

COMPANY ANNOUNCEMENT

The following is a company announcement issued by PG p.l.c. (C-78333) in terms of Capital Markets Rule 5.16.20.

Date of Announcement:	16 December 2021
Ref.:	057/2021
Capital Markets Rule:	CMR 5.16.20

APPROVAL OF INTERIM FINANCIAL STATEMENTS

QUOTE

At its meeting held earlier today, 16 December 2021, the Board of Directors of PG p.l.c. (the "Company") approved the Company's unaudited financial statements and Interim Directors' Report for the six months ended 31 October 2021.

A copy of these unaudited financial statements and Interim Directors' Report are attached herewith and are also available for viewing at the registered office of the Company and on the Company's website – www.pggroup.com.mt.

UNQUOTE

By order of the Board.



Dr Emma Grech
Company Secretary

16 December 2021



INTERIM FINANCIAL STATEMENTS 2021-22



ZARA ZARA
HOME



A member of PG Group

PG p.l.c.

Half-Yearly Report
31 October 2021

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Half-yearly directors' report

Trading performance

During the first six-month period ended 31 October 2021, the Group registered a turnover of €71.0 million compared to €60.9 million in the same period last year, representing a growth of 16.5%.

An increase in turnover was registered in the Group's two supermarkets at Pama Shopping Village and at Pavi Shopping Complex reflecting their continued popularity with our growing clientele. These supermarkets are well established and mature businesses which nevertheless registered an increase in sales of 12.1% during the period under review when compared to the corresponding period in 2020.

Turnover in the Group's Zara and Zara Home segment amounted to €12.5 million an increase of 43.0% when compared to €8.7 million the previous year. This was a result of the significant improvement in sales following the serious disruption caused by the COVID-19 pandemic in the previous year.

The renewed COVID-19 outbreak registered in March 2020 led to a second period of lockdown that again disrupted retail business. This lockdown was followed by a significant reduction in the number of reported COVID cases and a successful vaccination campaign which appear to have contributed to a renewal of consumer confidence. This confidence was reflected in the sales registered in our Zara and Zara Home outlets, which reflected an increase of 43.0%, attaining once again the sales levels recorded pre COVID in 2019.

Notwithstanding the reduction in the number of COVID cases reported during the period under review, the Group continued to operate the safety measures it had adopted to ensure that our employees have a secure working environment and to safeguard the well-being of our customers.

The overall gross profit earned by the Group from 1st May 2021 to 31st October 2021, amounted to €11.3 million as compared to €9.6 million in October 2020, increasing in line with turnover. The operating profit registered was €9.3 million when compared to €7.9 million in 2020, a satisfactory improvement of 17.4%.

Profit before tax amounted to €8.6 million as compared to €7.2 million the previous year, representing an increase of 20.1%. The tax charge for the period represented an effective rate of 28.1%. After deducting finance costs and taxation, the Group registered a profit after tax of €6.2 million compared to €5.1 million the previous year, an increase of 20.7%.

The positive result registered was also reflected in an increase in cash flow generation during the first six months of this financial year. Cash generated from operating activities amounted to €11.3 million, which is 21.0% higher than the equivalent amount registered last year. At 31 October 2021 the Group's bank borrowings, net of cash in hand, stood at €0.89 million. The Group has a strong liquidity position and remains well placed to pursue new growth opportunities in its core line of business.

Future prospects

While the Board notes the satisfactory results registered in all areas of the Group's business for the first six months of operation, it also recognises that the growth rates experienced so far may not necessarily be repeated in the second six months of this financial year. On the positive side, sales registered in November and to date in December remain ahead of expectations. The case for optimism is however dampened by the recent increase in reported COVID cases. The directors remain cautiously optimistic that the Group's results for the full year will further improve upon the positive performance of these first six months, but the overall economic environment remains an uncertain one.

In the meantime, management will continue to invest in the enhancement of the Group's two supermarkets and in the continual upgrading of the facilities and shops therein. We continue to focus on our customer centricity model and this was recently recognised by Malta Competition and Consumer Authority (MCCAA) which selected PAVI/PAMA as the runners up in their annual awards for Customer Service for 2021. The Group will continue to invest in technology to ensure that our clients are served better and more efficiently. The new on-line shopping platform has been very well received and the mobile application, which will be launched in the coming months, will further enhance our customer offering.

The sales improvement registered in the first six months in our Zara and Zara Home franchise business was assisted by the continued popularity of the on-line facilities offered by the two brands. Online sales of both Zara as well as Zara Home have now exceeded 16% of total turnover. The business objective here is to continue to increase this figure to around 20% in the next couple of years. Malta continues to rank amongst the 1st quartile in the Inditex ranking for all of Europe.

As stated previously, the PG Group is in a healthy financial position with negligible bank borrowings. The Board is actively exploring and negotiating a number of potential ventures which, if secured, would contribute to future growth.

Dividends

On the 26 November 2021, the Board of Directors resolved to distribute a net interim dividend of €2.25 million in respect of the first six months of this financial year ending 30 April 2022. These dividends were paid on 10 December 2021 to the ordinary shareholders registered on the books of the Group as at 2 December 2021.

