

COMPANY ANNOUNCEMENT

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

Announces approval of half-yearly report

Date of Announcement

28th February 2023

Reference

215/2023

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 2022. 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 2022

31 December 2022

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Directors' Report pursuant to Capital Market Rule 5.75.2

For the six-months ended 31 December 2022

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 2022, 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 2022 saw the Group maintaining record revenues achieved in the prior period. The Group is reporting a profit before tax, for the period, of EUR575,370 (2021: EUR929,682).

	01.07.2022 to 31.12.2022	01.07.2021 to 31.12.2021	% change
	EURO	EURO	
Revenue	5,161,612	5,108,660	1%
Costs	3,863,685	3,668,344	(5)%
EBITDA	1,297,297	1,440,316	(9)%
Profit for the period before tax	575,370	929,682	(38)%

The Group has achieved the same level of revenue as reported in the previous period. Growth in revenue is not expected during the year under review until our recent contract achievements have been rolled out.

A significant part of our annual cost is preparation for planned growth. In this period we invested further 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 continued to invest further in our core fleet product and this resulted in an increase of 65% in our capitalised salaries.

The Group is also reporting a net cash position of EUR2million. Our improved cash flow has allowed the Group to continue to decrease its exposure in terms of taxes and social security contributions. In fact, the improvement in the bottom line, in the prior period was positively impacted by the reversal of accrued financing costs following agreements reached with the local authorities. The Group has in this period turned its focus to the repayment of shareholders' loans which bear interest at the rate of 8% per annum.

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

For the six-months ended 31 December 2022

Forecasts

The Group is expecting figures for the financial year 1 July 2022 to 30 June 2023 to see a decrease in the bottom line from 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 fourteen 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 eight years have seen the Group return to profitability. The Group is at a point where it needs to attract new financing 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 28 February 2023 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 2022

	01.07.2022 To 31.12.2022 €	01.07.2021 To 31.12.2021 €
Revenue	5,161,612	5,108,660
Purchases and other directly attributable costs	(1,122,670)	(970,926)
Personnel expenses	(2,403,381)	(2,442,761)
Professional and consultancy fees	(47,583)	(45,737)
Travelling and accommodation	(48,631)	(13,839)
Marketing expenses	(12,301)	(227)
Other administrative expenses	(229,749)	(194,854)
Operating profit before depreciation and amortisation	1,297,297	1,440,316
Depreciation and amortisation	(662,110)	(628,383)
Finance costs	(59,817)	117,749
Profit before tax	575,370	929,682
Income tax expense	(14,090)	(59,866)
Profit for the period	561,280	869,816
Other comprehensive income	-	-
Exchange difference on translation of foreign operations	(11,742)	387
Total comprehensive income for the period net of tax	549,538	870,203
Profit for the period attributable to:		
Owners of the parent	561,280	869,816
Non-controlling interest	-	-
	561,230	869,816
Total comprehensive income attributable to:		
Owners of the parent	549,538	870,203
Non-controlling interest	-	-
	549,538	870,203
Profit per share basic	1c7	2c7

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	The Group	
	31.12.2022	30.06.2022
	€	€
ASSETS		
Non-current assets		
Property, plant and equipment	319,795	304,041
Intangible assets	7,919,372	7,780,951
Deferred tax asset	500,000	500,000
Total non-current assets	<u>8,739,167</u>	<u>8,584,992</u>
Current assets		
Inventories	16,888	12,520
Trade and other receivables	2,727,983	3,057,987
Cash at bank and in hand	2,081,899	1,876,299
Total current assets	<u>4,826,770</u>	<u>4,946,806</u>
TOTAL ASSETS	<u><u>13,565,937</u></u>	<u><u>13,531,798</u></u>

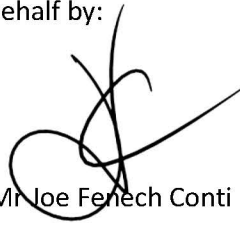
Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	The Group	
	31.12.2022	30.06.2022
	€	€
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	67,220	78,962
Accumulated losses	(2,165,637)	(2,726,917)
Total equity attributable to equity holders of the parent	6,300,695	5,751,157
Non-controlling interests	-	-
Total Equity	6,300,695	5,751,157
Non-current liabilities		
Interest-bearing loans and borrowings	605,121	1,197,070
Other liabilities	1,162,166	1,597,807
Lease liabilities	32,554	38,615
Total non-current liabilities	1,799,841	2,833,492
Interest-bearing loans and borrowings	636,260	302,685
Lease liabilities	107,014	81,197
Trade and other payables	4,639,315	4,491,850
Taxation	82,812	71,417
Total current liabilities	5,465,401	4,947,149
Total liabilities	7,265,242	7,780,641
TOTAL EQUITY AND LIABILITIES	13,565,937	13,531,798

