

Invitation to tender for the provision of external audit services

Submission by 15th November 2021

LOQUS HOLDINGS P.L.C.



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Tender for the provision of independent external audit services

Introduction

Loqus Holdings p.l.c. (hereinafter referred to as 'Loqus' or 'the Group') invites qualified auditing firms to submit proposals to perform annual external audit services. In accordance with applicable law Loqus is issuing a public tender since existing current auditors have been in office for ten years.

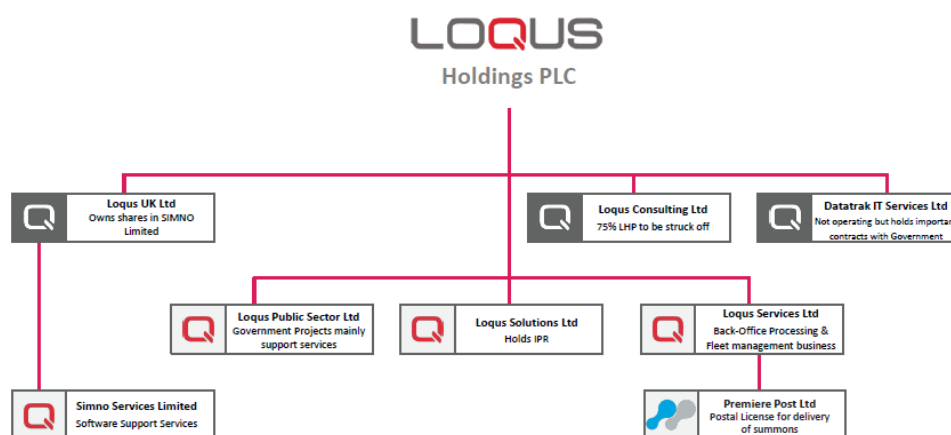
Information about the Group

Historical background

Loqus Holdings plc (formerly Datatrak Holdings plc) (hereinafter referred to as 'the Company') was registered in October 2000 and was listed on the Malta Stock Exchange secondary listing. The aim was to allow the then Datatrak Group of Companies to develop in all areas of its business, including foreign expansion. The Company is a holding company and does not itself carry on any trading activities. It owns a number of subsidiaries which together form the Loqus Group (hereinafter the "Group") and it is those subsidiaries that carry on trading activities.

In 2000 the Company also acquired 50% shareholding in the companies owned by Joe Fenech Conti, who is now the Chief Executive Officer (CEO). In Mid 2005 the Group embarked on an organisational and operational restructuring exercise with the objectives of focusing on the Group's core business areas, mainly ICT solutions and of strengthening the cost management and revenue generating structures, as a means to improve the Group's financial performance. This saw the establishment of a Group Management Structure, led by the newly appointed Group CEO, together with the rationalisation of various activities carried out by the Group.

On the 4th April 2008, the shareholders of the Company approved a further restructuring programme which saw the Company, through its fully owned subsidiaries Datatrak Systems Ltd and Datatrak MENA Ltd acquire the remaining 50% business interest in Datatrak IT Services Limited and Datatrak Solutions Ltd with JFC Holdings obtaining 50% shareholding in the Company. Following this the Group rebranded to Loqus and the Group today is made up of the following companies:



*Loqus UK Ltd and Simno Services Limited are companies registered in the UK

Principle Activities

The Group is primarily involved in the provision of fleet management, back-office processing and ICT solutions. Established in the early 1990s, Loqus has been at the forefront of technological innovation in the fields of mobility, mapping and telematics. With constant investment in research & development, Loqus focuses on providing solutions to deal with complex operations in the supply chain.

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
- 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.

The Group employs a high-calibre group of researchers, software developers, business analysts, support and testing engineers as well as administration teams including back-office processing. The Group now employs over 120 FTE.

The Group operates mostly in the UK and EU markets, 63% of the revenue is generated from Europe and the local market now accounts to 36%. A small percentage of customers are based in South Africa as well as New Zealand.

Organisation

Loqus Holdings plc was registered in Malta on 23 October 2000 as a limited liability company under the Companies Act, Cap 386 of the Laws of Malta whose equity securities are listed on a regulated market and subject to the Listing rules issued by the Listing Authority. The Company's registration number is C27140.

The Company's governance principally lies in the Board of Directors (the Board), responsible for the overall setting of the Group's policies and business strategies. Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls. In addition, the Audit Committee has the responsibility to monitor and scrutinise related party transactions, if any, falling within the ambits of the Listing Rules.

The Company operates through the CEO who is the most senior Executive, with clear reporting lines and delegation of powers. The CEO reports directly to the Board.

The General Meeting is the highest decision making body of the Company and is regulated by the Company's Articles of Association. Business at the Company's AGM will cover the approval of the Annual Report and Audited Financial Statements, the election of Directors and the appointment of auditors and the authorisation of the Directors to set the auditor's remuneration.

Scope of the audit

Loqus Holdings plc is seeking an independent external audit firm with experience of working with international companies and responding to the challenges of finance and control in the software development industry.

