

COMPANY ANNOUNCEMENT

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

Announces approval of half-yearly report

Date of Announcement

23rd February 2022

Reference

206/2022

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

QUOTE

The Company announces that the directors have approved the half-yearly report of the Company for the six months ended 31st December 2021. A copy of the half-yearly report is attached to this announcement, and may also be downloaded from the Company's website <https://www.loqusgroup.com/publications.html>

UNQUOTE



Adrian Mallia
Company Secretary

Loqus Holdings p.l.c.

**Condensed Consolidated Interim
Report
(unaudited)**

31 December 2021

31 December 2021

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Directors' Report pursuant to Capital Market Rule 5.75.2

For the six-months ended 31 December 2021

The Directors present their report in accordance with the requirements of MFSA Capital Market Rule 5.75. This report, which shall be read in conjunction with the Condensed Consolidated Interim Financial Statements for the six months ended 31 December 2021, 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 Capital Market 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 first six months ending 31 December 2021 saw the Group reporting record revenues. The Group is reporting a profit before tax, for the period, of EUR929,682 (2020: EUR640,130).

	01.07.2021 to 31.12.2021	01.07.2020 to 31.12.2020	% change
	EURO	EURO	
Revenue	5,108,660	3,674,794	39%
Costs	3,668,344	2,354,351	55%
EBITDA	1,440,316	1,320,443	9%
Profit for the period before tax	929,682	640,130	45%

Growth was reported in all segments with total revenue increasing by 39%, resulting in a healthy EBITDA of 29% of revenue. Our investment in both back-office processing and our openFleet product resulted in the highest revenue ever recorded from these segments.

A significant part of our annual cost is preparation for planned growth. In this period we invested a further EUR779k in employee costs and an increase in cloud infrastructure to prepare for activities that have been contracted and planned for. The increase in resources is essential to meet increased workload triggered by our latest wins.

Following our important investment in research and development on the open Fleet product line, amortisation costs relating to this investment increased. During the period under review we also turned our focus on the acceleration of the roll-out of our core fleet product and this resulted in a decrease of 33% in our capitalised salaries.

The Group is also reporting a net cash position of EUR2,288,097. Our improved cash flow has allowed the Group to regularise and decrease its exposure in terms of taxes and social security contributions. In fact, the improvement in the bottom line was positively impacted by the reversal of accrued financing costs in the prior period following an agreement reached with the local authorities.

Directors' Report pursuant to Capital Market Rule 5.75.2 (continued)

For the six-months ended 31 December 2021

Forecasts

The Group is expecting figures for the financial year 1 July 2021 to 30 June 2022 to be in line with the results of the prior year. We expect the increase in the second half of the current period to be significantly less than the increase in the first half of this period. The peak period surge, around Black tag weeks and the Christmas period, will not be present between January to June. Costs related to our investments in research and development and improving our product deployment and support are expected to continue to increase.

Way forward

The Group has been financed over the last thirteen years through cash generated from operations. Our prudent approach has allowed us to grow, year on year, while investing in personnel, products, and marketing from this limited cash pool.

The Group has been hampered by accumulated losses and the last seven years have seen the Group return to profitability. The Group is at a point where it needs to restructure its balance sheet and attract new financing if it is to realise the Group's full potential.

Our strategy is working and combining our ideas with capital increase augers strong growth for the Group.

Approved by the Board on 23 February 2022 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 2021

	01.07.2021	01.07.2020
	To	To
	31.12.2021	31.12.2020
	€	€
Revenue	5,108,660	3,674,794
Purchases and other directly attributable costs	(970,926)	(707,898)
Personnel expenses	(2,442,761)	(1,418,873)
Professional and consultancy fees	(45,737)	(37,237)
Travelling and accommodation	(13,839)	(17)
Marketing expenses	(227)	(3,555)
Other administrative expenses	(194,854)	(186,771)
Operating profit before depreciation and amortisation	1,440,316	1,320,443
Depreciation and amortisation	(628,383)	(558,836)
Finance costs	117,749	(121,477)
Profit before tax	929,682	640,130
Income tax expense	(59,866)	(31,484)
Profit for the period	869,816	608,646
Other comprehensive income	-	-
Exchange difference on translation of foreign operations	387	-
Total comprehensive income for the period net of tax	870,203	608,646
Attributable to:		
Owners of the parent	869,816	608,646
Non-controlling interest	-	-
	869,816	608,646
Profit per share basic	2c7	1c9

