Loqus Holdings p.l.c.

LOQUS®
BUSINESS INTELLIGENCE

COMPANY ANNOUNCEMENT

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

Financial Statements

Date of Announcement	29th October 2021
Reference	201/2021

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

QUOTE

The Board of Directors has approved the financial statements for the financial year ended 30th June 2021 and resolved that they be submitted for the approval of the shareholders at the forthcoming Annual General Meeting.

The audited financial statements are attached to this announcement, and shall furthermore shortly be available for download from the Company's website http://www.loqusgroup.com/financial-statements.html

UNQUOTE

Adrian Mallia
Company Secretary

Annual Report &
Financial Statements

LOQUS HOLDINGS P.L.C.

30 JUNE 2021

Company Registration No. C 27140

LOQUS HOLDINGS P.L.C.

Annual Report
and
Financial Statements

30 June 2021

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CHAIRMAN'S STATEMENT

Dear Shareholder,

Loqus Group has delivered a strong and resilient performance in fiscal 2020/2021 against the background of the global COVID-19 crisis and deteriorating economic conditions around the world. In the face of these challenges, I am delighted with the performance we have delivered and the way our employees responded. The Group has faced these challenges and turned defeat into success.

Our success is built on our reputation and values and above all on the quality, professionalism, and commitment of our employees. This was never more so than in fiscal 2020/2021. There is still much for us to do as we confront high levels of market volatility, but we could not have delivered these results and served our clients, in the way we have, if our employees had not risen to the challenge of these extraordinary times.

The fundamentals of the Group's strategy have remained consistent for a significant period. These are built on the development of openFleet, a market-leading product that enabled further penetration of our existing target markets and the creation of significant new opportunities. These results are a reminder of Loqus' transformation over the last few years and its huge potential which is also acknowledged by our customers and partners.

We are very conscious of the fact that there is still room for improvement. We continue to invest in the future, and we will be increasing our emphasis on fostering human resource development since these are a key driver of the Group's growth. Apart from financing the cost of this investment the Group also needs to address the long-term debt that it carries. Given recent developments, the Group now needs to focus on clearing these amounts as soon as possible to reduce risk.

The world is changing, and our technology is following and, in some cases, leading these changes. Over the next decade, delivery of products and services is projected to grow significantly. Our current last-mile fleet management products are well positioned to not only participate in that growth but help drive it by developing the key technologies that enable our customers to deliver new levels of service and functionality.

Our products are key to help our customers not only develop more cost-effective solutions but are increasingly helping them to deliver sustainable solutions. We are working with our customers to build rich data scenarios to get ready for future real-world data-based routing optimisation. New vehicle types in sustainable fleets like electric vans, electric cars, electric scooters, electric cargo bikes and pedestrian delivery are increasingly part of our solutions. Combining these with new depot types and customer CO2 reporting in real world proof of concepts today, means that by 2023 we will be delivering production systems that meet new green legislation and expectations.

I would like to express my deep thanks to the Chief Executive Officer (CEO), Joe Fenech Conti and all our personnel for their hard work and the sacrifices they have made to finish the year positively. I would also like to thank my fellow directors for their support and guidance.

WALTER BONNICI
Group Chairman

29 October 2021

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholder,

I am very pleased to provide our financial statements for the year ended 30 June 2021. The results demonstrate the potential we have built through our investment in research and development, while maintaining financial discipline.

TEAM LOQUS

Loqus' success is built on the efforts of my colleagues. It is reliant on their competence, their engagement, and their ability to understand our objectives and our customers' needs.

At Loqus we were early adopters of "Work from Home" also known as WFH. For the last 13 years we adopted a flexible attitude that saw several of our colleagues work remotely, some with just a day a week from home and some exclusively from their remote location. COVID-19 found us very well prepared and in March 2020 each employee quickly took on our 'Loqus family' attitude to keep themselves, colleagues, and their families safe and well. These measures, including compulsory WFH for most of our operations were accepted wholeheartedly by all the "Loqus Family". This highlights their constant commitment to the Group, allowing to keep our operations running safely and ensure that not one fulltime Loqus job was lost by COVID-19.

The initial financial hit of COVID-19 was difficult with public sector income dropping dramatically, planned Fleet projects were being postponed or cancelled and an important Fleet client went into administration. None of the success of the financial year under review would be possible without the professionalism and dedication of our colleagues.

As always, our key challenge is to keep growing the team to service new customers and develop and improve our solutions. During the last financial year we added 18 new mainly technical positions. The growth in personnel numbers together with salary increments, and bonus pay-outs resulted in an increase of EUR737k. In the period July 2021 to October 2021, we increased our personnel by 7 positions, which together with additinal increments, are expected to further increase our total workforce cost.

GROUP OPERATIONAL PERFORMANCE

Our robust business model enabled us to deliver outstanding results despite the challenging environment. Growth was reported in all our segments, with total revenue increasing by 48%, resulting in a healthy EBITDA of 32% of revenue. Recurrent revenues are the majority (81%) of Group revenues as we successfully shifted to Software as a Service (SaaS) products over the last five years.

	2021 EUR	2020 EUR	2019 EUR
FINANCIAL			
Revenue	**8,053,648**	5,442,783	4,376,375
Operating profit	**3,054,285**	1,796,839	1,694,546
EBITDA	**2,544,089**	1,123,106	1,174,395
Profit/(loss) before tax	**1,184,043**	(108,689)	257,689
Deferred tax recognized	**350,000**	-	-
Profit adjusted for deferred tax	**1,534,043**	(108,689)	257,689
Profit after tax	**1,438,317**	(143,140)	257,689
Growth in revenue	**48%**	24%	12%
EBITDA % of revenue	**32%**	27%	27%
LIQUIDITY			
Cash generated from operations	**2,713,370**	3,132,972	1,257,387
Net cash	**2,365,954**	1,092,225	(101,183)
NUMBER OF FTE EMPLOYEES	**116**	100	91

Our legacy revenue dropped dramatically over the past two financial periods due to industrial action, reorganisation, and other factors affecting our customer. This was further compounded by COVID-19 which resulted in an almost total suspension of activities. We responded by increasing our investment in our back-office solutions and new hardware to support our client. This result can be seen in this financial year with revenue from this customer rising to the highest ever recorded, an increase of 46% from EUR1.4million to EUR2.1million.

OpenFleet, our core fleet product, gained further momentum as its roll-out accelerated during the year. Fleet management revenue increased by 50% from EUR3.7million in the prior year to EUR5.5million in the year under review.

Apart from enhancing our revenues, cash flow and profitability, the acquisition of our new subsidiary, Simno Software Services Limited (SIMNO), is part of our strategic push to go further up the logistics value chain. SIMNO contributed to EUR1million revenue and net profit of EUR442k.

A significant part of our annual cost is preparation for planned growth. In this period, we invested a further EUR737k in employee costs and an increase in cloud infrastructure to prepare for activities that were contracted and planned for in this period. 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 openFleet product line, amortisation costs relating to this investment increased. During the year 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 29% in our capitalised salaries over the prior year and an anticipated decrease in amortisation in the future. The Group is also reporting a net cash position of EUR2,365,954.

In this financial year we recognised a deferred tax asset of EUR350k which inflated our profits from 1184K to 1534K. This amount is based on the anticipated deferred tax loss utilisation in the next financial periods to offset forecast profits.

CORPORATE STRATEGY

Our long-term strategic planning continues to focus on increasing the value of our products through large investments in innovation and quality. Our key products are the openFleet suite of solutions that provide functionality for operators that deliver goods and services. OpenFleet is an integral part of the connected supply chain and links vehicles, drivers, transport management, analysts, management, and customers. Our functionality stack uses cloud services, big data, advanced mathematics, and business intelligence to provide distributed applications on browsers and mobile apps that enable our customers to deliver millions of parcels and services daily efficiently.