Copies of the Annual report and financial statements for previous years are available on our website through the following link <https://www.loqusgroup.com/financial-statements.html>

Services

- 1) statutory audit of the company's and all the subsidiaries (including the UK companies) financial statements prepared under International Financial Reporting Standards (IFRS) including:
 - a) planning, management and execution of the annual audit for Loqus Holdings plc as a Company and as a Group
 - b) examination of financial records, systems and controls in accordance with international auditing standards
 - c) presentation of the audit reports together with report to management and Letter of Representation to the Board. The report to the management is expected to cover any weaknesses in internal controls noted during the audit or other areas of concern.
 - d) The management letter should include weaknesses in the internal controls and also the level of risk.
- 2) reporting under ESEF,
- 3) audit report on the remuneration report,
- 4) audit report on the Corporate governance statement.

Term and general conditions

Terms of engagement

If the Audit Committee is satisfied that its requirements can be met in terms of quality and at a reasonable cost, a contract will be awarded for three years at which point the services will be reviewed. Service would be required to commence from the current financial year, which will run till 30 June 2022. The Auditors are re-appointed every year at the Annual General Meeting of the Shareholders.

Discretion to award

Loqus does not undertake to accept the lowest tender, or part, or all of any tender, even if all the specific user requirements stated in the invitation to tender are met. Loqus reserves the right to reject any part, or all of any tender or tender at its sole discretion as well as the right to annul the process and not award any contract.

Annual audit plan

The Group's financial year runs from 1st July to 30th June of the following year.

Before 30 June of each year, the auditor shall correspond with the financial controller to discuss and agree upon a schedule of activities which will lead to the completion of the annual audit.

The basic time lines will be as follows:

	Target date
Request management accounts and trial balances	End of July
Present audit strategy to the Audit Committee	Mid-August
Audit Fieldwork (this was done remotely in the past two years)	Completed by mid-September
Present the management letter	End September
Assist and review of the financial statements of the Company including notes thereto	Mid-October
Audit reports presentation	Mid-October
Review of the financial statements of the subsidiary companies	End of November
Attendance at the Annual General Meeting	Round December and January

Instructions to tender

The tender should be in English language together with a covering letter clearly stating the accounting firm's understanding of the services to be provided. The person signing the covering letter must be authorised to make representation for the firm and include their title and contact details. The reply should include a table of contents identifying the topics by page number and should include the following:

1. COMPANY PROFILE AND CONTACT

A brief profile indicating the scope of the audit firm's practices, range of activities performed such as auditing, accounting or taxation services. The profile should also include:

- i) size of the firm;
- ii) office address including also the address who will manage or assist in managing this engagement;
- iii) contact person and details for the contact person including phone number

2. EXPERIENCE WITH SIMILAR LISTED COMPANIES, IF ANY AND OTHER SIMILAR ENGAGEMENTS

A list of current and past listed companies or private companies indicating the number of years your firm has/had been the auditors for each client

3. AUDIT TEAM STRUCTURE

Name of key team members of the audit engagement team and any specialists, including I.T. and valuation specialists who would be assigned, together with their profile indicating their experience with similar engagements.

Substitutions of listed individuals after an agreement has been signed will be allowed only when the substitutes have substantially the same qualifications, or better, than the person they replace. No substitutions will be accepted unless prior approval in writing is received from the Company.

4. EXTERNAL AUDIT IMPLEMENTATION

Firms must clearly show their understanding of the work to be performed, audit approach and commitment to perform the work within the period specified in the annual audit plan. This

should include the approach to be used to gain an understanding of the Group's structure and systems as well as a proposed schedule and any specific techniques or processes to be used for the annual audit, indicating how the firm will:

- i) determine audit strategy and undertake audit planning;
- ii) address matters of audit scope and materiality;
- iii) identify and respond to critical audit issues;
- iv) control and co-ordinate the audit process;
- v) ensure appropriate responsibility for decision on the audit;
- vi) conduct the reporting arrangements;
- vii) handling of transition from previous auditors.

5. PROPOSED AUDIT TIMELINE

This has to be in line with the requirements of listed companies and publication and reporting deadlines and in line with the audit plan noted above.

6. OTHER SERVICES

- i) Description of the methodology to be used for keeping the Group abreast on any changes in legislation or accounting standards that would impact the annual financial statements.
- ii) Description of non-auditing professional services provided to other clients and innovative products offered by your firm as well as any specific pricing structure for such services

7. FINANCIAL OFFER

A breakdown of the proposed fees in Euro for the first three (3) years to cover the following:

- Cost of providing the audit service
- Fees for tax compliance services

Selection and evaluation procedure

Technical evaluation

The technical evaluation will be based on the following criteria:

Criteria	Weighting
Overall capability of the firm	10%
Capacity/experience of the firm	25%
Approach and methodology	25%
Qualification and specific experience of proposed team	30%
Understanding the assignment	10%
Total	100%

Financial evaluation

The financial proposal will be compared to the lowest bid price received.

The overall weighting for the evaluation of the technical and financial offers will be 50:50 respectively.

Shortlisted candidates may be interviewed by the Selection Committee.

Communication

Any questions or clarification in relation to the above-mentioned tender should be address as follows:

Contact person Marie Claire Portelli
 Financial Controller

Address: SUB008A, Industrial Estate
 San Gwann SGN3000
 Malta

Email: accounts@loqusgroup.com

Telephone (+)356 2331 8703

Deadline for the submission

Interested parties are asked to submit their proposals via email, entitled "Proposal for the provision of External Audit Services for Loqus Holdings plc to accounts@loqusgroup.com by 5 pm on 15th November 2021.

All queries and clarifications need to be submitted by 8th November 2021.

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