COMPANY ANNOUNCEMENT

Loqus Holdings p.l.c. (the "Company")

Announces approval of half-yearly report

Date of Announcement	21st February 2020
Reference	186/2020

This is a company announcement made by the Company in compliance with Chapter 5 of the Listing Rules:

QUOTE

The Company announces that the directors have approved the half-yearly report of the Company for the six months ended 31st December 2019. A copy of the half-yearly report is attached to this announcement, and may also be downloaded from the Company's website www.loqusgroup.com/upload/publications/2020/

UNQUOTE

Adrian Mallia
Company Secretary

Loqus Holdings p.l.c.

Condensed Consolidated Interim Report (unaudited)

31 December 2019

Loqus Holdings p.l.c.

31 December 2019

Contents

Directors' Report pursuant to Listing Rule 5.75.2

For the six-months ended 31 December 2019

The Directors present their report in accordance with the requirements of MFSA Listing Rule 5.74. This report, which shall be read in conjunction with the Condensed Consolidated Interim Financial Statements for the six months ended 31 December 2019, including the Notes thereto, forms part of the Half-Yearly Report of Loqus Holdings p.l.c., drawn up in terms of the requirements of Listing Rules 5.74 to 5.75.

Principal Activities

The Company holds investments in subsidiaries engaged in the provision of fleet management, back-office processing, and ICT solutions.

Review of Performance

The Group is reporting a profit for the period of €23,074.

	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018	% change
Revenue	**2,594,633**	€1,760,784	47%
Costs	**2,004,757**	€1,450,118	38%
EBITDA	**589,876**	€310,666	90%
Profit/(loss) for the period	**23,074**	(€110,078)	121%

The momentum gained by our core fleet product, openFleet has continued and have resulted in further increase in revenue. Fleet management revenue increased by 52% over the same period last year and now accounts for 66% of our revenue stream. This is a result of the intensive research and development efforts, product design and development together with a strong focus on international marketing and sales and demonstrates the strength of our business model and successful execution of our strategy. The Group had reported a decrease in revenue from our back-office revenue which has continued to affect the revenues in the current period. Another negative impact on revenue was the fact that our UK contracts are denominated in pound sterling which was dominated by the political instability caused by Brexit. However such drops in revenue has been absorbed by growth in our annual revenue streams.

Following our important investment in research and development on the open Fleet product line, amortisation costs relating to this investment is on the increase. Cash flow from operations amounted to EUR895k which allowed the Group to finance its investment in open Fleet. This investment is the life blood of our business and our plans are to continue to invest in extending the open Fleet product into new and practical directions.

The significant investment in our research and development in recent years provide a strong foundation to build on. The fundamentals of the Group's strategy have remained consistent for a significant period of time and is built on the development of a market-leading range of competitive products to enable further penetration of our existing target markets. Loqus is well positioned to seize the new opportunities, thanks to its growing geographical reach, scale and the open Fleet product and capabilities it has developed in recent years.

Directors' Report pursuant to Listing Rule 5.75.2 (continued)

For the six-months ended 31 December 2019

Way forward

Our long-term strategic planning continues to focus on increasing the value of our products through innovation and quality. We have made good inroads in growing inside the UK market with open Fleet, the EU market is our natural next step.

Looking ahead, we have more to do, however we are progressing in the right direction. Our investment in people, products and partners will continue and is the key to help us achieve our ambition to increase recurrent revenues, profitability, enterprise value and ultimately, shareholder value.