Condensed Consolidated Statement of Financial Position

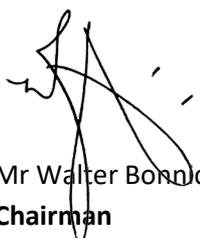
As at 31 December 2021

	The Group	
	31.12.2021	30.06.2021
	€	€
ASSETS		
Non-current assets		
Property, plant and equipment	339,847	307,261
Intangible assets	7,500,127	7,617,020
Deferred tax asset	350,000	350,000
Total non-current assets	<u>8,189,974</u>	<u>8,274,281</u>
Current assets		
Inventories	11,729	14,146
Trade and other receivables	3,446,659	2,487,645
Cash at bank and in hand	2,349,916	2,366,828
Total current assets	<u>5,808,304</u>	<u>4,868,619</u>
TOTAL ASSETS	<u>13,998,278</u>	<u>13,142,900</u>

Condensed Consolidated Statement of Financial Position
As at 31 December 2021

	The Group	
	31.12.2021	30.06.2021
	€	€
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
Translation Reserve	86,140	85,753
Accumulated losses	(3,537,819)	(4,407,635)
Total equity attributable to equity holders of the parent	<u>4,947,433</u>	<u>4,077,230</u>
Non-controlling interests	-	-
Total Equity	<u>4,947,433</u>	<u>4,077,230</u>
Non-current liabilities		
Interest-bearing loans and borrowings	1,145,145	1,092,358
Lease liabilities	38,615	119,811
Trade and other payables	-	-
Total non-current liabilities	<u>1,183,760</u>	<u>1,212,169</u>
Interest-bearing loans and borrowings	365,008	284,024
Lease liabilities	108,870	55,347
Trade and other payables	7,232,543	7,415,819
Taxation	160,664	98,311
Total current liabilities	<u>7,867,085</u>	<u>7,853,501</u>
Total liabilities	<u>9,050,845</u>	<u>9,065,670</u>
TOTAL EQUITY AND LIABILITIES	<u>13,998,278</u>	<u>13,142,900</u>

The Condensed Consolidated interim financial statements set out on pages 3 to 10 were approved by the Board of Directors on 23 February 2022 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 2021

	Attributable to equity holders of the parent					Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Capital redemption reserve	Accumulated losses	Translation Reserve			
	€	€	€	€	€			
At 1 July 2020	7,430,457	847,101	121,554	(5,845,952)	-	2,553,160	-	2,553,160
Profit for the period	-	-	-	608,646	-	608,646	-	608,646
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	608,646	-	608,646	-	608,646
At 31 December 2020	7,430,457	847,101	121,554	(5,237,306)	-	3,161,806	-	3,161,806
At 1 July 2021	7,430,457	847,101	121,554	(4,407,635)	85,753	4,077,230	-	4,077,230
Profit for the period	-	-	-	869,816	-	869,816	-	869,816
Other comprehensive income	-	-	-	-	387	387	-	387
Total comprehensive income	-	-	-	869,816	387	870,203	-	870,203
At 31 December 2021	7,430,457	847,101	121,554	(3,537,819)	86,140	4,947,433	-	4,947,433

Condensed Consolidated Interim Statement of Cash Flows
For the six-months ended 31 December 2021

