

M&Z p.l.c.

Condensed Interim Financial Statements
30 June 2024

For the period 1 January 2024 to 30 June 2024

	Pages
Directors' report	1 - 3
Condensed interim statement of financial position	4
Condensed interim statement of comprehensive income	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

Directors' report

This half-yearly report comprises the condensed interim financial statements of M&Z plc (C 23061), hereinafter referred to as the "**Company**", for the six-month period ended 30 June 2024. The underlying accounting policies are the same as those adopted by the Company in its annual report for the financial year ended 31 December 2023. The figures have been extracted from the Company's unaudited accounts for the six months ended 30 June 2024, as approved by the Board of Directors on 27 August 2024 and are in accordance with accounting standards as adopted by the EU for interim financial statements, (International Accounting Standard 34, 'Interim Financial Reporting'). The condensed interim financial statements have not been reviewed or audited.

Principal activities

The principal activity of the Company remains entrenched in the importation and distribution of a vast array of renowned fast-moving consumer goods (FMCG). The M&Z portfolio comprises over 100 brands, spread across 10 product categories as follows: ambient, chilled, frozen, fresh, ice-cream, baby & kids, home & personal care, wines & spirits, pet care and confectionary.

Review of business

In the first half of 2024, the Company has seen growth in core revenue when compared to the same period during the previous year. However, challenges such as inflation, cost of living pressures, and increased competition continue to impact the business. The burden of Brexit tariff charges attached to products of EU origin imported from the UK also led to margin compression as certain resulting costs cannot be fully transferred to consumers of the products imported and distributed by the Company.

Turnover for the period increased by 3% to €14,649,503 (2023: €14,290,328) and profit after tax amounted to €949,880 (2023: €844,844). Efforts to manage costs effectively are helping the business achieve reasonable growth and profitability.

While demand for branded consumer products remains strong, the Company faces challenges such as margin compression, inflation, competition, and cost of living pressures. Management remains focused on organic growth, expanding the brand portfolio, and containing costs.

Earnings per share remained consistent with the those for the previous period at €0.022c (2023: €0.019c), based on the 44 million shares in issue.

Business Outlook

Despite uncertainties, the company expects to see continued challenges in the industry for the rest of the financial year. Management is committed to sustaining growth and profitability for shareholders. The Board of Directors and management maintain a cautious yet optimistic outlook for the remainder of the year.

Directors' report - continued

Risks and uncertainties

Trade credit exposure risk

The Company is exposed to trade credit risk in relation to the non-payment and non-performance of its customers resulting from the favourable payment terms provided by the Company. Any future financial market disruptions or tightening of the credit markets could result in some of the Company's customers experiencing a significant decline in profits and/or reduced liquidity. A significant adverse change in the financial position of a customer could require the Company to assume greater credit risk relating to that customer and could limit the Company's ability to collect receivables.

Labour market conditions

The Company is also concerned and is flagging the prevalent, tight labour market conditions that are weighing on the sector. Particularly since the shortage of human resources is especially acute in distribution, resulting in significant wage inflation and consequently the Company is finding difficulty servicing demand within regular time frames.

Hard discounters

As in recent years, this year has seen an increase in foreign and local hard discounters that import and sell their own products and that are vying for market share with the Company's retail client base. As a result of the diversified product offerings and permanently lower-priced products, improved shopping experience, and the increasingly price-sensitive shopper, the Company expects that the presence of hard discounters will continue to challenge the sale of the Company's branded products.

The impact of Brexit

The impact of Brexit continues to cast a significant shadow over the operations of the Company, persistently introducing uncertainty across regulatory frameworks, trade dynamics, and market conditions. This has triggered a heightened demand for accurate and timely documentation from the Company's suppliers, leading to increased administrative efforts and subsequent rises in operational costs. Furthermore, the imposition of duty tariffs on certain products has further compounded cost pressures for the Company. It is important to acknowledge the potential risks posed by Brexit-induced uncertainty, particularly in terms of price stability. The fluctuating market conditions driven by Brexit can pose challenges in managing prices effectively, impacting both revenue streams and profitability for the Company.

Tourism

Notwithstanding the recent increase in inbound tourism, the current international geo-political climate may still affect inbound tourism. This, in turn may have a bearing on the demand for some of the Company's product categories, such as ice-creams, wines and spirits.

Results and dividends

The condensed interim statement of comprehensive income is set out on page 5.

The directors are approving the payment of a net interim dividend of €396,000 equivalent to €0.009c per ordinary share.

Directors' report - continued

Directors

The directors of the company who held office during the period were:

Mr. Charles J. Farrugia
Dr. Emma Pullicino
Mrs. Erika Pace Bonello
Mrs. Frances Fenech
Ms. Greta Camilleri Avallone
Mr. Kevin Rapinett
Mr. Matthew A. Camilleri
Mr. Paul S. Camilleri
Mr. Thomas Agius Vadala

The company's Articles of Association do not require any directors to retire.

Directors' statement pursuant to Capital Markets Rule 5.75.3

We hereby confirm that to the best of our knowledge:

1. the condensed half-yearly report gives a true and fair view of the financial position of the Company as at 30 June 2024, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (International Accounting Standard 34, 'Interim Financial Reporting').
2. the interim directors' report includes a fair review of the information required in terms of Capital Markets Rule 5.81.