Our strategy will allow us to compete based on innovation, quality, service and complete end to end solutions. We achieve this primarily through organic growth; we take on highly qualified, talented persons and provide extensive domain training and direction to create world class teams through many man years of coaching. These technical teams cover every element of our product cycle from R&D to product management, development, testing, sales, marketing, analysis, and support. Acquisitions also help us to achieve our strategic aims by increasing our solution reach. Our success in targeting and integrating Simno services effectively into our Group is encouraging us to look for further acquisitions. While acquisitions will remain a secondary part of our growth, they are key to help us extend our domain knowledge.

BUSINESS DEVELOPMENT

The strong relationship that the Group has established with the Channel Partners and Customers allowed us to continue expanding our activities. During the year under review, we have worked and successfully grew our sales pipeline, acquired new accounts, and increased activities with existing customers.

Whilst the UK remains our flagship market, the Group is also growing in mainland Europe and has so far registered several important engagements in Germany, Poland, Italy, Belgium and the Baltics. Discussions with some of these customers in this region are at an advanced stage and we remain confident that the effort we are putting in will bear fruit in the coming months.

The success registered so far with the current implementations of openFleet is helping raise our profile on the international market and more specifically as a key supplier of Transport & Supply Chain platforms. Whilst this is encouraging, we remain cognisant of the challenges and fierce competition that exists in the market. For this reason, considerable investment is required to stay at the top of our game and reach our full potential. Not only in terms of R&D, to enhance the product, but also in the tools which help us reach our audience – from simple updates to our web portals to hosting and participating at international events. This is an area that together with our Channel Partners we will be focusing more on in the coming months.

CAPITAL REQUIREMENTS

One of the Group's challenges is maintaining the balance between delivering good financial results in the short-term, and at the same time positioning the business for sustainable long-term growth. Loqus has been hampered by accumulated losses for its first fifteen years of operation. The last six years have seen the Group return to profitability, but we face a difficulty to raise capital through traditional sources.

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. Management has started to examine alternatives to bank finance to obtain the cash the Group requires to grow.

CAPITAL REQUIREMENTS

The Group has a clear financial framework and remains highly disciplined and focused on cash-flow and continuing to increase working capital to ensure that we can continue our important investments in innovation and sales development.

Our SaaS model has proven to be very effective and widely adopted by our customers with over 80% of our revenue coming from transaction fees. While the benefits are clear the downside is that we need to finance the six-to-eighteen-month gap between start of projects and start of transaction payments. This is becoming more acute as we grow. The increase in capital required to finance debt, R&D, marketing and crucially our operations is becoming critical and needs to be resolved over the next period.

CONCLUSION

This year Loqus has achieved another significant milestone in exceeding EUR1million in net profit. Loqus has a strong history of adapting to change and continues to grow and evolve as the conditions around us keep changing. These results are based on our remarkable colleagues that continue to exceed expectations daily.

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

A sincere thanks to all the team at Loqus, to our Board and Shareholders for your continued support.

JOE FENECH CONTI
Group Chief Executive Officer
29 October 2021

GENERAL INFORMATION

Company registration

Loqus Holdings p.l.c. was registered in Malta on 23 October 2000 as a limited liability company under the Companies Act, Cap. 386 of the Laws of Malta. The Company's registration number is C 27140.

Directors

Walter Bonnici (Chairman)
Joseph Fenech Conti (Chief Executive Officer)
Anthony P Demajo
Joseph Roland Scerri
Lawrence Zammit
Joannie Grima

Company secretary

Adrian Mallia

Registered office

SUB008A
Industrial Estate
San Gwann SGN 3000
MALTA
Tel: (+356) 23 318 000

Bankers

HSBC Bank Malta p.l.c.
116, Archbishop Street
Valletta VLT 1444
MALTA

Auditors

Mazars Malta
32, Sovereign Building
Zaghfran Road
Attard ATD 9012
MALTA

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 30 June 2021.

Principal activities

The Group is primarily involved in the provision of fleet management, back-office processing and ICT solutions.

Dividends

The Directors did not propose the payment of dividend.

Review of the business

The Group registered a profit before the effect of taxation amounting to EUR1,184,043 (2020 loss: EUR108,689). Further information about the results of the Group is provided in the statement of profit or loss and other comprehensive income on page 18.

The Company registered a loss before the effect of taxation of EUR72,939 (2020: EUR68,159). Further information about the results of the Company is provided in the statement of profit or loss and other comprehensive income on page 23.

This financial year was a significant step forward following the loss it reported in the year ended 30 June 2020. Loqus is reporting a 48% increase in revenue. Following the initial hit of the COVID-19 pandemic, income from back office processing revenue being the highest ever recorded and fleet income continued to increase as more solutions were deployed and online delivery rates continued to grow. Fleet management operations has experienced a further increase in revenue and transactions due to the increase in online shopping brought about by COVID-19.

The Directors acknowledge that there is still a high degree of uncertainty, however they will continue to take appropriate action, as already has been the case, and consider the Company resilient enough to be able to sustain the current conditions.

A more detailed review of the operation of the Company and its subsidiary undertakings for the year under review, and an indication of the likely future developments, are highlighted in the Chairman's Statement and Group Chief Executive Officer's Review.

DIRECTORS' REPORT – continued

Key performance indicators - continued

Performance review

The operating profit for the year amounted to EUR2,544,089 from EUR1,123,106. This resulted following a substantial increase in Fleet management revenue.

During the year under review the Group registered a profit after tax of EUR1,438,317 (2020 loss: EUR143,140). These results include the recognition of a deferred tax asset which amounted to EUR350,000. The Company registered a loss of EUR72,939 (2020: EUR68,159) since no dividends were issued by its subsidiaries.

Key performance indicators

The Group measures the achievement of its objectives through the use of the following other key performance indicators:

Financial
The Group calculates the level of its free cash flow by reference to the cash generated from operations less capital expenditure, interest and tax. The Group had a positive free cash flow at year end which amounted to EUR2,365,954 (2020: EUR1,092,225). This was due to the increase in our recurrent revenues which has allowed the Group to finance its investment in research and development through the cash generated from operations. The Group has a high management level of working capital and a disciplined approach to capital expenditure.

The adjusted earnings per share amounted to EUR4c5 from a loss per share of EUR0c4 respectively. This comprises the basic earnings per share from operations based upon the profit attributable to ordinary shareholders before exceptional items divided by the average number of shares in issue during the year. The generation of earnings is essential to deliver share price growth and dividends to shareholders and to fund future growth in the business. The Group's basic earnings per share is disclosed in Note 7.

The Group measures its performance based on EBITDA, which is defined as the profit before depreciation, amortisation, net finance expense and taxation. During the year under review, EBITDA amounted to EUR2,544,089 from EUR1,123,106.

Non-Financial
The average number of employees continued to increase by a further 16% (2020: 10%), from 100 to 116 during the year. This was due to an increased number of software developers engaged in the research and development of the Group's next generation fleet management tools as well as the enhancement in our testing department. Having high quality teams in place is essential to attain the company's business strategies.

DIRECTORS' REPORT – continued

Key performance indicators - continued

Principal risks and uncertainties

The successful management of risk is essential to enable the Group/Company to achieve its objectives. The ultimate responsibility for risk management rests with the Directors, who evaluate the Group's risk appetite and formulate policies for identifying and managing such risks. The principal risks and uncertainties facing the Group are included below:

Market and competition
The Group operates in a highly competitive environment and faces competition from various other entities. Technological developments also have the ability to create new forms of quickly evolving competition. An effective, coherent and consistent strategy to respond to competitors and changing markets enables the Group to sustain its market share and its profitability. The Group continues to focus on service quality and performance in managing this risk.

