ANCHOVY.

182, Level 1, Mdina Road, Zebbug ZBG 9015, Malta
Company registration number: C57419
Telephone number: 2124 1139
Website: anchovyinc.com
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Company Announcement

The following is a company announcement issued by ANCHOVY STUDIOS p.l.c. (the Company) pursuant to Rule 4.11.13 of the Prospects Rules.

Quote

The Company announces that during the meeting of its Board of Directors held on Tuesday 30th August 2022, the Company's interim financial statements for the six-month financial period ending 30th June 2022 were approved.

A copy of the approved interim financial statements is attached and an additional copy is also being made available on the Company's website and can be accessed via: https://www.anchovyinc.com/investors/financials

Unquote

By order of the Board of Directors of Anchovy Studios p.l.c.

S. Caruana

Ms Sara Caruana
Company Secretary
31st August 2022

For more information on ANCHOVY STUDIOS p.l.c. please visit https://www.anchovyinc.com/investors/information

ANCHOVY STUDIOS plc

Interim financial report (unaudited)

For the period

1 January 2022 to 30 June 2022

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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:	182, Mdina Road, Zebbug, ZBG 9015, Malta

Interim Directors Report pursuant to Prospects Rule 4.11.12 for the period 1 January 2022 to 30 June 2022

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 2022 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 2021.

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 2022, the Company registered a profit before tax of €44,842 (2021: €54,582), based on unaudited management accounts.

Revenue for the period under review stood at €1,023,612 (2021: €847,600), representing a 21% increase over the previous year. Direct costs increased by €101,715 during the period under review, registering an increase of 21% whilst administrative expenses amounted to €286,963 (2021: €204,690) reflecting a 40% increase in these costs.

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 marketing, business Development 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.

The Directors have also been heavily involved in the merger with NIU Ltd which has seen many new personnel join the company, new policies, and updated Standard Operating procedures (SOP).

Outlook

Over the next 6 months, the Company is expecting further growth in the MENA region which requires more travel. The company will continue to invest in the region with revenues now surpassing 20% of total revenue coming from MENA.

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

The synergies obtained from the merger should also boost the company's turnover from a local perspective. All the formalities related to the finalisation of the merger are expected to be concluded by the end of 2022.

Dividends

No dividends were distributed during the period.

Approved by the Board of Directors on 30 August 2022 and signed on its behalf by:

Zachary Borg
Director

Benjamin Borg
Director

Registered Office

182, Mdina Road
Zebbug, ZBG 9015
Malta

Interim Directors' statement
For the period 1 January 2022 to 30 June 2022

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 2022, 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 2022 to 30 June 2022

	Six months to 30 June 2022 (unaudited)	Six months to 30 June 2021 (unaudited)
	€	€
Revenue	**1,023,612**	847,600
Cost of Sales	**(662,543)**	(560,828)
Gross profit	**361,069**	286,772
Administrative expenses	**(286,963)**	(204,690)
Operating profit	**74,106**	82,082
Finance costs	**(29,264)**	(27,500)
Profit before tax	**44,842**	54,582
Income tax expense	**(15,695)**	(19,104)
Profit for the period	**29,147**	35,478
Total comprehensive income for the period	**29,147**	35,478

The notes on pages 8 to 13 form part of these financial statements.

ANCHOVY STUDIOS plc

Condensed Interim Statement of Changes in Equity
For the period 1 January 2022 to 30 June 2022

	30 June 2022 (unaudited) €	31 December 2021 (audited) €
Assets		
Non-Current Assets		
Property, plant & equipment	**33,838**	33,072
Right of use asset	**130,107**	82,543
Intangible assets	**273**	304
Investment in subsidiary	**60,964**	60,964
Total Non-Current Assets	**225,182**	176,883
Current Assets		
Trade & other receivables	**781,947**	608,759
Cash at bank and in hand	**937,112**	825,754
Total Current Assets	**1,719,059**	1,434,513
Total Assets	**1,944,241**	1,611,396
Equity & Liabilities		
Equity		
Called up issued share capital	**11,984**	11,984
Retained earnings	**218,659**	189,512
Total Equity	**230,643**	201,496
Non-Current Liabilities		
Borrowings	**984,633**	983,053
Lease liability	**114,467**	97,791
Total Non-Current Liabilities	**1,099,100**	1,080,844
Current Liabilities		
Borrowings	**-**	842
Trade & other payables	**580,970**	311,076
Lease liability	**15,320**	12,355
Current tax liability	**18,208**	4,783
Total Current Liabilities	**614,498**	329,056
Total Equity & Liabilities	**1,944,241**	1,611,396

The notes on pages 8 to 13 form part of these financial statements.