On behalf of the Board



John Zarb
Chairman



Paul Gauci
Executive Vice-Chairman

Registered office:
PG Group Head Offices,
PAMA Shopping Village,
Valleta Road,
Mosta,
Malta

16 December 2021

Condensed consolidated statement of financial position

	As at 31 October	As at 30 April
	2021	2021
	€'000	€'000
	(unaudited)	(audited)
ASSETS		
Non-current assets	84,726	85,669
Current assets	26,515	17,881
Total assets	111,241	103,550
EQUITY AND LIABILITIES		
Total equity	52,090	49,083
Non-current liabilities	27,390	28,345
Current liabilities	31,761	26,122
Total liabilities	59,151	54,467
Total equity and liabilities	111,241	103,550

The notes on pages 7 to 9 are an integral part of this interim condensed consolidated financial information.

The condensed interim financial information on pages 3 to 10 were authorised for issue by the board of directors on 16 December 2021 and were signed on its behalf by:



John Zarb
Chairman



Paul Gauci
Executive Vice-Chairman

Condensed consolidated statement of comprehensive income

	Note	Six-months ended 31 October	
		2021 €'000 (unaudited)	2020 €'000 (unaudited)
Revenue		70,952	60,890
Gross profit		11,282	9,607
Operating profit		9,322	7,939
Finance costs		(624)	(701)
Share of results of associates		(61)	(48)
Profit before tax		8,637	7,190
Tax expense		(2,430)	(2,049)
Profit for the period		6,207	5,141
Earnings per share	4	0.057	0.048

The notes on pages 7 to 9 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated statement of changes in equity

	Share capital €'000	Retained earnings €'000	Total €'000
Balance at 1 May 2020	27,000	16,325	43,325
Comprehensive income			
Profit for the period - total comprehensive income	-	5,141	5,141
Transactions with owners			
Dividends for the period	-	(2,800)	(2,800)
Balance at 31 October 2020	27,000	18,666	45,666
Balance at 1 May 2021	27,000	22,083	49,083
Comprehensive income			
Profit for the period - total comprehensive income	-	6,207	6,207
Transactions with owners			
Dividends for the period	-	(3,200)	(3,200)
Balance at 31 October 2021	27,000	25,090	52,090

The notes on pages 7 to 9 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated statement of cash flows

	Six-months ended 31 October	
	2021 €'000 (unaudited)	2020 €'000 (unaudited)
Net cash generated from operating activities	11,340	9,368
Net cash used in investing activities	(309)	(935)
Net cash used in financing activities	(4,308)	(3,089)
Movement in cash and cash equivalents	6,723	5,344
Cash and cash equivalents at beginning of period	1,210	(4,415)
Cash and cash equivalents at end of period	7,933	929

The notes on pages 7 to 9 are an integral part of this interim condensed consolidated financial information.

Notes to the half-yearly report

1. Basis of preparation

This report is being published pursuant to the terms of Chapter 5 of the Capital Markets Rules and the Prevention of Financial Markets Abuse Act 2005.

The financial information being published has been extracted from the PG Group's unaudited interim financial statements for the six months ended 31 October 2021, prepared in accordance with accounting standards adopted for use in the European Union for reported interim financial information (IAS 34 – Interim Financial Reporting). In terms of Capital Markets Rule 5.75.5, this interim report has not been audited by the Group's independent auditors.

During the COVID-19 pandemic the group continued to operate profitably when economic activity in a number of sectors was severely curtailed. On this basis, and on the basis of its detailed projections for the coming 12 months and beyond, the board has determined that there is reasonable expectation that the group has adequate resources to continue operating in a sustainable manner in the foreseeable future.

2. Significant accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 30 April 2020.

Standards, interpretations and amendments to published standards effective during the reporting period

During the financial period under review, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 May 2021.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these condensed consolidated interim financial statements, that are mandatory for the Group's accounting periods beginning after 1 May 2021. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

3. Segmental information

The group's operations consist of the management of supermarket operations and associated retail operations, together with the operation, in Malta, of the Zara and Zara Home franchises (the franchise operations). These operations are carried out, predominantly, on the local market. An analysis by business segment of the group's turnover and operating profit for this reporting period is set out below:

Group	Supermarkets and associated retail operations €'000	Franchise operations €'000	Group €'000
Period ended 31 October 2021			
Revenue	67,137	13,395	80,532
Less: inter-segmental sales	(8,685)	(895)	(9,580)
	58,452	12,500	70,952
Segment results	7,359	1,963	9,322
Net finance costs			(624)
Share of associates results			(61)
Profit before tax			8,637
Tax expense			(2,430)
Profit for the period			6,207
Period ended 31 October 2020			
Revenue	58,973	9,541	68,514
Less: inter-segmental sales	(6,826)	(798)	(7,624)
	52,147	8,743	60,890
Segment results	6,586	1,353	7,939
Net finance costs			(701)
Share of associates results			(48)
Profit before tax			7,190
Tax expense			(2,049)
Profit for the period			5,141

4. Earnings per share

Earnings per share is based on the profit after taxation attributable to the ordinary shareholders of the company divided by the weighted average number of ordinary shares in issue during the period.

5. Related party transactions

The principal group transactions carried out with related parties during the period were as follows:

	Six-months ended 31 October	
	2021	2020
	€'000	€'000
Lease charge payable to associates	1,442	1,085

The group's balances with associates as at the end of the period are as follows:

	As at 31 October	As at 30 April
	2021	2021
	€'000	€'000
Current		
Net amounts owed to associates	(2,224)	(1,591)

Director's statement pursuant to Capital Markets Rule 5.75.3

I hereby confirm that to the best of my knowledge:

1. the condensed half-yearly report gives a true and fair view of the financial position of the group as at 31 October 2021, 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 (IAS 34).
2. the interim directors' report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.



John Zarb
Chairman