

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:	18 December 2023
Ref.:	081/2023

APPROVAL OF INTERIM FINANCIAL STATEMENTS**QUOTE**

At its meeting held earlier today, 18 December 2023, 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 2023.

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

18 December 2023



HALF-YEARLY
REPORT
2023-24



A member of PG Group

ZARA ZARA HOME



A member of PG Group

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Half-yearly directors' report

Trading performance

During the first six-month period ended 31 October 2023, the Group registered an increase in turnover of 19.1%.

The Group's emphasis during this period within the supermarket and associated retail segment remained focused on containing the impact of inflationary pressures on its customers. PG continues to enhance the scale of its direct buying and seeks to ensure, across all major categories, that it offers an entry level product that can match the alternatives available on the market, even if this means that cost increases may not be fully passed on to clients, at the expense of margins. The sustained efforts made by the Group in this area are recognised by our clients, and this constitutes the main factor contributing to our turnover growth of 20.3% in this segment, which goes well beyond the impact of price inflation.

Growth was also recorded in our franchise operations, with Zara and Zara Home sales recording an increase of 13.3% in turnover. These two brands continue to offer good quality products at affordable prices and have maintained their popularity with local consumers.

The pricing policy adopted by the Group inevitably had an impact on margins, and indeed during the period under review the overall gross profit registered fell from 14.3% to 13.9%. Given the strong increase in turnover, nevertheless, gross profit and operating profits grew by 16.5% and 16.9% respectively. Profit before tax amounted to €10.1 million as compared to €8.5 million the previous year. After deducting taxation, the Group registered a profit after tax of €7.2 million compared to €6.1 million the previous year, an increase of 18.2%.

The Group's positive result was also reflected in the cash flow generation during the first six months of this financial year. Cash generated from operating activities amounted to €13.1 million, and at 31 October 2023 the Group's cash at bank exceeded its remaining bank borrowings – which have since been settled - by €9.8 million.

At the same time, over these past two years the Group has moved closer to attaining its objective of expanding the scope of its operations in its core line of business, leasing a substantial land site adjacent to Pama and in the course of 2022 acquiring land adjacent to its Pavi outlet for €7 million. The Group has since applied to the Lands Authority to procure a change of permitted use for this leasehold property.

Future prospects

The Group commenced this financial year with confidence in the momentum being experienced across its operations and with the Board's stated aim of improving upon the record results recorded in the financial year 2022/23.

The strong performance recorded in the first half year nevertheless exceeded expectations, albeit compared with a first six month period, in the financial year 2022/23, that was relatively quiet. Exceeding the group's strong performance in the second half of last year will be more challenging, although the Board is pleased to note that early indications are positive. The Board notes as well that the broad economic outlook moving ahead, which is positive but inevitably subject to intrinsic uncertainties, and that the conflicts in Ukraine and the Middle East remain a cause for great concern and further uncertainty.

Future prospects – continued

Looking beyond the immediate period ahead, the Board is also encouraged by the influx of new customers that the business has enjoyed in recent months. As already stated above, the Group's efforts to dampen the impact of higher prices has been recognized by the market, and will no doubt translate into higher customer loyalty in the longer term.

Dividends

On the 29 November 2023, the Board of Directors resolved to distribute a net interim dividend of €2.75 million in respect of the first six months of this financial year ending 30 April 2024. These dividends were paid on 11 December 2023 to the ordinary shareholders registered on the books of the Group as at 2 December 2023.

On behalf of the Board



John Zarb
Chairman



Paul Gauci
Executive Vice-Chairman

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

18 December 2023

Condensed consolidated statement of financial position

	As at 31 October	As at 30 April
	2023 €'000 (unaudited)	2023 €'000 (audited)
ASSETS		
Non-current assets	95,627	94,450
Current assets	37,104	33,178
Total assets	132,731	127,628
EQUITY AND LIABILITIES		
Total equity	65,181	62,476
Non-current liabilities	24,629	29,081
Current liabilities	42,921	36,071
Total liabilities	67,550	65,152
Total equity and liabilities	132,731	127,628

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 18 December 2023 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	
		2023 €'000 (unaudited)	2022 €'000 (unaudited)
Revenue		96,231	80,765
Gross profit		13,408	11,512
Operating profit		10,869	9,297
Finance income		37	-
Finance costs		(769)	(699)
Share of results of associates		(49)	(88)
Investment income		15	5
Profit before tax		10,103	8,515
Tax expense		(2,893)	(2,413)
Profit for the period		7,210	6,102
Earnings per share	4	0.067	0.057

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

Group	Share capital €'000	Fair value reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 May 2022	27,000	10	28,670	55,680
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Comprehensive income				
Profit for the period	-	-	6,102	6,102
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Other comprehensive income				
Fair value movement	-	(7)	-	(7)
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Transactions with owners				
Dividends for the period	-	-	(3,600)	(3,600)
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Balance at 31 October 2022	27,000	3	31,172	58,175
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Balance at 1 May 2023	27,000	(12)	35,488	62,476
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Comprehensive income				
Profit for the period	-	-	7,210	7,210
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Other comprehensive income				
Fair value movement	-	(5)	-	(5)
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Transactions with owners				
Dividends for the period	-	-	(4,500)	(4,500)
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Balance at 31 October 2023	27,000	(17)	38,198	65,181
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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	
	2023 €'000 (unaudited)	2022 €'000 (unaudited)
Net cash generated from operating activities	13,134	10,972
Net cash used in investing activities	(2,578)	(507)
Net cash used in financing activities	(6,286)	(4,666)
Movement in cash and cash equivalents	4,270	5,799
Cash and cash equivalents at beginning of period	9,094	7,719
Cash and cash equivalents at end of period	13,364	13,518

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 2023, 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.

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 2023.

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 2023.

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 2023. 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 2023			
Revenue	98,092	16,566	114,658
Less: inter-segmental sales	(17,298)	(1,129)	(18,427)
	80,794	15,437	96,231
Segment results	8,822	2,047	10,869
Net finance costs			(732)
Share of associates results			(49)
Investment income			15
Profit before tax			10,103
Tax expense			(2,893)
Profit for the period			7,210
Period ended 31 October 2022			
Revenue	80,098	14,614	94,712
Less: inter-segmental sales	(12,953)	(994)	(13,947)
	67,145	13,620	80,765
Segment results	7,587	1,710	9,297
Net finance costs			(699)
Share of associates results			(88)
Investment income			5
Profit before tax			8,515
Tax expense			(2,413)
Profit for the period			6,102

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	
	2023	2022
	€'000	€'000
Lease charge payable to associates	1,375	1,258

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

	As at 31 October	As at 30 April
	2023	2022
	€'000	€'000
Current		
Net amounts owed to associates	(2,797)	(1,677)

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 2023, 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