Legislative risks
The Group is subject to numerous laws and regulations covering a wide range of matters. Failure to comply could have financial or reputational implications and could materially affect the Group's ability to operate. The Group has embedded operating policies and procedures to ensure compliance with existing legislation.

Talent and skills
Failure to engage and develop the Group's existing employees or to attract and retain talented employees could hamper the Group's ability to deliver in the future. Human resources have become a major challenge in the industry the Group operates in. The Group is aggressively working at attracting, developing and retaining the best of local IT resources as well as recruiting foreign employees in order to handle the need for IT related skills. Regular reviews are undertaken of the Group's resource requirements.

Economic and market environment
Economic conditions have been challenging in recent years across the markets, as well as the unprecedented impact of COVID-19, in which the Group operates. A significant economic decline in any of these markets could impact the Group's ability to continue to attract and retain customers. Demand for the Group's products can be adversely affected by weakness in the wider economy which are beyond the Group's control. This risk is evaluated as part of the Group's annual strategy process covering the key areas of investment and development and updated regularly throughout the year. The Group continues to make significant investment in innovation. The Group regularly reviews its pricing structures to ensure that its products are appropriately placed within the markets in which it operates.

Brand and reputation risk
Damage to the Group's reputation could ultimately impede the Group's ability to execute its corporate strategy. To mitigate this risk, the Group strives continually to build its reputation through a commitment to sustainability, transparency, effective communication and best practices. The Group works to develop and maintain its brand value.

Customer service
The Group's revenues are at risk if it does not continue to provide the level of service expected by its customers. The Group's commitment to customers is embedded in its values. The relevant employees undertake intensive training programmes to ensure that they are aware of, and abide by, the levels of service that are required by the Group's customers.

DIRECTORS' REPORT – continued

Principal risks and uncertainties – continued

Technology and business interruption
The Group relies on information technology in all aspects of its business. In addition, the services that the Group offers to its customers are reliant on complex technical infrastructure. A failure in the operation of the Group's key systems or infrastructure could cause a failure of service to its customers, thus negatively impacting its brand, and increased costs. The Group makes yearly investment in technology infrastructure to enable it to continue to support the growth of its business and has a robust selection and monitoring process of third-party providers. Most of the solutions have been moved to the cloud by the end of 2021. This would significantly decrease the business interruption risk as well as reducing the costs to the Group. The Group also organises regular business continuity exercises to ensure ongoing readiness of key systems and sites.

Financial risk management
One of the Group's challenges is maintaining the balance between delivering good financial results in the short-term, and at the same time positioning the business for sustainable long-term growth. The Group is currently facing liquidity issues due to significant investment in product development and requires more capital in order to complete its suite of products. The Group is currently in a good position in turns of profitability but faces lack of capital especially when facing decreasing credit facilities from the bank. The Group has started to examine alternatives to bank finance in order to obtain the cash it requires to grow. Note 22 to the financial statements provides details in connection with the Group's and the Company's use of financial instruments, its financial risk management objectives and policies and the financial risks to which it is exposed.

Significant judgements and estimates
Note 2.5 to the financial statements provides details in connection with the inherent uncertainties that surround the preparation of the financial statements and which require significant estimates and judgements.

Directors

The Directors of the Company who held office during the year ended 30 June 2021 were those listed in the General Information.

Auditors
The Board of Directors, subject to the approval of audit committee, will be issuing a tender to select auditors who will be proposed for the confirmation of the shareholders.
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The Directors' report was approved by the Board of Directors and was signed on its behalf by:

WALTER BONNICI
Chairman
29 October 2021

JOSEPH FENECH CONTI
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, Cap. 386 of the Laws of Malta requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and Company as at the end of the financial year and of the profit and loss for that year.

The Directors are responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates;
- the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements are prepared on the basis that the Group and the Company must be presumed to be carrying on its business as a going concern; and
- account has been taken of income and charges relating to the accounting year, irrespective of the date of receipt or payment.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Introduction

Pursuant to Listing Rule 5.94 of the Listing Rules issued by the Listing Authority, Loqus Holdings p.l.c. ("the Company") as a company whose equity securities are listed on a regulated market should endeavour to adopt the principles of good corporate governance contained in Appendix 5.1 of the Listing Rules (hereinafter "the Code"). In terms of Listing Rule 5.94 the Company is bound to include a report providing an explanation of the extent to which it has adopted the principles and thus the Company is hereby reporting on the extent of its adoption of the principles contained in the Code.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the Directors strongly believe that such practices are in the best interests of the Company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the Directors' and the Company's commitment to a high standard of governance.

General

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. The Directors are of the view that good corporate governance is the result of a mix of checks and balances which are tailored to suit the Company and its business. The Directors firmly believe that whilst best practices are of general application, certain structures aimed at safeguarding these best practices may not be objectively the best structure in the context of a company whose size or business require otherwise.

The Company's governance principally lies in its Board of Directors (the "Board"), responsible for the overall setting of the Group's policies and business strategies.

The Company has adopted a corporate decision-making and supervisory structure that is tailored to suit the Group's requirements and designed to ensure the existence of adequate checks and balances within the Group, whilst retaining an element of flexibility, particularly in view of the size of the Company and the nature of its business.

In general, the Directors believe that the Company has in place appropriate structures to achieve a satisfactory level of good corporate governance. The Directors also believe that an adequate system of checks and balances is in place.

Below, the Directors set forth in further detail the structures, checks and balances, and processes in place, as well as the manner in which these contribute towards achieving the goals set forth in the Code.

Compliance with the Code

These principles deal mainly with the role of the Board and the Directors.

Principle 1 – The Board

The Directors are of the view that for the period under review the Company has generally complied with the requirements of this principle and the Code provisions.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Principle 1 – The Board – continued

The Board has, during the period under review, shown the necessary leadership of the Company and has in place mechanisms to ensure that it obtains the requisite information for it to exercise its role and functions. The CEO, as a Director of the Company, attends Board meetings of the Company, as do other senior members of management as and when requested by the Board.

Principle 2 – Chairman and CEO

In compliance with this principle, the Board has separated the functions of CEO and Chairman, with the Chairman leading the Board whilst the CEO leads the executive arm of the Company. The CEO is accountable to the Board. Thus, the Directors believe that the Company is in compliance with principle 2.2 of the Code.

Principle 3 – Composition of the Board

During the period under review, four (4) Non-Executive Directors and two (2) Executive Directors served as Directors of the Company. The Company's organisational structure contemplates the role of a Chief Executive Officer (the "CEO"), a position which is occupied by Mr Joseph Fenech Conti, who is an Executive Director having a seat on the Board of Directors. The Company's CEO is currently a member of the Board and attends Board Meetings in such capacity whilst other Executives attend when necessary and upon invitation of the Directors. The presence of the CEO assures that the Directors have direct access at meetings of Directors to the person having the prime responsibility for day to day operations of the Company and the implementation of polices that allows effective discussion and the availability of all the information necessary to carry out their functions in the best possible manner. In this respect, the Directors feel that the principle set forth in the Code is substantively met by means of this arrangement which allows the interaction of Non-Executive Directors and Executives.

As stated above, the Board of Directors during the period under review comprised of six Directors elected by the shareholders in the Annual General Meeting. For the year under review, the Board has met eight times. A table outlining attendance is set forth hereunder:

Directors	Date of first appointment	Meetings attended
Mr Walter Bonnici – Chairman	23 October 2000	8
Mr Joseph Fenech Conti	7 August 2008	8
Mr Anthony P Demajo	29 July 2005	8
Mr Roland Scerri	24 April 2012	8
Mr Lawrence Zammit	20 January 2018	8
Ms Joannie Grima	19 May 2020	8

The meetings held during 2020 and 2021 were attended either personally or by means of an alternate.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Board meetings concentrate mainly on strategy, operational performance and financial performance. The Board also delegates specific responsibilities to the CEO and the Audit Committee which operate under their respective formal terms of reference. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company. The Board has also set up a Remuneration Committee.

Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense. Directors and senior officers are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Listing Rules.

Each such Director and Senior Officer has been provided with the code of dealing required in terms of Listing Rule 8.45.

The Board of Directors has not undertaken an annual evaluation of its own performance and that of its Committees and of individual Directors. The Non-Executive Directors' performance is not formally evaluated by the Company whether on an individual or collective basis. Moreover, the attendance at Board Meetings as shown above is indicative of the level of commitment of the Directors. The Directors believe that in view of the limited size of the Company and its resources, a formal independent evaluation of the collective and individual performance of the Directors by independent third parties is unwarranted as it is not likely to add significant value to the manner in which the Board currently operates and could be disproportionately costly.

For the purposes of Code Provision 3.2 requiring the Board to report on whether it considers each Non-Executive director as independent in line with the requirements of that Code provision, the Board considers that Ms Joannie Grima and Mr Lawrence Zammit were independent during the period under review within the strict meaning of the Code. Mr Walter Bonnici (indirectly) and Mr Anthony P. Demajo both hold issued and voting capital in the Company. This notwithstanding, the Board considers that both the said Directors have the requisite skills, experience and integrity to act independently and impartially as Directors of the Company.

Principle 4 – Board Responsibility

In terms of this principle, it is the Board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development. Whilst there are matters which are reserved to the Board to determine within the Group, the Board believes that this responsibility includes the appropriate delegation of powers to management and the organisation of an Executive Team in a manner that is designed to provide high levels of comfort to the Directors that there is proper monitoring and accountability apart from implementation of policy. Senior Executive Management is presently entrusted to the CEO, who reports to the Board. The link between the Executive Management and the Board is attained through the attendance at Board Meetings of the CEO, as a member of the Board.

Though the Company has not set up a formal executive committee, meetings led by the CEO, between members of top management take place regularly.

As part of its corporate governance structures the Company has also established an Audit Committee in line with the requirements of the Listing Rules. Unlike the provisions of the Code, which are not mandatory in nature, the Directors acknowledge that the requirement of having an Audit Committee in place is an obligation under the Listing Rules. The principal role of the Audit Committee is the monitoring of internal systems and controls. In addition, unless otherwise dealt with in any other manner prescribed by the Listing Rules, the Audit Committee has the responsibility to monitor and scrutinise related party transactions, if any, falling within the ambits of the Listing Rules and to make its recommendations to the Board of any such proposed related party transactions.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Principle 4 – Board Responsibility – continued

The Audit Committee was, during the period under review, composed of Mr Anthony P. Demajo (Chairman of the committee and Non-Executive Director of the Company), Ms Joannie Grima (Non-Executive Director of the Company), and Mr Lawrence Zammit (Non-Executive Director of the Company).

Nevertheless, the Audit Committee has the power and authority under its terms of reference to summon any person to assist it in the performance of its duties. The Audit Committee has met four times in the financial year under review. The Directors are of the view that the composition of the Audit Committee meets the requirements of the Code on independence as well as having a member with knowledge in accounting and/or auditing, since Ms Joannie Grima is a Qualified Accountant. Following such declarations, such persons are also considered to be independent Directors for the purposes of the Code.

Principle 5 – Board Meetings

The Board is of the view that it complies with the requirements of this principle. Reference is made to the information disclosed above in relation to the number of Board Meetings held and participation thereat, as well as Audit Committee Meetings.

Principle 6 – Information and Professional Development

The CEO is appointed by the Board and enjoys the confidence of the Board. The CEO is responsible for recruitment and appointment of senior management, which is done in consultation with the Board.

The Directors have access to professional advice as and when required, with a view to discharging properly their duties as Directors.

Principle 7 – Evaluation of Board's Performance

The Board has not appointed a committee for the purpose of evaluating its own performance, and does not at this point intend to do so.

Principle 8 – Committees

The Company has not appointed a nominations committee, and does not believe that at this point it is necessary to do so.

Remuneration Committee
The Board has considered and approved the appointment of a remuneration committee. The Committee is composed of Mr Walter Bonnici (Chairman of the committee and Non-Executive Director of the Company) and Mr Lawrence Zammit (Non-Executive Director of the Company).

The Committee has met once in the year under review.

Remuneration of directors and senior management
The remuneration of the non-executive directors was set by reference to the time they are expected to dedicate, annually, to the affairs of the group, remunerated at a rate that recognizes the professional status and experience of the individuals concerned. The process was designed to attain transparency on the time input that directors are expected to dedicate annually to the Group; at the same time creating a basis on which to determine future revisions should directors be required to dedicate more time to the group's affairs.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Remuneration of directors and senior management – continued
Executive salaries are reviewed by the Remuneration Committee to ensure that they remain commensurate with the performance of the individuals concerned and in line with the market.

Bonuses paid to members of senior management are based on two elements: one is performance based and the other is discretionary and both are approved by the Remuneration Committee. Annual bonuses are paid in cash and do not constitute a material part of the aggregate remuneration of senior management. All other remuneration payable to directors is of a fixed nature.

No director has a contract with the company that contains provisions for termination payments and other payments linked to early termination.

The Non-Executive Directors have no arrangement for profit sharing, share options or pension benefits as part of their remuneration.

Non-cash benefits for one executive director include the use of a company car.

The maximum annual aggregate directors' fees that may be paid to the directors as approved by the shareholders is fixed at an aggregate sum of €650,000 per annum.

The following is an outline of the directors' remuneration for the financial year under review:

Directors' fees of the Group	EUR 60,000
Directors' fee of the Company	EUR 42,000
Directors' salaries	EUR 698,200

Principles 9 and 10 – Relations with Shareholders and the Market

During the period under review, the Company has communicated to the market through company announcements providing the market with information about reportable events. The Company also communicates to the market and its shareholders through its general meetings.

The Company's website is also utilised as an avenue for imparting information to the market.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Principle 11 – Conflict of Interest

In the context of Board meetings, a Director having a conflict of interest is required to inform the other members of the Board, and may be invited to abstain from voting on a particular matter in which he is conflicted, as well not to be present whilst the matter is under discussion. The Board is of the view that this secures substantive compliance with the rationale underlying this principle.

Terms and conditions of contracts negotiated with related parties are subject to review and approval by the Company's Audit Committee. During the year under review, no new contracts were entered into with related parties.

As at reporting date, the direct interests of the Directors in the shares of the Company were as follows:

	Number of shares
Mr Anthony P. Demajo	1,350,750
Mr Joseph Roland Scerri	5,556
Mr Lawrence Zammit	NIL
Ms Joannie Grima (appointed on 19 May 2021)	NIL

Mr Joseph Fenech Conti has a beneficial interest of 15,949,500 shares currently registered in the name of JFC Holdings Limited. Mr Walter Bonnici has a beneficial interest of 1,434,030 shares currently registered in the name of GDL Trading and Services Limited.

Principle 12 – Corporate Social Responsibility

The Company understands its obligation towards society at large and, within the current financial constraints of the Company, attempts to fulfil this obligation. The Company is fully aware of its obligation to help preserve the environment and endeavours to respect the environment.

The Company considers itself to be a good employer and promotes open communication, responsibility and personal development. Furthermore, the Company maintains a staff development program aimed at providing training to staff to assist in their development. Through investing in its people and their professional growth, the Company believes that this will be beneficial to both its shareholders and stakeholders alike.

