period, mainly due to the significant growth in the Middle East and North Africa ("MENA") region. As a result of the increased activity in the MENA region, the Company also incurred increased direct costs (mainly media buying and personnel expenses) and administration costs.

The Company is committed to continue investing in highly skilled personnel to service the larger projects and clients in the MENA region.

Outlook

Over the next 6 months, the Company is expecting further growth in the MENA region which requires more boots on the ground. This investment is expected to boost the Company's market share in the region.

The outlook in Malta remains uncertain for various economic reasons. Malta will remain a priority while focus on expansion will be in the MENA region.

ANCHOVY STUDIOS plc

Interim Directors Report

for the period 1 January 2021 to 30 June 2021

Dividends

No dividends were distributed during the period.

Approved by the Board of Directors on 30 August 2021 and signed on its behalf by:

Zachary Borg
Director



Registered Office

682, High Street
Hamrun, HMR 1012
Malta



Benjamin Borg
Director

ANCHOVY STUDIOS plc

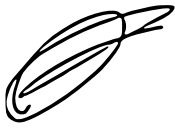
Interim Directors' statement

For the period 1 January 2021 to 30 June 2021

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 2021, 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 2021 to 30 June 2021

	Six months to 30 June 2021 (unaudited) €	Six months to 30 June 2020 (unaudited) €
Revenue	847,600	602,137
Cost of Sales	(560,828)	(347,034)
Gross profit	286,772	255,103
Administrative expenses	(204,690)	(171,782)
Operating profit	82,082	83,321
Finance costs	(27,500)	(27,500)
Profit before tax	54,582	55,821
Income tax expense	(19,104)	(19,537)
Profit for the period	35,478	36,284
Total comprehensive income for the period	35,478	36,284

The notes on pages 8 to 12 form part of these financial statements.

ANCHOVY STUDIOS plc**Condensed Interim Statement of Changes in Equity**

For the period 1 January 2021 to 30 June 2021

	30 June 2021 (unaudited) €	31 December 2020 (audited) €
Assets		
Non-Current Assets		
Property, plant & equipment	29,715	30,126
Right of use asset	89,422	96,300
Investment in associate	67	67
Investment in subsidiary	60,964	45,240
Total Non-Current Assets	180,168	171,733
Current Assets		
Trade & other receivables	558,912	554,423
Cash at bank and in hand	924,663	1,036,304
Total Current Assets	1,483,575	1,590,727
Total Assets	1,663,743	1,762,460
Equity & Liabilities		
Equity		
Called up issued share capital	11,984	11,984
Retained earnings	225,340	189,862
Total Equity	237,324	201,846
Non-Current Liabilities		
Borrowings	981,474	979,893
Lease liability	104,055	110,129
Total Non-Current Liabilities	1,085,529	1,090,022
Current Liabilities		
Borrowings	567	4,077
Trade & other payables	285,236	429,936
Lease liability	12,014	11,700
Current tax liability	43,073	24,879
Total Current Liabilities	340,890	470,592
Total Equity & Liabilities	1,663,743	1,762,460

The notes on pages 8 to 12 form part of these financial statements.

The financial statements on pages 4-12 were approved by the Board of Directors on 30 August 2021 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 2021 to 30 June 2021

	Share Capital	Retained earnings	Total
	€	€	€
Period ended 30 June 2020			
Balance as at 1 January 2020	11,984	180,449	192,433
Profit for the period/Total comprehensive income for the period	-	36,284	36,284
Dividends paid	-	(45,112)	(45,112)
Balance as at 30 June 2020 (unaudited)	11,984	171,621	183,605
Period ended 30 June 2021			
Balance as at 1 January 2021	11,984	189,862	201,846
Profit for the period/Total comprehensive income for the period	-	35,478	35,478
Balance as at 30 June 2021 (unaudited)	11,984	225,340	237,324

The notes on pages 8 to 12 form part of these financial statements.

