

COMPANY ANNOUNCEMENT

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

Announces approval of half-yearly report

Date of Announcement

26th February 2024

Reference

223/2024

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 2023. 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 2023

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Directors' Report pursuant to Capital Market Rule 5.75.2

For the six-months ended 31 December 2023

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 2023, 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 2023 saw the Group maintaining and improving on its record revenues achieved in the prior period. The Group is however reporting a loss before tax, for the period, of EUR594,165 compared to a profit of EUR575,370 in the same period in 2022. This loss is attributable to upfront expenditure brought about by the onboarding of new clients.

	01.07.2023 to 31.12.2023	01.07.2022 to 31.12.2022	% change
	EURO	EURO	
Revenue	5,568,959	5,161,612	8%
Costs	5,398,486	3,863,685	(40)%
EBITDA	170,473	1,297,297	(87)%
(Loss)/profit for the period before tax	(594,165)	575,370	(203)%

The 8% growth in revenue is primarily attributable to the successful onboarding of new clients on our openFleet product line, which has led to an influx of one-time implementation fees. Additionally, in 2023, we experienced pivotal moments as a significant portion of our longstanding contracts were renewed, solidifying our rapport with existing clients.

During this period, we have closed several new contracts which are currently onboarding. Notably, we are pleased to announce our expansion beyond the United Kingdom, marking a significant milestone for Loqus, which is now present in 13 countries mainly in the EU. Of these, two stand out due to their leading positions in their respective markets and will help drive further financial and reputational growth.

The sustained and improved revenues of the last few years have given us improved cash flows that have allowed us to further invest in product & business growth. As we work hard at developing further product functionality and implement larger projects, there is a timing difference between upfront expenditure and the recurrent income revenue stream. This is affecting our results significantly.

Due to the increased expenses in staff and cloud costs to deliver new product functionality and the timing gap, EBITDA has experienced an 87% decrease whilst the Group is reporting a loss of EUR594k for the first six months of this financial year. As forecast we are not currently producing sufficient cash flow to cover this gap and are utilising cash generated in previous years in order to cover our most important growth related costs.

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

For the six-months ended 31 December 2023

Forecasts

Looking ahead, we anticipate this trend of increased costs to continue until we fully transition into the phase of generating recurrent revenues from the newly acquired accounts. As we progress through this implementation phase, we are confident that our efforts will yield fruitful results. The recurrent revenues generated from these accounts will not only offset the initial implementation costs but also contribute significantly to our overall revenue growth.

Moreover, beyond the immediate financial impact, these new accounts will enable us to diversify our geographical reach beyond the UK market. This expansion into new territories will not only enhance our revenue potential but also mitigate risks associated with market concentration.

Our organization has always prioritized ethical practices, evident in our efforts to reduce carbon footprints and support various societal causes. We've embraced innovative urban delivery methods like cargo e-bikes and pedestrian deliveries, enhancing both sustainability and economic value for our clients. Additionally, we've consistently supported individuals with disabilities and expanded our focus to include mental health. Recognizing the importance of Environmental, Social, and Governance (ESG) principles, we're establishing a dedicated unit within our leadership structure. This team will oversee our initiatives and ensure transparent reporting on our progress in these key areas.

Way forward

Our accelerated growth phase is very positive for the Group and is essential to keep on developing our full market potential. The Group needs to keep on working hard to finance this growth both internally & externally. Efficiency gains & cost reduction will also form part of our strategy as we go forward.

In the face of economic downturns within our primary markets, we're ambitiously setting our sights on revenue growth. As our clients grapple with dwindling revenues and volumes, it is vital for us not only to maintain but also to enhance our revenue streams.

The foundation of our strategy is continual revenue enhancement in our fleet management arena, placing special emphasis on the openFleet product line. This product has shown high growth, both geographically and in terms of functionality. Our trajectory involves increasing revenues by targeting potential clients in countries boasting robust delivery infrastructures in the short term. In the mid-term engagement with smaller customers for openFleet in vertical markets with dedicated solutions that are easier and faster to implement will pave the way for improved revenues and enhanced features.

While the interim results reflect a period of transition and investment, we remain firm in our commitment to delivering long-term value.

Approved by the Board on 26 February 2024 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 2023

	01.07.2023	01.07.2023
	To	To
	31.12.2023	31.12.2023
	€	€
Revenue	5,568,959	5,161,612
Purchases and other directly attributable costs	(1,581,119)	(1,122,670)
Personnel expenses	(3,357,221)	(2,403,381)
Professional and consultancy fees	(91,927)	(47,583)
Travelling and accommodation	(90,163)	(48,631)
Marketing expenses	(18,339)	(12,301)
Other administrative expenses	(259,717)	(229,749)
Operating profit before depreciation and amortisation	170,473	1,297,297
Depreciation and amortisation	(716,267)	(662,110)
Finance costs	(48,371)	(59,817)
(Loss)/profit before tax	(594,165)	575,370
Income tax expense	(16,133)	(14,090)
(Loss)/profit for the period	(610,298)	561,280
Other comprehensive income	-	-
Exchange difference on translation of foreign operations	(6,726)	(11,742)
Total comprehensive (expense)/income for the period net of tax	(617,024)	549,538
(Loss)/profit for the period attributable to:		
Owners of the parent	(610,298)	561,280
Non-controlling interest	-	-
	(610,298)	561,230
Total comprehensive (expense)/income attributable to:		
Owners of the parent	(617,024)	549,538
Non-controlling interest	-	-
	(617,024)	549,538
(Loss)/profit per share basic	(1c9)	1c7

Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	The Group	
	31.12.2023	30.06.2023
	€	€
ASSETS		
Non-current assets		
Property, plant and equipment	376,898	368,083
Intangible assets	8,328,456	8,184,045
Deferred tax asset	550,000	550,000
Total non-current assets	9,255,354	9,102,128
Current assets		
Inventories	16,961	15,248
Trade and other receivables	2,794,307	2,493,955
Cash at bank and in hand	1,240,900	1,956,549
Total current assets	4,052,168	4,465,752
TOTAL ASSETS	13,307,522	13,567,880

Condensed Consolidated Statement of Financial Position
As at 31 December 2023

	The Group	
	31.12.2023	30.06.2023
	€	€
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	74,932	81,658
Accumulated losses	(2,452,130)	(1,841,832)
Total equity attributable to equity holders of the parent	<u>6,021,914</u>	<u>6,638,938</u>
Non-controlling interests	-	-
Total Equity	<u>6,021,914</u>	<u>6,638,938</u>
Non-current liabilities		
Interest-bearing loans and borrowings	-	-
Other liabilities	636,759	873,341
Lease liabilities	87,027	94,050
Total non-current liabilities	<u>723,786</u>	<u>967,391</u>
Interest-bearing loans and borrowings	1,220,846	1,492,754
Lease liabilities	52,734	53,677
Trade and other payables	5,221,841	4,364,131
Taxation	66,401	50,989
Total current liabilities	<u>6,561,822</u>	<u>5,961,551</u>
Total liabilities	<u>7,285,608</u>	<u>6,928,942</u>
TOTAL EQUITY AND LIABILITIES	<u>13,307,522</u>	<u>13,567,880</u>

The Condensed Consolidated interim financial statements set out on pages 3 to 10 were approved by the Board of Directors on 26 February 2024 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 2023

	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 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
At 1 July 2023	7,430,457	847,101	121,554	(1,841,832)	81,658	6,638,938	-	6,638,938
Loss for the period	-	-	-	(610,298)	-	(610,298)	-	(610,298)
Other comprehensive income	-	-	-	-	(6,726)	(6,726)	-	(6,726)
Total comprehensive income	-	-	-	(610,298)	(6,726)	(617,024)	-	(617,024)
At 31 December 2023	7,430,457	847,101	121,554	(2,452,130)	74,932	6,021,914	-	6,021,914

Condensed Consolidated Interim Statement of Cash Flows
For the six-months ended 31 December 2023

	The Group	
	01.07.2023	01.07.2022
	to	to
	31.12.2023	31.12.2022
	€	€
Operating Activities		
(Loss)/profit before Tax	(594,165)	575,370
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Depreciation, amortisation and impairment	716,267	662,110
Provision for impairment of receivables	-	-
Interest (income)/expense	48,371	59,817
Provision for obsolete inventory	-	-
Working capital adjustments:		
Movement in inventories	(1,713)	(4,368)
Movement in trade and other receivables	(306,402)	318,262
Movement in trade and other payables	635,824	(297,469)
	<u>498,182</u>	<u>1,313,722</u>
Interest paid	(2,489)	(1,663)
Income tax paid	-	-
Net cash flows generated from operating activities	<u>495,693</u>	<u>1,312,059</u>
Investing activities		
Payment to acquire property, plant and equipment	(58,869)	(28,848)
Payments to acquire intangible assets	(788,571)	(740,346)
Net cash flows used in investing activities	<u>(847,440)</u>	<u>(769,194)</u>
Financing activities		
Repayment of lease liabilities	(30,692)	(27,364)
Repayment of interest-bearing loans and borrowings	(230,694)	(299,267)
Net cash flows used in financing activities	<u>(261,386)</u>	<u>(326,631)</u>
Net movement in cash and cash equivalents	(613,133)	216,234
Cash and cash equivalents at beginning of period	1,851,177	1,864,919
Cash and cash equivalents at end of period	<u>1,238,044</u>	<u>2,081,153</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2023

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 2023 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 2023.

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 2023.

The condensed consolidated interim financial statements were approved by the Board of Directors on 26th February 2024.

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 2023 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 2023. 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 2023

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.

01/07/2023 to 31/12/2023	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
Revenue	4,038,940	18,603	1,351,714	159,702	5,568,959
Purchases and other directly attributable costs	(1,455,559)	(201)	(113,664)	(11,695)	(1,581,119)
Personnel expenses	(2,642,770)	(4,736)	(538,098)	(171,617)	(3,357,221)
Other expenses	(238,420)	(930)	(211,751)	(9,045)	(460,146)
Operating (loss)/profit before depreciation and amortisation	(297,809)	12,736	488,201	(32,655)	170,473
Depreciation and amortisation	(605,623)	-	(110,644)	-	(716,267)
Finance cost	(26,770)	(123)	(21,166)	(312)	(48,371)
(Loss)/profit before tax	(930,202)	12,613	356,391	(32,967)	(594,165)

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2023

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 cost	(34,376)	(215)	(24,865)	(361)	(59,817)
Profit before tax	141,760	17,048	385,944	30,618	575,370

Revenue by geographical markets	Local	Europe	Middle East and South Africa	Australasia	Total
	€	€	€	€	€
01.07.2023 to 31.12.2023	1,553,086	4,003,437	11,121	1,315	5,568,959
01.07.2022 to 31.12.2022	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 2023 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 2023.

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

For the six-months ended 31 December 2023

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 2023, 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