The Directors consider that during the financial year under review the Company has put in place appropriate structures to comply with the principles and underlying spirit of the Code. Nonetheless the Directors shall endeavour to keep the situation under regular review as appropriate.

Non-compliance with the Code Provisions

The Directors set forth below the code provisions which they do not comply with, together with an explanation for such non-compliance:

Code Provision	Explanation
Principle 2 – Chairman and CEO	
2.1	Though the functions of CEO and Chairman are carried out by separate persons, the division of responsibilities has not been established in writing. In practice, however, the two roles are clearly separated and defined.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Non-compliance with the Code Provisions – continued

Code Provision	Explanation
Principle 4 – Board Responsibility	
4.2	The Board has not developed a succession policy for the future composition of the Board. The existence of a deputy CEO somewhat reduces the need for such a policy.
4.3	The Company has not as such organised any information sessions as required in this provision though the Board regularly discusses the matters set forth in this provision during Board meetings.
Principle 6 – Information and Professional Development	
6.1	Directors are not offered an official introduction programme, in particular since Directors are re-elected from year to year and are persons who are experienced in directorships. However, new Directors are given informal induction on the Company and its operations.
6.4	Though no 'formal' systems are in place for the development and training of management and employees, as a fact management and employees are frequently offered training opportunities. No formal 'systems' to monitor morale are in place, though the size of the Company allows for constant informal assessment of staff morale. Furthermore, no formal succession plan for Senior Management is in place.
Principle 7 – Evaluation of Board's Performance	
7.1	The Board is of the view that the size of the Company and the Board itself does not warrant the establishment of this Committee. The Board is of the view that the size of the Board is such that it is in a position to evaluate its own performance.
Principle 8 – Committees	
8A	The Board has recently appointed a remuneration committee.
8B	The Board has not appointed a nominations committee, particularly due to the requirements relating to nomination in the Articles of Association of the Company.
Principle 9 – Relations with Shareholders and the Market	
9.3	The Memorandum and Articles of Association of the Company do not provide a mechanism for resolution of conflicts as referred to in this provision.

Internal Control

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, risk in order to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls.

The key features of the Company's system of internal control are as follows:

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Internal Control – continued

Organisation

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.

Risk identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. The Audit Committee's mandate also includes the continuous assessment and oversight of such key risks.

General Meetings

The General Meeting is the highest decision making body of the Company and is regulated by the Company's Articles of Association. All shareholders registered on the register of members of the Company on a particular record date are entitled to attend and vote at General Meetings. A General Meeting is called by 21 days' notice.

At an Annual General Meeting (AGM) what is termed as 'ordinary business' is transacted, namely, the declaration of a dividend, the consideration of the accounts, balance sheets and the reports of the Directors and Auditors, the election of Directors, and the appointment of Auditors and the fixing of remuneration of Directors and Auditors. Other business which may be transacted at a General Meeting (excluding the general meeting) is dealt with as 'Special Business'.

Voting at General Meetings takes place by a show of hands or a poll where this is demanded. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands each Shareholder is entitled to one vote and on a poll each Shareholder is entitled to one vote for each share carrying voting rights of which he is a holder. Shareholders who cannot attend a meeting may appoint a proxy.

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 Auditors' remuneration.

Further Information

Board of Directors

The Board is aware of its corporate social responsibilities in terms of the Code and seeks to adhere, as far as possible within the various constraints inherent in the Company, to its obligations set forth in the said Code.

In general the Directors believe that the Company has adopted appropriate structures to achieve an adequate level of Good Corporate Governance, together with an adequate system of checks and balances in line with the Company's requirements.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Further Information – continued

Control environment

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.

The Memorandum and Articles of Association of the Company regulate the appointment of the Directors. Appointment of Directors is reserved exclusively to the Company's shareholders. Every shareholder owning, or group of shareholders who own together, not less than 10% of the ordinary share capital are entitled to appoint one Director for every such 10% holding.

The Chairman, Board of Directors and Auditors are all appointed by the shareholders during the Annual General Meeting. All Directors may be removed from their post either by the shareholders who appointed them or else by the passing of an Ordinary Resolution in the General Meeting. The Directors hold office for a period of one year, unless they resign or are removed or are appointed for periods other than one year. Once the period stated in their letter of appointment lapses, the Directors would be eligible for re-appointment.

Dealings by Directors and Senior Officers

Directors and Senior Officers are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Listing Rules. Mr Anthony P. Demajo was appointed Designated Director of the Company for the purposes of the "Code of Conduct for Securities Transactions". There were no reported breaches of such obligations during the year under review.

Going concern

In accordance with Listing Rule 5.62, the Directors have considered the Company's operating performance, the statement of financial position at year end, and they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis in preparing the financial statements set out on pages 18 to 66. Note 2 to the financial statements, details the going concern assessment.

Approved by the Board of Directors on 29 October 2021 and signed on its behalf by:

WALTER BONNICI
Chairman

JOSEPH FENECH CONTI
Director

REMUNERATION REPORT
for the year ended 30 June 2021

This statement on the remuneration of Loqus Holdings p.l.c.'s (C27140) (the "Company") Board of Directors has been drawn up in compliance with the requirements of Chapter 12 of the Listing Rules, and contains information required by the provisions of Appendix 12.1 of the Listing Rules.

The Company's remuneration of its Board of Directors is based on the remuneration policy adopted and approved by the shareholders at the annual general meeting of 14th January 2021.

The Remuneration policy

This policy determines the basis for remuneration of all members of the Board of Directors, and the Chief Executive Officer ("CEO") of the Company. It provides the principles and parameters to be applied in determining the remuneration to be paid to the Directors and Executives.

The Company's remuneration policy is intended to demonstrate how the remuneration that may be paid to Directors and Executives contributes to the development and attainment of the Company's corporate strategy and its long-term interests and sustainability.

The overall remuneration of the board consists of two components which are designed to reflect the time dedicated by the directors to the Company's affairs:

- The basic remuneration as sitting members of the board;
- Additional remuneration where a member of the board is assigned additional duties to sit on or chair a board committee.

The decision-making process with respect to remuneration

The aggregate emoluments that may be paid to the Directors (excluding the CEO) is decided upon by the shareholders in general meeting following a recommendation made to shareholders by the board. The board then decides on the remuneration of the Chairman and the other non-executive directors consisting of a fixed fee to each director. The remuneration of the CEO and Directors is reviewed annually by the Company's Remuneration Committee, to ensure that the said remuneration remains commensurate with the performance of the individuals concerned and in line with the market.

Key principles of remuneration

During the period under review, four (4) Non-Executive Directors, including the Chairman, and two (2) Executive Directors served as Directors of the Company, being the CEO and Deputy CEO of the Company. The term of office of Directors is regulated by the Articles of Association of the Company.

The maximum annual aggregate Directors' fees that may be paid to the directors for the financial year ended 30 June 2021, as approved by the shareholders, is fixed at an aggregate sum of €650,000 per annum.

The Board of Directors considers that, in view of the management and operational set-up of Loqus Group, a combination of fixed form of remuneration and discretionary annual bonus constitute a suitable basis of remuneration for the Executives, whereas a fixed form of remuneration is best suited to the Non-Executive Directors.

Fixed component

The remuneration of Directors does not include any right to purchase shares in the Company by virtue of share options, or any other deferred compensation or pension benefits or benefits payable upon termination of the Directors' employment and other payments linked to early termination.

REMUNERATION REPORT
for the year ended 30 June 2021

Fixed component – continued

Directors who are also appointed to chair, or to sit as members of one, or more, committees of the Company are entitled to receive additional compensation for such memberships.

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings in connection with the business of the Company. The Company does not remunerate the Chairman or the other non-executive directors in any other manner, nor does it provide any loans or other guarantees to them.

