

COMPANY ANNOUNCEMENT

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

Announces approval of half-yearly report

Date of Announcement

24th February 2021

Reference

198/2021

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 2020. 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 2020

31 December 2020

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Directors' Report pursuant to Listing Rule 5.75.2

For the six-months ended 31 December 2020

The Directors present their report in accordance with the requirements of MFSA Listing 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 2020, 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 first six months ending 31 December 2020 saw the Group reporting record revenues derived primarily from our fleet management business. The Group is reporting an exceptional profit before tax, for the period, of EUR640,130.

	01.07.2020 to 31.12.2020 EURO	01.07.2019 to 31.12.2019 EURO	% change
Revenue	3,674,794	2,594,633	42%
Costs	2,354,351	2,004,757	17%
EBITDA	1,320,443	589,876	124%
Profit for the period before tax	640,130	23,074	2674%

COVID-19 impacted the Group in the last quarter of the previous financial year with public sector income dropping dramatically, previously planned Fleet projects postponed or cancelled and an important Fleet client going into administration. In this financial period, we managed to recover from this blow and to produce the best six-month result since the Group was setup. Our Public Sector revenues returned to pre 2020 figures, compared to the same period last year Public Sector revenues increased by EUR105K. Our Fleet management revenues benefited from a surge in online sales in customers with transactional fees. Also during this period we went online with new products and new customers. The recent acquisition of Simno Software Services Limited (SIMNO), contributed a further EUR462k to Group fleet revenues. Total Fleet management revenues compared to the same period last year increased by EUR983K and now contributes 73% of our total revenues.

Forecasts

The Group is expecting figures for the financial year 1 July 2020 to 30 June 2021 to be significantly better than the results of the prior period. 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 increase.

Directors' Report pursuant to Listing Rule 5.75.2 (continued)

For the six-months ended 31 December 2020

Business Strategy

Our improved cash flow is allowing us to move from monthly recurrent fees to transactional fees. This strategy provides a more attractive offering to our customers and generally improved profitability for the Group. Transaction fees have the advantage of risk mitigation and providing flexibility to our customers. For Loqus this means increased opportunities and it allows us to share in our customers' success.

The advantages of moving to transaction fees was clearly evidenced during the COVID-19 crises. The strong growth in online sales allowed for our transactional fee customers to capitalise as the systems were automatically scaled to meet their increased load. Our clients on monthly fees had to go through a much longer cycle of forecasting, scoping, negotiation and resizing.

Way forward

The Group has been financed over the last twelve 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 Loqus management team are actively preparing a restructuring and financing plan that will be presented to the Board and Shareholders over the coming months. This plan will aim to provide the financing that will allow Loqus to achieve its potential through research and development of new and existing products, wider international marketing and best of breed business continuity. The plan will aim to address existing shareholders' loans and a full restructuring of Loqus' balance sheet. This will allow us to remove our accumulated losses and give Loqus a balance sheet that better reflects our operations.

Looking ahead, we know we have much more to do, and we are confident that we are progressing in the right direction. We are on track to fulfil our ambitious targets by making continuous improvements throughout our business to achieve stability, profitability and growth.

Approved by the Board on 24 February 2021 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 2020

	01.07.2020	01.07.2019
	To	To
	31.12.2020	31.12.2019
	€	€
Revenue	3,674,794	2,594,633
COVID Government assistance	26,441	-
Purchases and other directly attributable costs	(707,898)	(589,226)
Personnel expenses	(1,445,314)	(1,067,546)
Professional and consultancy fees	(37,237)	(34,668)
Travelling and accommodation	(17)	(120,620)
Marketing expenses	(3,555)	(17,295)
Other administrative expenses	(186,771)	(175,402)
Operating profit before depreciation and amortisation	1,320,443	589,876
Depreciation and amortisation	(558,836)	(464,963)
Finance costs	(121,477)	(101,839)
Profit before tax	640,130	23,074
Income tax expense	(31,484)	-
Profit for the period	608,646	23,074
Other comprehensive income	-	-
Total comprehensive income for the period net of tax	608,646	23,074
Attributable to:		
Owners of the parent	608,646	23,074
Non-controlling interest	-	-
	608,646	23,074
Profit per share basic	1c9	0c

Condensed Consolidated Statement of Financial Position

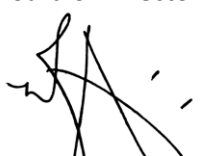
As at 31 December 2020

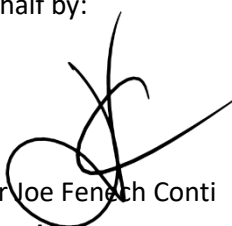
	The Group	
	31.12.2020	30.06.2020
	€	€
ASSETS		
Non-current assets		
Property, plant and equipment	268,243	311,077
Intangible assets	7,668,187	7,506,596
Total non-current assets	<u>7,936,430</u>	<u>7,817,673</u>
Current assets		
Inventories	14,617	13,614
Trade and other receivables	2,260,623	2,133,812
Cash at bank and in hand	1,858,836	1,173,032
Total current assets	<u>4,134,076</u>	<u>3,320,458</u>
TOTAL ASSETS	<u>12,070,506</u>	<u>11,138,131</u>