Charles J. Farrugia
Chairman



Greta Camilleri Avallone
Director

27 August 2024

Registered office:
MMGH Complex,
Industrial Estate,
Marsa MRS 3000
Malta

Condensed interim statement of financial position

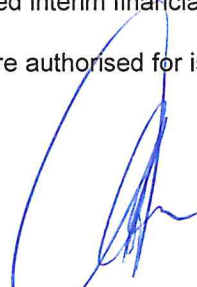
	As at 30 June	As at 31 December
	2024 € (unaudited)	2023 € (audited)
ASSETS		
Total non-current assets	3,860,426	4,397,696
Total current assets	13,842,816	14,227,190
Total assets	17,703,242	18,624,886
EQUITY AND LIABILITIES		
Total equity	9,712,304	9,155,688
LIABILITIES		
Total non-current liabilities	1,215,942	1,516,390
Total current liabilities	6,774,996	7,952,808
Total liabilities	7,990,938	9,469,198
Total equity and liabilities	17,703,242	18,624,886

The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 3 to 9 were authorised for issue by the board on 27 August 2024 and were signed on its behalf by:



Charles J. Farrugia
Chairman



Greta Camilleri Avallone
Director

Condensed interim statement of comprehensive income

	Period from 1 January to 30 June	
	2024 € (unaudited)	2023 € (unaudited)
Revenue	14,649,503	14,290,328
Cost of sales	(11,762,740)	(11,330,869)
Gross profit	2,886,763	2,959,459
Administrative expenses	(1,218,246)	(1,527,794)
Operating profit	1,668,517	1,431,665
Finance costs	(136,871)	(131,144)
Profit before tax	1,531,646	1,300,521
Tax expense	(581,766)	(455,677)
Profit for the period – total comprehensive income	949,880	844,844
 Earnings per share for the period attributable to shareholders	 0.022	 0.019

The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.

Condensed interim statements of changes in equity

	Ordinary share capital €	Preference share capital €	Retained earnings €	Total €
Balance at 1 January 2023	5,500,000	1,500,000	2,168,934	9,168,934
Profit for the period	-	-	844,844	844,844
Total comprehensive income	-	-	844,844	844,844
Transactions with owners:				
Dividends	-	-	(858,090)	(858,090)
Balance at 30 June 2023	5,500,000	1,500,000	2,155,688	9,155,688
Balance at 1 January 2024	5,500,000	1,500,000	2,650,889	9,650,889
Profit for the period	-	-	949,880	949,880
Total comprehensive income	-	-	949,880	949,880
Transactions with owners:				
Dividends	-	-	(888,465)	(888,465)
Balance at 30 June 2024	5,500,000	1,500,000	2,712,304	9,712,304

The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.

Condensed interim statement of cash flows

	Period from 1 January to 30 June	
	2024 € (unaudited)	2023 € (unaudited)
Net cash generated from/(used in) operating activities	2,492,801	(179,016)
Net cash used in investing activities	(156,516)	(153,157)
Net cash used in financing activities	(785,473)	(643,247)
Net movement in cash and cash equivalents	1,550,812	(975,420)
Cash and cash equivalents at beginning of period	(2,267,656)	(1,763,575)
Cash and cash equivalents at end of period	(716,844)	(2,738,995)

The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.

Notes to the condensed interim financial statements

1. General information

The Company is a public limited liability company domiciled and incorporated in Malta.

The financial statements for the year ended 31 December 2023 can be accessed from the Company's website at the following link: <https://mz.com.mt/investors/> and are also available upon request from the company's registered office at MMGH Complex, Industrial Estate, Marsa MRS 3000, Malta.

This condensed unaudited and un-reviewed interim financial information was approved for issue by the Board of Directors on 27 August 2024.

2. Basis of preparation

The condensed interim financial information for the six-month period ended 30 June 2024 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting'). The condensed interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRSs as adopted by the EU.

3. Summary of significant accounting policies

The accounting policies applied in the preparation of the condensed interim financial information are the same as those applied in the financial statements for the year ended 31 December 2023.

4. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2023.

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the directors, 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 description as critical in terms of the requirements of IAS 1.

6. Intangible assets

	€
As at 1 January 2024	1,297,129
Amortisation	(64,900)
As at 30 June 2024	<u>1,232,229</u>

Intangible assets include also goodwill related to the Company's acquisition of various brand representations from third parties. The recoverable amount is reassessed annually based on estimates of expected future cash flows as identified from a business plan approved by management. On the basis of the latest business plan and current market data available to the board, no impairment charge was recognised during the period.

Notes to the condensed interim financial statements - continued

7. Property, plant and equipment

The Company holds various property, plant and equipment to support its business operations. The movement in property, plant and equipment during the period relates to:

	€
As at 1 January 2024	923,873
Additions	145,041
Depreciation	(240,526)
As at 30 June 2024	<u>828,388</u>

8. Inventories

Inventory write-downs during the period amounted to €34,782 (2023: €249,606).

9. Related parties

The Company forms part of the M&Z Group, having M&Z Group Limited as its parent. M&Z Group Limited and its subsidiaries are considered by the directors to be related parties of the Company. Due to common shareholding, PSC Limited and its subsidiary are also considered to be related parties of the Company.

The principal transactions carried out by the Company with related parties during the six-month period ended 30 June 2024 are:

Director's emoluments amounting to €307,605 (2023: €306,508).

10. Comparative information

Comparative figures disclosed in the main components of this condensed unaudited interim financial information have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.