ANCHOVY STUDIOS plc**Condensed Interim Statement of Cash Flows**

For the period 1 January 2021 to 30 June 2021

	Six months to 30 June 2021 (unaudited) €	Six months to 30 June 2020 (unaudited) €
Net cash flows used in operating activities	(21,589)	110,172
Net cash flows used in investing activities	73,848	(70,203)
Net cash flows from financing activities	(160,390)	(91,622)
	<hr/> (108,131)	<hr/> (51,653)
Cash and cash equivalents at the beginning of the period	1,032,227	860,429
Cash and cash equivalents at the end of the period	<hr/> 924,096	<hr/> 808,776

The notes on pages 8 to 12 form part of these financial statements.

Notes to the Condensed Interim Financial Statements

For the period 1 January 2021 to 30 June 2021

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 2021 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 2021.

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 2020, 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 persisted during the first half of 2021.

1.2 New standards, interpretations and amendments adopted by the Company

International Financial Reporting Standards applicable in the current year

Interest rate Benchmark Reform

In August 2020, the International Accounting Standards Board (Board) issued Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.

The application of this standard did not have any effect on the Company’s financial statements

International Financial Reporting Standards in issue but not yet effective]

IASB amends IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies

The Board concluded that the concept of materiality could be applied in making decisions about the disclosure of accounting policies. Therefore, the Board decided to amend IAS 1 to replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. In the Board’s view, accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material

Notes to the Condensed Interim Financial Statements

For the period 1 January 2021 to 30 June 2021

transactions, other events or conditions is itself material. For example, standardised information or information that only duplicates or summarises the requirements of IFRS Standards are less useful to users of financial statements.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted. They are applied prospectively.

IAS 8 Amendments – Definition of Accounting Estimates

The amendments to IAS 8 focus entirely on accounting estimates and are effective for accounting periods on or after 1 January 2023 and changes in accounting policies and accounting estimates that occur on or after the start of that period.

Amendments to IFRS 16 Leases: COVID 19 related Rent Concessions beyond 30 June 2021

The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond 30 June 2021.

The Board has therefore extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

The 2021 amendments are effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue. In effect, it is available to be applied now, subject to any local endorsement requirements.

As at 30 June 2021 the company did not receive any COVID 19 rent concessions and therefore this amendment did not impact the company's financial statements.

Amendments to IAS 12 Income Taxes : Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Amendments narrow the scope of the initial recognition exception under IAS 12 Income Taxes, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The Amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The Amendments apply to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

At the date of approval of these financial statements, a number of International Financial Reporting Standards were either not yet endorsed by the EU or were not yet applicable to the company. The directors anticipate that the adoption of these standards will have no material impact on the financial statements of the company in the period of initial application.

Notes to the Condensed Interim Financial Statements

For the period 1 January 2021 to 30 June 2021

1.3 Significant accounting policies

The Interim Financial Statements as of 30 June 2021 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 2020 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.

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.

Notes to the Condensed Interim Financial Statements

For the period 1 January 2021 to 30 June 2021

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.

	30 June 2021 (unaudited) €	30 June 2020 (unaudited) €
1,000,000, 5.5% bonds	1,000,000	1,000,000
Issue Costs	31,593	31,593
Accumulated amortisation	(13,067)	(9,907)
Closing net book value	18,526	21,686
Amortised cost	981,474	978,314

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 2020.

1.8 Contingent Liabilities

No events occurred since 31 December 2020 that require disclosure of any contingent liabilities as at 30 June 2021.

Notes to the Condensed Interim Financial StatementsFor the period 1 January 2021 to 30 June 2021

1.9 Related party transactions

Year end balances with related parties, arising principally from the trading transactions relating to the provision of digital marketing and ancillary services, are disclosed below:

	30 June 2021 (unaudited) €	31 December 2020 (audited) €
Amounts owed by subsidiaries	147,670	200,736
Amounts due from other related parties	100	42,252
Amounts owed to shareholders	-	(17,500)
	<u>147,770</u>	<u>225,488</u>

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