	The Group	
	01.07.2021	01.07.2020
	to	to
	31.12.2021	31.12.2020
	€	€
Operating Activities		
Profit before Tax	929,682	640,130
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Depreciation, amortisation and impairment	628,383	558,836
Provision for impairment of receivables	-	-
Interest (income)/expense	(117,749)	121,477
Provision for obsolete inventory	-	280
Working capital adjustments:		
Movement in inventories	2,417	(1,283)
Movement in trade and other receivables	(958,548)	(126,809)
Movement in trade and other payables	225,485	696,154
	<u>709,670</u>	<u>1,888,785</u>
Interest paid	(17,050)	(16,467)
Income tax paid	-	(104,935)
Net cash flows generated from operating activities	<u>692,620</u>	<u>1,767,383</u>
Investing activities		
Payment to acquire property, plant and equipment	(96,079)	(8,162)
Payments to acquire intangible assets	(448,074)	(669,434)
Payments to acquire subsidiary	(198,651)	(299,618)
Net cash flows used in investing activities	<u>(742,804)</u>	<u>(977,214)</u>
Financing activities		
Repayment of lease liabilities	(27,673)	(23,628)
Net cash flows used in financing activities	<u>(27,673)</u>	<u>(23,628)</u>
Net movement in cash and cash equivalents	(77,857)	766,541
Cash and cash equivalents at beginning of period	2,365,954	1,092,225
Cash and cash equivalents at end of period	<u>2,288,097</u>	<u>1,858,766</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2021

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 2021 comprise the Company and its subsidiaries (together referred to as the “Group”).

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 Capital Market 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 2021.

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 2021.

The condensed consolidated interim financial statements were approved by the Board of Directors on 23rd February 2022.

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.

On the basis of the progress made by the Group, the Directors are of the opinion that cash flows are sufficient to meet present and future commitments and liabilities of the Company and the Group as and when they fall due.

The consolidated financial statements of the Group as at and for the period ended 30th June 2021 are available upon request from the Company’s registered office at SUB008A, Industrial Estate, San Gwann, Malta.

Significant accounting policies

Except for any changes listed below, 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 2021. The application of any new and revised International Financial Reporting Standards is not expected to have a significant impact on the financial statements.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2021

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.

01/07/2021 to 31/12/2021	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
Revenue	3,476,196	35,997	1,408,260	188,207	5,108,660
Purchases and other directly attributable costs	(803,506)	-	(159,040)	(8,380)	(970,926)
Personnel expenses	(1,772,727)	(6,096)	(580,707)	(83,231)	(2,442,761)
Other expenses	(121,221)	(1,800)	(120,276)	(11,360)	(254,657)
Operating profit before depreciation and amortisation	778,742	28,101	548,237	85,236	1,440,316
Depreciation and amortisation	(511,318)	(4,751)	(83,166)	(29,148)	(628,383)
Finance income	70,301	728	42,894	3,826	117,749
Profit before tax	337,725	24,078	507,965	59,914	929,682

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2021

01/07/2020 to 31/12/2020	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
Revenue	2,652,517	36,528	900,308	85,441	3,674,794
Purchases and other directly attributable costs	(545,261)	-	(154,257)	(8,380)	(707,898)
Personnel expenses	(841,430)	(5,931)	(504,087)	(67,425)	(1,418,873)
Other expenses	(96,691)	(1,949)	(116,864)	(12,076)	(227,580)
Operating profit/(loss) before depreciation and amortisation	1,169,135	28,648	125,100	(2,440)	1,320,443
Depreciation and amortisation	(458,776)	(1,302)	(62,541)	(36,217)	(558,836)
Finance cost	(72,165)	(994)	(43,429)	(4,889)	(121,477)
Profit/(loss) before tax	638,194	26,352	19,130	(43,546)	640,130

Revenue by geographical markets	Local	Europe	Middle East and South Africa	Australasia	Total
	€	€	€	€	€
01.07.2021 to 31.12.2021	1,786,082	3,301,191	11,477	9,910	5,108,660
01.07.2020 to 31.12.2020	1,197,067	2,448,200	13,317	16,210	3,674,794

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 2021 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 2021.

Statement pursuant to Capital Market Rule 5.75.3 issued by the Listing Authority

For the six-months ended 31 December 2021

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 2021, 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 Capital Market Rule 5.81 to 5.84.



Mr Walter Bonnici
Chairman