The Condensed Consolidated interim financial statements set out on pages 3 to 10 were approved by the Board of Directors on 28 February 2023 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 2022

	Attributable to equity holders of the parent							
	Issued capital	Share premium	Capital redemption reserve	Accumulated losses	Translation Reserve	Total	Non-controlling interests	Total equity
	€	€	€	€	€	€	€	€
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
At 1 July 2022	7,430,457	847,101	121,554	(2,726,917)	78,962	5,751,157	-	5,751,157
Profit for the period	-	-	-	561,280	-	561,280	-	561,280
Other comprehensive income	-	-	-	-	(11,742)	(11,742)	-	(11,742)
Total comprehensive income	-	-	-	561,280	(11,742)	549,538	-	549,538
At 31 December 2022	7,430,457	847,101	121,554	(2,165,637)	67,220	6,300,695	-	6,300,695

Condensed Consolidated Interim Statement of Cash Flows
For the six-months ended 31 December 2022

	The Group	
	01.07.2022	01.07.2021
	to	to
	31.12.2022	31.12.2021
	€	€
Operating Activities		
Profit before Tax	575,370	929,682
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Depreciation, amortisation and impairment	662,110	628,383
Provision for impairment of receivables	-	-
Interest (income)/expense	59,817	(117,749)
Provision for obsolete inventory	-	-
Working capital adjustments:		
Movement in inventories	(4,368)	2,417
Movement in trade and other receivables	318,262	(958,548)
Movement in trade and other payables	(297,469)	225,485
	<u>1,313,722</u>	<u>709,670</u>
Interest paid	(1,663)	(17,050)
Income tax paid	-	-
Net cash flows generated from operating activities	<u>1,312,059</u>	<u>692,620</u>
Investing activities		
Payment to acquire property, plant and equipment	(28,848)	(96,079)
Payments to acquire intangible assets	(740,346)	(448,074)
Payments to acquire subsidiary	-	(198,651)
Net cash flows used in investing activities	<u>(769,194)</u>	<u>(742,804)</u>
Financing activities		
Repayment of lease liabilities	(27,364)	(27,673)
Repayment of interest-bearing loans and borrowings	(299,267)	-
Net cash flows used in financing activities	<u>(326,631)</u>	<u>(27,673)</u>
Net movement in cash and cash equivalents	216,234	(77,857)
Cash and cash equivalents at beginning of period	1,864,919	2,365,954
Cash and cash equivalents at end of period	<u>2,081,153</u>	<u>2,288,097</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2022

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 2022 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 2022.

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 2022.

The condensed consolidated interim financial statements were approved by the Board of Directors on 28th February 2023.

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 2022 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 2022. 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 2022

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.

01/07/2022 to 31/12/2022	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
Revenue	3,701,915	23,151	1,195,923	240,623	5,161,612
Purchases and other directly attributable costs	(980,332)	(352)	(94,053)	(47,933)	(1,122,670)
Personnel expenses	(1,827,225)	(4,318)	(440,023)	(131,815)	(2,403,381)
Other expenses	(180,485)	(1,158)	(152,555)	(4,066)	(338,264)
Operating profit before depreciation and amortisation	713,873	17,323	509,292	56,809	1,297,297
Depreciation and amortisation	(537,737)	(60)	(98,483)	(25,830)	(662,110)
Finance income	(34,376)	(215)	(24,865)	(361)	(59,817)
Profit before tax	141,760	17,048	385,944	30,618	575,370

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2022

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/(loss) before depreciation and amortisation	775,742	28,101	548,237	85,236	1,440,316
Depreciation and amortisation	(511,318)	(4,751)	(83,166)	(29,148)	(628,383)
Finance cost	70,301	728	42,894	3,826	117,749
Profit/(loss) before tax	337,725	24,078	507,965	59,914	929,682

Revenue by geographical markets	Local	Europe	Middle East and South Africa	Australasia	Total
	€	€	€	€	€
01.07.2022 to 31.12.2022	1,786,082	3,301,191	11,477	9,910	5,108,660
01.07.2021 to 31.12.2021	1,786,082	3,301,191	11,477	9,910	5,108,660

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 2022 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 2022.

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

For the six-months ended 31 December 2022

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 2022, 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