Variable component

In line with the Remuneration policy, the Non-Executive Directors are not entitled to any form of variable remuneration. In addition to the fixed remuneration component, the remuneration of the CEO, consists in part of a variable remuneration component, in the form of a discretionary variable annual bonus based on performance. Annual bonuses payable to the CEO is subject to review and approval by the Remuneration Committee.

The below is an outline of the Directors' remuneration for the financial year ended 30 June 2021:

Director	Directors' fees	Remuneration for sitting on other committees	Total
	EUR	EUR	EUR
Mr Walter Bonnici (Chairman)	24,000	-	24,000
Mr Joseph Fenech Conti (CEO)	12,000	-	12,000
Mr Anthony P Demajo	6,000	3,000	9,000
Mr Roland Scerri (Deputy CEO)	6,000	-	6,000
Mr Lawrence Zammit	6,000	1,000	7,000
Ms Joannie Grima	6,000	1,000	7,000

In terms of listing rule 8.A.5, the CEO and Deputy CEO received remuneration of EUR698,200 by subsidiary companies during the year ended 30 June 2021. The total emoluments entitled to the Executive directors amounted to EUR716,200.

This remuneration statement has been prepared by the Directors and is signed by the Chairman and Director as authorised by the Board. In accordance with listing rule 12.26N, the external auditors have checked that all information, required in terms of appendix 12.1 of Chapter 12 of the Listing Rules, has been included.

WALTER BONNICI
Chairman

JOSEPH FENECH CONTI
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – Group for the year ended 30 June 2021

	Notes	2021 EUR	2020 EUR
Revenue	3	**8,053,648**	5,442,783
Other income	3	**18,000**	-
Purchases and other directly attributable costs	3	**(1,405,268)**	(1,180,758)
Personnel expenses	3, 4	**(3,612,095)**	(2,465,186)
Professional and consultancy fees		**(105,887)**	(149,455)
Travelling and accommodation		**(5,125)**	(157,909)
Marketing expenses		**(12,235)**	(17,640)
Other administrative expenses	5	**(386,949)**	(348,729)
Operating profit before depreciation and amortisation		**2,544,089**	1,123,106
Depreciation amortisation and impairment	3, 9, 10	**(1,098,118)**	(958,126)
Finance costs	3	**(261,928)**	(273,669)
Profit/(loss) before tax		**1,184,043**	(108,689)
Income tax credit/(expense)	6	**254,274**	(34,451)
Profit/(loss) for the year		**1,438,317**	(143,140)
Other comprehensive income		**-**	-
Exchange difference on translation of foreign operations		**85,753**	-
Total comprehensive income/(expense) for the year net of tax		**1,524,070**	(143,140)
Attributable to:			
Owners of the parent		**1,438,317**	(143,140)
Non-controlling interest		**-**	-
		1,438,317	(143,140)
Profit/(loss) per share – basic	7.1	**4c5**	(0c4)

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION – Group
as at 30 June 2021

	Notes	2021	2020
		EUR	EUR
ASSETS			
Non-current assets			
Property, plant and equipment	8, 9	**307,261**	311,077
Intangible assets	10	**7,617,020**	7,506,596
Deferred tax asset	6, 13	**350,000**	-
		8,274,281	7,817,673
Current assets			
Inventories	14	**14,146**	13,614
Trade and other receivables	15	**2,487,645**	2,133,812
Cash at bank	19	**2,366,828**	1,173,032
		4,868,619	3,320,458
TOTAL ASSETS		**13,142,900**	11,138,131

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION – Group
as at 30 June 2021

	Notes	2021 EUR	2020 EUR
EQUITY AND LIABILITIES			
Equity			
Issued capital	16.1	**7,430,457**	7,430,457
Share premium	16.2	**847,101**	847,101
Capital redemption reserve	16.3	**121,554**	121,554
Translation reserve		**85,753**	-
Accumulated losses		**(4,407,635)**	(5,845,952)
Equity attributable to owners of the parent		**4,077,230**	2,553,160
Non-controlling interest		**-**	-
Total equity		**4,077,230**	2,553,160
Non-current liabilities			
Interest bearing loans and borrowings	17	**1,092,358**	995,402
Lease liabilities	8.1	**119,811**	151,020
		1,212,169	1,146,422
Current liabilities			
Interest bearing loans and borrowings	17	**284,024**	357,357
Lease liabilities	8.1	**55,347**	77,048
Trade and other payables	18	**7,415,819**	6,864,121
Taxation		**98,311**	140,023
		7,853,501	7,438,549
Total liabilities		**9,065,670**	8,584,971
TOTAL EQUITY AND LIABILITIES		**13,142,900**	11,138,131

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

The financial statements on pages 18 to 66 have been authorised for issue by the Board of Directors on 29 October 2021 and were signed on its behalf by:

WALTER BONNICI
Chairman

JOSEPH FENECH CONTI
Director

STATEMENT OF CHANGES IN EQUITY – Group
for the year ended 30 June 2021

	Attributable to equity holders of the parent							
	Issued capital EUR	Share premium EUR	Capital redemption reserve EUR	Accumulated losses EUR	Translation Reserve EUR	Total EUR	Non-controlling interest EUR	Total equity EUR
FOR THE YEAR ENDED 30 June 2020								
At 1 July 2019	7,430,457	847,101	121,554	(5,659,055)	-	**2,740,057**	-	**2,740,057**
Adjustment arising on the adoption of IFRS 16	-	-	-	(43,757)	-	**(43,757)**	-	**(43,757)**
	7,430,457	**847,101**	**121,554**	**(5,702,812)**	-	2,696,300	-	2,696,300
Loss for the year	-	-	-	(143,140)	-	**(143,140)**	-	**(143,140)**
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(143,140)	-	**(143,140)**	-	**(143,140)**
At 30 June 2020	**7,430,457**	**847,101**	**121,554**	**(5,845,952)**	-	**2,553,160**	-	**2,553,160**
FOR THE YEAR ENDED 30 June 2021								
At 1 July 2020	**7,430,457**	**847,101**	**121,554**	**(5,845,952)**	-	**2,553,160**	-	**2,553,160**
Profit for the year	-	-	-	1,438,317	-	**1,438,317**	-	**1,438,317**
Other comprehensive income	-	-	-	-	85,753	**85,753**	-	**85,753**
Total comprehensive income	-	-	-	1,438,357	85,753	**1,524,070**	-	**1,524,070**
At 30 June 2021	**7,430,457**	**847,101**	**121,554**	**(4,407,635)**	**85,753**	**4,077,230**		**4,077,230**

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS – Group
for the year ended 30 June 2021

	Notes	2021 EUR	2020 EUR
Operating activities			
Profit/(loss) before tax		**1,184,043**	(108,689)
Non-cash adjustment to reconcile loss before tax to net cash flows:			
Depreciation and amortisation	9, 10	**1,098,118**	958,126
Provision for impairment of receivables	5, 15	**13,940**	(4,568)
Write-off of receivables	5, 15	**-**	510
Interest expense		**261,928**	273,669
Interest income		**-**	-
Provision for currency exchange differences	5	**(21,127)**	3,708
Write-off for obsolete inventory	5	**420**	280
Working capital adjustments:			
Movement in inventories		**(952)**	1,884
Movement in trade and other receivables		**(261,330)**	309,896
Movement in trade and other payables		**587,925**	1,741,805
Cash flows from operating activities		**2,862,965**	3,176,621
Interest paid		**(44,660)**	(43,649)
Income tax paid	6	**(104,935)**	-
Net cash flows generated from operating activities		**2,713,370**	3,132,972
Investing activities			
Proceeds from sale of property, plant and equipment		**-**	-
Payment to acquire property, plant and equipment	9	**(101,500)**	(23,450)
Payments to acquire intangible assets	10	**(823,736)**	(1,160,178)
Payment to acquire subsidiary		**(461,495)**	(709,603)
Net cash flows used in investing activities		**(1,386,731)**	(1,893,231)
Financing activities			
Lease payments	8	**(52,910)**	(46,333)
Net cash flows used in financing activities		**(52,910)**	(46,333)
Net movement in cash and cash equivalents		**1,273,729**	1,193,408
Cash and cash equivalents at beginning of year		**1,092,225**	(101,183)
Cash and cash equivalents at end of year	19	**2,365,954**	1,092,225