Approved by the Board on 21 February 2020 and signed on its behalf by:

Mr Walter Bonnici
Chairman

Mr Joe Fenech Conti
Director

Condensed Consolidated Interim Statement of Comprehensive Income

For the six-months ended 31 December 2019

	01.07.2019 To 31.12.2019 €	01.07.2018 To 31.12.2018 €
Revenue	**2,594,633**	**1,760,784**
Purchases and other directly attributable costs	(589,226)	(278,518)
Personnel expenses	(1,067,546)	(923,127)
Professional and consultancy fees	(34,668)	(39,655)
Travelling and accommodation	(120,620)	(27,567)
Marketing expenses	(17,295)	(28,460)
Other administrative expenses	(175,402)	(152,791)
Operating profit before depreciation and amortisation	**589,876**	**310,666**
Depreciation and amortisation	(464,963)	(337,970)
Finance costs	(101,839)	(82,774)
Profit/(loss) before tax	**23,074**	**(110,078)**
Income tax expense	-	-
Profit/(loss) for the period	**23,074**	**(110,078)**
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period net of tax	**23,074**	**(110,078)**
Attributable to:		
Owners of the parent	23,074	(110,078)
Non-controlling interest	-	-
	23,074	**(110,078)**
Profit/(loss) per share basic	0c7	(0c3)

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

	The Group	
	31.12.2019	30.06.2019
	€	€
ASSETS		
Non-current assets		
Property, plant and equipment	147,380	158,099
Intangible assets	7,123,493	6,900,914
Right-of-use assets	202,788	-
Total non-current assets	7,473,661	7,059,013
Current assets		
Inventories	14,959	15,778
Trade and other receivables	1,641,797	2,042,907
Cash at bank and in hand	186,708	29,964
Total current assets	1,843,464	2,088,649
TOTAL ASSETS	9,317,125	9,147,662

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

	The Group	
	31.12.2019	30.06.2019
	€	€
EQUITY AND LIABILITIES		
Equity		
Issued capital	7,430,457	7,430,457
Share premium	847,101	847,101
Capital Redemption Reserve	121,554	121,554
Accumulated losses	(5,680,489)	(5,659,055)
Total equity attributable to equity holders of the parent	2,718,623	2,740,057
Non-controlling interests	-	-
Total Equity	2,718,623	2,740,057
Non-current liabilities		
Interest-bearing loans and borrowings	950,648	905,401
Lease liability	152,579	-
Trade and other payables	-	-
Total non-current liabilities	1,103,227	905,401
Interest-bearing loans and borrowings	297,035	353,146
Trade and other payables	5,198,240	5,149,058
Taxation	-	-
Total current liabilities	5,495,275	5,502,204
Total liabilities	6,598,502	6,407,605
TOTAL EQUITY AND LIABILITIES	9,317,125	9,147,662

The Condensed Consolidated interim financial statements set out on pages 3 to 11 were approved by the Board of Directors on 21 February 2020 and were signed on its behalf by:

Mr Walter Bonnici
Chairman

Mr Joe Fenech Conti
Director

Condensed Consolidated Interim Statements of Changes in Equity
For the six-months ended 31 December 2019

	Attributable to equity holders of the parent						
	Issued capital	Share premium	Capital redemption reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	€	€	€	€	€	€	€
At 1 July 2018	7,430,457	847,101	121,554	(5,916,744)	2,482,368	-	2,482,368
Loss for the period	-	-	-	(110,078)	(110,078)	-	(110,078)
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2018	7,430,457	847,101	121,554	(6,026,822)	2,372,290	-	2,372,290
Dividends	-	-	-	-	-	-	-
At 31 December 2018	7,430,457	847,101	121,554	(6,026,822)	2,372,290	-	2,372,290
At 1 July 2019	7,430,457	847,101	121,554	(5,659,055)	2,740,057	-	2,740,057
Profit for the period	-	-	-	23,074	23,074	-	23,074
Adoption of IFRS 16	-	-	-	(44,508)	(44,508)	-	(44,508)
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2019	7,430,457	847,101	121,554	(5,680,489)	2,718,623	-	2,718,623
Dividends	-	-	-	-	-	-	-
At 31 December 2019	7,430,457	847,101	121,554	(5,680,489)	2,718,623	-	2,718,623

Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 December 2019

	The Group	
	01.07.2019 to 31.12.2019	01.07.2018 to 31.12.2018
	€	€
Operating Activities		
Profit/(loss) before Tax	23,074	(110,078)
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Depreciation, amortisation and impairment	464,963	337,970
Provision for impairment of receivables	-	-
Interest expense	101,839	82,774
Provision for obsolete inventory	210	-
Working capital adjustments:		
Movement in inventories	609	(8,517)
Movement in trade and other receivables	401,114	416,210
Movement in trade and other payables	(88,773)	27,208
	903,036	745,567
Interest paid	(7,596)	-
Net cash flows generated from operating activities	895,440	745,567
Investing activities		
Payment to acquire property, plant and equipment	(10,646)	(104,934)
Payments to acquire intangible assets	(637,589)	(574,676)
Net cash flows used in investing activities	(648,235)	(679,610)
Financing activities		
Repayment of lease liabilities	(25,396)	-
Net cash flows used in financing activities	(25,396)	-
Net movement in cash and cash equivalents	221,809	65,957
Cash and cash equivalents at beginning of period	(101,183)	(29,494)
Cash and cash equivalents at end of period	120,626	36,463

Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2019

Reporting entity

Loqus Holdings p.l.c. ("the Company"), is a limited liability company incorporated in Malta on the 23rd day of October of the year 2000. The condensed consolidated interim financial statements of the Group as at and for the six months ended 31st December 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in an associated company.

Basis of preparation and statement of compliance

The condensed consolidated interim financial statements have been prepared on a historical cost basis. The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34 *Interim Financial Reporting*) and the Listing Rules issued by the MFSA.

These condensed consolidated interim financial statements have been extracted from the unaudited and unreviewed group management accounts for the six months ended 31st December 2019.

The interim financial statements do not include all of the information and disclosures required for full annual financial statements, and should be read in conjunction with the financial statements of Loqus Holdings p.l.c. as at and for the year ended 30th June 2019.

The condensed consolidated interim financial statements were approved by the Board of Directors on 21st February 2020.

Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Group will continue in existence for the foreseeable future. The Directors have reasonable expectation that the Group has adequate resources to improve its liquidity and to take the necessary decisions to continue its operations in the foreseeable future.

The consolidated financial statements of the Group as at and for the period ended 30th June 2019 are available upon request from the Company's registered office at SUB008A, Industrial Estate, San Gwann, Malta.

Significant accounting policies

Except for the below changes, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30th June 2019.

Relevant new accounting standards

The Group has with effect from 1 July 2019 implemented the following new and amended standards and interpretations:

- IFRS 16 Leases

Effect of IFRS 16

As of 1 July 2019, all leasing and lease contracts on the balance sheet are recognized with a leasing asset (the right-of-use assets) and a lease obligation, respectively. In accordance with the transitional provisions of IFRS 16, the Group, has decided not to recognise leases with a maturity of less than 12 months or with low value. The average alternative loan interest rate used for discounting future lease payments in connection with the measurement of the lease obligation on initial recognition of IFRS 16 is set at the Group's alternative loan interest rate which is as follows:

- Property - approximately 3% p.a.
- Motor Vehicles – approximately 7%

Impact of IFRS 16

On 1 July 2019 the Group has recognised leasing assets of EUR231k and a lease liability of EUR276k.

Right-of-use assets consist of a property lease and motor vehicle lease. At the transitional date, the total right-of-use assets amounted to EUR231k. These assets are amortized on a straight-line basis over the expected useful life, which is:

• Property lease	over the remaining period of the lease
• Motor Vehicles	5 years

With effect from 1 July 2019, the consolidated income statement includes the depreciation of the right-of-use asset and the finance charges on the lease liability in profit before tax. Under IAS 17 in the six months ended 31 December 2018 the operating lease payments were included in operating profit in the income statement. For the six months ended 31 December 2019 depreciation of right-of-use assets was EUR29k and the finance charge in respect of the Group's lease liabilities was EUR6k. The adoption of IFRS 16 resulted in an immaterial benefit to operating profit and an immaterial increase in finance charges. Profit before tax and earnings per share have not been significantly impacted.