The financial statements on pages 4-13 were approved by the Board of Directors on 30 August 2022 and signed on its behalf by:

Zachary Borg
Director

Benjamin Borg
Director

Condensed Interim Statement of Changes in Equity

For the period 1 January 2022 to 30 June 2022

	Share Capital	Retained earnings	Total
	€	€	€
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**
Period ended 30 June 2022			
Balance as at 1 January 2022	11,984	189,512	201,496
Profit for the period/Total comprehensive income for the period	-	29,147	29,147
Balance as at 30 June 2022 (unaudited)	**11,984**	**218,659**	**230,643**

The notes on pages 8 to 13 form part of these financial statements.

Condensed Interim Statement of Cash Flows
For the period 1 January 2022 to 30 June 2022

	Six months to 30 June 2022 (unaudited) €	Six months to 30 June 2021 (unaudited) €
Net cash flows generated from/(used in) operating activities	**143,211**	(21,589)
Net cash flows (used in)/generated from investing activities	**(171,349)**	73,848
Net cash flows generated from/(used in)from financing activities	**140,338**	(160,390)
	122,200	(108,131)
Cash and cash equivalents at the beginning of the period	**824,912**	1,032,227
Cash and cash equivalents at the end of the period	**937,112**	924,096

The notes on pages 8 to 13 form part of these financial statements.

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 2022 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 2022.

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 2021, 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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) (effective on 1 January 2021)

Phase 2 of the Interest Rate Benchmark reform dealt with replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The amendments published address issues that might affect financial reporting when an existing interest rate benchmark is actually replaced.

The changes in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

There were no significant impacts of the above amendments on the company

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

- 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".

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.

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020) (effective on 1 January 2022)

The amendments to IFRS 3 include an update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework, an addition to IFRS 3 as a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and an addition to IFRS 3 of an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments to IAS 37 specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

Annual improvements 2018 – 2020 will introduce the following changes:

- IFRS 1*, First time adoption of IFRS:* The change applies to a subsidiary that adopted IFRS's at a later date than its parent and uses the exemption in paragraph D16(a) to measure assets and liabilities at the carrying amounts that are included in the parent's consolidated financial statements. The amendment permits that such a subsidiary may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

- IFRS 9*, Financial Instruments:* IFRS 9 requires that an entity derecognises a financial liability and recognises a new financial liability when there is an exchange between an existing borrower and lender of debt instruments with substantially different terms. The terms are substantially different if the discounted present value of the remaining cash flows under the new terms are at least 10 percent different from the discounted present value of the remaining cash flows or the original financial liability. The amendment clarifies that only fees paid and received between the entity and the lender may be included in the calculations to determine whether there is a 10 percent difference. The amendment is applied prospectively.

- IFRS 16, *Leases*: The amendment removes an illustrative example that includes a reimbursement relating to leasehold improvements since the example does not explain clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16.

- IAS 41, Agriculture: The amendment removed the requirement to exclude cash flows for taxation when measuring fair value and aligning the requirements with IFRS 13, *Fair Value Measurements*. The amendment is applied prospectively.

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

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

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 2022 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 2021 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 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.

	30 June 2022 (unaudited) €	30 June 2021 (unaudited) €
1,000,000, 5.5% bonds	**1,000,000**	1,000,000
Issue Costs	**31,593**	31,593
Accumulated amortisation	**(16,226)**	(13,067)
Closing net book value	**15,367**	18,526
Amortised cost	**984,633**	981,474

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 2021.

1.8 Contingent Liabilities

No events occurred since 31 December 2021 that require disclosure of any contingent liabilities as at 30 June 2022.

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:

	30 June 2022 (unaudited) €	31 December 2021 (audited) €
Sales - provision of digital marketing services		
Subsidiaries	**13,000**	38,604
Other related party	**66,241**	110,934
	79,241	149,538

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

	30 June 2022 (unaudited) €	31 December 2021 (audited) €
Amounts owed by subsidiaries	**230,665**	195,699
Amounts due from other related parties	**58,641**	32,754
	289,306	228,453

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