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – Company for the year ended 30 June 2021

	Notes	**2021 EUR**	2020 EUR
Revenue		**-**	-
Personnel expenses	4	**(47,000)**	(34,836)
Professional and consultancy fees		**(4,298)**	(2,985)
Other administrative expenses	5	**(21,641)**	(30,338)
Operating loss		**(72,939)**	(68,159)
Finance income		**133,763**	173,206
Finance costs		**(133,763)**	(173,206)
Loss before tax		**(72,939)**	(68,159)
Income tax credit	6	**-**	-
Loss for the year		**(72,939)**	(68,159)
Other comprehensive income		**-**	-
Total comprehensive expense for the year net of tax		**(72,939)**	(68,159)
Loss per share - basic	7.1	**(0c2)**	(0c2)

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION – Company
as at 30 June 2021

	Notes	2021 EUR	2020 EUR
ASSETS			
Non-current assets			
Investment in subsidiaries	11	**9,655,837**	9,657,035
Current assets			
Trade and other receivables	15	**65,002**	34,860
Cash at bank and in hand	19	**18**	18
		65,020	34,878
TOTAL ASSETS		**9,720,857**	9,691,913
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	16.1	**7,430,457**	7,430,457
Share premium	16.2	**847,101**	847,101
Retained earnings		**53,534**	126,473
		8,331,092	8,404,031
Non-current liabilities			
Interest bearing loans and borrowings	17	**1,092,358**	995,402
Current liabilities			
Interest bearing loans and borrowings	17	**283,150**	276,550
Trade and other payables	18	**14,257**	15,930
		297,407	292,480
Total liabilities		**1,389,765**	1,287,882
TOTAL EQUITY AND LIABILITIES		**9,720,857**	9,691,913

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

The financial statements on pages 18 to 66 have been authorised for issue by the Board of Directors on 29 October 2021 and were signed on its behalf by:

WALTER BONNICI
Chairman

JOSEPH FENECH CONTI
Director

STATEMENT OF CHANGES IN EQUITY – Company
for the year ended 30 June 2021

	Issued capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
FOR THE YEAR ENDED 30 JUNE 2020				
At 1 July 2019	7,430,457	847,101	194,632	**8,472,190**
Loss for the year	-	-	(68,159)	**(68,159)**
Other comprehensive income	-	-	**-**	-
Total comprehensive expense	-	-	(68,159)	**(68,159)**
At 30 June 2020	**7,430,457**	**847,101**	**126,473**	**8,404,031**
FOR THE YEAR ENDED 30 JUNE 2021				
At 1 July 2020	**7,430,457**	**847,101**	**126,473**	**8,404,031**
Loss for the year	-	-	(72,939)	**(72,939)**
Other comprehensive income				
Total comprehensive expense	-	-	(72,939)	**(72,939)**
At 30 June 2021	**7,430,457**	**847,101**	**53,534**	**8,331,092**

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS – Company
for the year ended 30 June 2021

	Notes	2021 EUR	2020 EUR
Operating activities			
Loss before tax		**(72,939)**	(68,159)
Non-cash adjustment to reconcile (loss)/profit before tax to net cash flows:			
Finance cost		**133,763**	173,206
Finance income		**(133,763)**	(173,206)
Working capital adjustments:			
Movement in trade and other receivables		**(16,899)**	(18,350)
Movement in trade and other payables		**88,640**	86,509
		(1,198)	-
Interest paid		**-**	-
Net cash flows generated from operating activities		**(1,198)**	-
Investing activities			
Proceeds from sale of subsidiary		**1,198**	-
Net cash flows generated from financing activities		**1,198**	-
Net movement in cash and cash equivalents		**-**	-
Cash and cash equivalents at beginning of year		**18**	18
Cash and cash equivalents at end of year	19	**18**	18

The accounting policies and explanatory notes on pages 27 to 66 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Loqus Holdings p.l.c (the "Company") is a public liability company, incorporated in Malta on 23 October 2000. The consolidated financial statements of the Company for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associated company. The Group is primarily involved in the provision of fleet management, back-office processing and ICT solutions.

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements (the "financial statements") have been prepared on a historical cost basis.

The financial statements have been prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The significant accounting policies have been set out below.

Going Concern

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.

These 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 a reasonable expectation that the Group has adequate resources to improve its liquidity and to take the necessary decisions to continue in operational existence for the foreseeable future.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2021. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group is considered to have power over an entity when it has existing rights that give it the current ability to direct the relevant activities of the investee. For the Group to have power over an entity, it must have the practical ability to exercise those rights. The entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control identified above. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, or from the date of set up under control of the Company, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.2 BASIS OF CONSOLIDATION - continued

Losses are attributed to the non-controlling interest even if that results in a deficit balance.
If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Initial Application of an International Financial Reporting Standard:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 July 2020:

Amendments to References to the Conceptual Framework in IFRS Standards – *effective 1 January 2020*

The revised *Conceptual Framework* includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance—in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The application of these amendments did not have a material impact on the financial statements of the Group and Company's financial statements.

Amendments to IAS 1 and IAS 8 Definition of Material - *effective 1 January 2020*

In October 2018, the IASB issued amendments to IAS 1 Financial Statement Presentation and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify the definition of 'material' in the context of applying IFRS. As the concept of what is and is not material is crucial in preparing financial statements in accordance with IFRS, a change in the definition may fundamentally affect how preparers make judgments in preparing financial statements.

These amendments are a component of the IASB's 'Disclosure Initiative' project, which is intended to simplify financial statements and increase their usability.

The new definition changes the "bar" at which the definition is applied. The previous definition used the term "could" in the context of whether users are potentially affected, which has been interpreted broadly. The revised definition adjusts this to use the terminology "could reasonably be expected", which adds the element of reasonability, rather than any potential effect on users.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued

Initial Application of an International Financial Reporting Standard - continued:

Amendments to IAS 1 and IAS 8 Definition of Material - *effective 1 January 2020*

The revised definition also narrows the definition of those who may be affected from the previous term of "users" to "primary users", which further narrows the view of what may be material in a given circumstance.

Finally, the revised definition adds the concept that obscuring information may also be relevant in determining whether an element is material to primary users. For example, disclosure of a significant subsequent event would generally receive more prominence in the order in which it is presented in financial statements than insignificant disclosures.

The application of these amendments did not have a material impact on the financial statements of the Group and Company's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform- *effective 1 January 2020*

The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The amendment requires disclosure of the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

The application of these amendments did not have a material impact on the financial statements of the Group and Company's financial statements.

Amendments to IFRS 3 Business Combinations - effective 1 January 2020

In October 2018, the International Accounting Standards Board (IASB or Board) issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business.

The amendments: clarify the minimum requirements for a business; remove the assessment of whether market participants are capable of replacing any missing elements; add guidance to help entities assess whether an acquired process is substantive; narrow the definitions of a business and of outputs; and introduce an optional fair value concentration test. The Board also added examples to illustrate the application of the guidance in IFRS 3 on the definition of a business.