Condensed Consolidated Statement of Financial Position
As at 31 December 2020

	The Group	
	31.12.2020	30.06.2020
	€	€
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	(5,237,306)	(5,845,952)
Total equity attributable to equity holders of the parent	<u>3,161,806</u>	<u>2,553,160</u>
Non-controlling interests	-	-
Total Equity	<u>3,161,806</u>	<u>2,553,160</u>
Non-current liabilities		
Interest-bearing loans and borrowings	1,044,279	995,402
Lease liabilities	119,811	151,020
Trade and other payables	-	-
Total non-current liabilities	<u>1,164,090</u>	<u>1,146,422</u>
Interest-bearing loans and borrowings	295,175	357,357
Lease liabilities	84,629	77,048
Trade and other payables	7,298,234	6,864,121
Taxation	66,572	140,023
Total current liabilities	<u>7,744,610</u>	<u>7,438,549</u>
Total liabilities	<u>8,908,700</u>	<u>8,584,971</u>
TOTAL EQUITY AND LIABILITIES	<u>12,070,506</u>	<u>11,138,131</u>

The Condensed Consolidated interim financial statements set out on pages 3 to 10 were approved by the Board of Directors on 24 February 2021 and were signed on its behalf by:


Mr Walter Bonnici
Chairman


Mr Joe Fenach Conti
Director

Condensed Consolidated Interim Statements of Changes in Equity

For the six-months ended 31 December 2020

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Issued capital	Share premium	Capital redemption reserve	Accumulated losses	Total		
	€	€	€	€	€		
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	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(5,680,489)</u>	<u>2,718,623</u>	-	<u>2,718,623</u>
Dividends	-	-	-	-	-	-	-
At 31 December 2019	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(5,680,489)</u>	<u>2,718,623</u>	-	<u>2,718,623</u>
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	-	-	-	-	-	-	-
At 31 December 2020	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(5,237,306)</u>	<u>3,161,806</u>	-	<u>3,161,806</u>
Dividends	-	-	-	-	-	-	-
At 31 December 2020	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(5,237,306)</u>	<u>3,161,806</u>	-	<u>3,161,806</u>

Condensed Consolidated Interim Statement of Cash Flows
For the six-months ended 31 December 2020

	The Group	
	01.07.2020	01.07.2019
	to	to
	31.12.2020	31.12.2019
	€	€
Operating Activities		
Profit before Tax	640,130	23,074
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Depreciation, amortisation and impairment	558,836	464,963
Provision for impairment of receivables	-	-
Interest expense	121,477	101,839
Provision for obsolete inventory	280	210
Working capital adjustments:		
Movement in inventories	(1,283)	609
Movement in trade and other receivables	(126,809)	401,114
Movement in trade and other payables	696,154	(88,773)
	<u>1,888,785</u>	<u>903,036</u>
Interest paid	(16,467)	(7,596)
Income tax paid	(104,935)	-
Net cash flows generated from operating activities	<u>1,767,383</u>	<u>895,440</u>
Investing activities		
Payment to acquire property, plant and equipment	(8,162)	(10,646)
Payments to acquire intangible assets	(669,434)	(637,589)
Payments to acquire subsidiary	(299,618)	-
Net cash flows used in investing activities	<u>(977,214)</u>	<u>(648,235)</u>
Financing activities		
Repayment of lease liabilities	(23,628)	(25,396)
Net cash flows used in financing activities	<u>(23,628)</u>	<u>(25,396)</u>
Net movement in cash and cash equivalents	766,541	221,809
Cash and cash equivalents at beginning of period	1,092,225	(101,183)
Cash and cash equivalents at end of period	<u>1,858,766</u>	<u>120,626</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2020

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 2020 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 2020.

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 2020.

The condensed consolidated interim financial statements were approved by the Board of Directors on 24th February 2021.

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 2020 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 2020.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2020

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.

01/07/2020 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
COVID Government assistance	-	-	26,441	-	26,441
Purchases and other directly attributable costs	(545,261)	-	(154,257)	(8,380)	(707,898)
Personnel expenses	(841,430)	(5,931)	(530,528)	(67,425)	(1,445,314)
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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2020

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

Revenue by geographical markets	Local €	Europe €	Middle East and South Africa €	Australasia €	Total €
01.07.2020 to 31.12.2020	1,197,067	2,448,200	13,317	16,210	3,674,794
01.07.2019 to 31.12.2019	1,056,800	1,509,393	14,778	13,662	2,594,633

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 2020 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 2020.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority
For the six-months ended 31 December 2020

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 2020, 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