The adoption of IFRS 16 has had no impact on the Group's net cash flows although a presentation change has been reflected whereby the principal element of the lease payments (for leases formerly classified as operating leases under IAS 17) of EUR26k in the six months ended 31 December 2019, are disclosed as part of cash flow from financing activities and the interest element is included in cash flow from operating activities. Under IAS 17 both the principal and interest cash flows from operating leases would have been disclosed as part of cash flows from operating activities.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2019

Segment information

For management purposes, the group is organised into business units based on their products and services as follows:

- Fleet management - Vehicle and Marine Tracking Systems and On the Move Logistics Solutions including tailor made solutions as well as off the shelf packages. This department previously also incorporated products and services which are now classified within Original Equipment Manufacturers in view of the incorporation of Loqus Fleet Limited.
- Original Equipment Manufacturers – This includes Fleet Management contracts which the group holds with resellers under their own name and branding.
- Back-office processing - variety of high level, off site services to support entities.
- Projects - assist clients in selecting appropriate ICT solutions and in implementing them.

Management monitors revenue and directly attributable costs of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements. Corporate expenses are allocated based on the segmental revenues. However, the Group assets and liabilities are managed on a Group basis and are not allocated to operating segments.

01/07/2019 to 31/12/2019	**Fleet management**	**Original Equipment Manufacturers**	**Back-office processing**	**Projects**	**Consolidated**
Revenue	1,668,622	44,836	767,926	113,249	2,594,633
Purchases and other directly attributable costs	(422,990)	(3,742)	(89,528)	(72,966)	(589,226)
Personnel expenses	(415,595)	(6,573)	(523,327)	(122,051)	(1,067,546)
Other expenses	(211,630)	(2,695)	(114,540)	(19,120)	(347,985)
Operating profit/(loss) before depreciation and amortisation	618,407	31,826	40,531	(100,888)	589,876
Depreciation and amortisation	(334,696)	(4,737)	(47,637)	(77,893)	(464,963)
Finance cost	(50,342)	(1,353)	(42,709)	(7,435)	(101,839)
Profit/(loss) before tax	233,369	25,736	(49,815)	(186,216)	23,074

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2019

01/07/2018 to 31/12/2018	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
	€	€	€	€	€
Revenue	697,963	68,305	906,930	87,586	1,760,784
Purchases and other directly attributable costs	(147,635)	(6,554)	(81,456)	(42,873)	(278,518)
Personnel expenses	(359,312)	(14,303)	(502,300)	(47,212)	(923,127)
Other expenses	(79,267)	(3,976)	(145,153)	(20,077)	(248,473)
Operating profit/(loss) before depreciation and amortisation	111,749	43,472	178,021	(22,576)	310,666
Depreciation and amortisation	(196,260)	(16,813)	(78,455)	(46,442)	(337,970)
Finance cost	(18,771)	(1,837)	(54,615)	(7,551)	(82,774)
Profit/(loss) before tax	(103,282)	24,822	44,951	(76,569)	(110,078)

Revenue by geographical markets	Local	Europe	Middle East and South Africa	Australasia	Total
	€	€	€	€	€
01.07.2019 to 31.12.2019	1,056,800	1,509,393	14,778	13,662	2,594,633
01.07.2018 to 31.12.2018	1,176,053	547,618	21,586	15,527	1,760,784

Related parties

The Group's related parties are its shareholders and key management personnel. The transactions with these related parties during the six months ended 31 December 2019 were those that prevail in arm's length transactions.

Significant accounting judgements, estimates and assumptions

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Actual results in the future may differ from such estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the six-months ended 31 December 2019

I hereby confirm that to the best of my knowledge:

- the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, as well as of the financial performance and cash flows for the said period, fully in compliance with the International Financial Standards as adopted for use in the EU for interim financial statements (EU adopted IAS 34, *Interim Financial Reporting*); and
- the Interim Directors' report includes a fair review of the information required in terms of Listing Rule 5.81 to 5.84.

Mr Walter Bonnici
Chairman