The application of these amendments did not have a material impact on the financial statements of the Group and Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued

Initial Application of an International Financial Reporting Standard - continued:

Amendment to IFRS 16 Leases COVID-19 - Related Rent Concessions (issued on 28 May 2020) – *effective 1 June 2020*

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020 with earlier application being permitted in order to allow application of the relief as soon as possible.

The application of these amendments did not have a material impact on the financial statements of the Group and Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective during the current financial period:

Up to the financial position date, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which the Company has not yet adopted. These are as follows:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) effective 1 January 2021

Phase 2 of the Interest Rate Benchmark reform dealt with replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The amendments published address issues that might affect financial reporting when an existing interest rate benchmark is actually replaced.

The changes in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The Directors are of the opinion that the adoption of these amendments will not have a material impact on the financial statements of the Group and Company.

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020

The amendments to IFRS 3 include an update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework, an addition to IFRS 3 as a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and an addition to IFRS 3 of an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments to IAS 37 specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The Directors are of the opinion that the adoption of these amendments will not have a material impact on the financial statements of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union:

- IFRS 17 - Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors are assessing the impact that the adoption of these Financial Reporting Standards will have in the financial statements of the Group and Company in the period of initial application.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting polices set out below have been applied consistently to all years presented in these financial statements and have been applied consistently by the Group/Company.

Currency translation

The separate and consolidated financial statements are presented in Euro, which is the Group and Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date, whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Gains and losses arising from such foreign exchange translations are taken to the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer arising from the provision of services (performance obligations) and is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax, rebates and discounts, where applicable. Revenue is recognised when it is probable that future economic benefits will flow to the Group and the amount of revenue and the associated costs can be measured reliably.

The Group and the Company recognise such revenue when (or as) they satisfy a performance obligation by transferring control of a promised good or service to the customer.

Interest income

Interest income is accrued on a time basis using the effective interest rate applicable and is recognised to the extent that is probable that future economic benefits will flow to the Group and can be measured reliably.

Taxation

Current and deferred tax is recognised in the profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity in which case the current and deferred tax is also dealt with in other comprehensive income or equity as appropriate.

Current tax is based on the taxable result for the period. Current tax assets and liabilities for the current year and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

VAT

Revenues, expenses and assets are recognised net of the amount of sales tax/value added tax except:

- where the sales tax/value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax/value added tax is recognised as part of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax/value added tax included.

The net amount of sales tax/value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grants on a systematic basis to the costs that are intended to compensate on a systematic basis. Such grants are presented as part of profit or loss.

Employee benefits

The Group/Company contributes towards the State pension defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of fixed contributions. Related costs are recognised as an expense in the statement of comprehensive income during the year these are incurred.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment

The Group's property, plant and equipment are classified into the following classes – equipment furniture and fittings, motor vehicles, factory improvements.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses if any. Subsequent costs are included the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group/Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight line basis over the useful life of each part of an item of property, plant and equipment. Depreciation commences when the depreciable assets are available for use and is charged to profit or loss, so as to write off the cost less any estimated residual value, over their estimated useful lives.

The estimated lives for the current and comparative periods are as follows:

- Furniture, fittings and equipment — 4 - 10 years
- Motor vehicles — over the remaining period of the lease
- Factory improvements — over the remaining period of the lease

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date.

Leased assets

Group as a lessee

IFRS 16 requires the Group to assess whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Group as a lessee - continued

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets, if any, using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included under non-current and current liabilities.

Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as income.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and/or the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, development expenditure are carried out at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of future consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in the accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset. The amortisation period for the intangibles category is as follows:

- Capitalised development costs 5 years
- Acquired computer software 4 years

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of comprehensive income when incurred.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Goodwill

The definition of an intangible asset requires an intangible asset to be identifiable to distinguish it from goodwill. Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. The future economic benefits may result from synergy between the identifiable assets acquired or from assets that, individually, do not qualify for recognition in the financial statements.

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Research and development in relation to software development

Research costs, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset and
- the ability to measure reliably the expenditure during development.

A summary of the policies applied to the Company's intangible assets is as follows:

	Development cost	Acquired computer software
Useful lives	Finite	Finite
Amortisation method used	Amortised on a straight line method	Amortised on a straight line method
Internally generated or acquired	Internally generated	Acquired

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Impairment of assets

Financial assets

Credit losses are determined based on the ECL model. The ECL model applies to financial assets measured at amortised cost, debt investments at FVOCI, lease receivables and contract assets, but not to investments in equity instruments. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of assets - continued

The Group applies the simplified approach for trade receivables and contract assets that do not contain a significant financing component. The Group's trade receivables are of a short-term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component.

Where the Group does not have reasonable and supportable information that is available without undue cost or effort to measure LT-ECLs on an individual instrument basis and in order to ensure that LT-ECLs are recognised before an asset becomes credit-impaired or an actual default occurs, LT-ECLs on the remaining financial assets are measured on a collective basis.

In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the LT-ECLs are estimated using a provision matrix based on actual credit loss experience over past years, which is adjusted to reflect current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Such adjustments are based on factors that are specific to the debtors and economic and industry indicators such as GDP, unemployment rates and/or industry projections, where applicable, unless the effect is considered to be immaterial.

Non-financial assets

The Group/Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group/Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group/Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of assets – continued

Non-financial assets - continued

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than its carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with finite useful lives are tested for impairment whenever there is an indication that the intangible asset may be impaired.

Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised nor separately tested for impairment. The statement of comprehensive income reflects the share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investment in subsidiaries

The investment in subsidiary companies, which are unlisted, are stated at cost. Provision is made, where in the opinion of the directors, there is a permanent diminution in value. Income from the investment is recognised only to the extent of the distributions received by the Company.

Trade and other receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. Receivables from related parties are recognised and carried at cost.

Cash and cash equivalents

Cash in hand and at banks in the statement of financial position comprise cash at banks and in hand.

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Trade and other payables

Liabilities for amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group/Company. Payables to related parties are carried at cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less direct attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group/Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group/Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's/Company's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is either discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of every reporting period.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the year the changes become known. The most significant judgements and estimates are as follows:

Impairment of non-financial assets

The Group's impairment for goodwill is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next three years as approved by management. Cash flow projections beyond this period are extrapolated for the next two years (previously eight years) using a steady growth rate, after which the terminal value is calculated. These budgets do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the Group. The recoverable amount is most sensitive to the growth rate used as well as the expected future net cash-inflows and discount rate used for the discounted cash flow model. The key assumptions used to determine the recoverable amount, including a sensitivity analysis, are further explained in note 10.1.

Going concern

Management has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Note 2.1 to the financial statements details the going concern assessment.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS – continued

Development costs

Development costs are capitalised in accordance with the accounting policy in note 2.4. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected year of benefits. At 30 June 2021, the carrying amount of capitalised development costs was EUR2,608,658 (2020: EUR2,777,724).

In the opinion of management, except for the above, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) 'Presentation of financial statements'.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 22.

3. 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 the operating results 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.

NOTES TO THE FINANCIAL STATEMENTS – continued

3. SEGMENT INFORMATION – continued

Group

2021	Fleet management	Original Equipment Manufacturers	Back office processing	Projects	Consolidated
	EUR	EUR	EUR	EUR	EUR
Revenue	**5,526,536**	**67,776**	**2,114,850**	**344,486**	**8,053,648**
Other income	**15,000**	**-**	**3,000**	**-**	**18,000**
Purchases and other directly attributable costs	**(1,121,235)**	**-**	**(264,893)**	**(19,140)**	**(1,405,268)**
Personnel expenses	**(2,389,882)**	**(12,218)**	**(1,060,433)**	**(149,562)**	**(3,612,095)**
Other expenses	**(233,257)**	**(3,389)**	**(234,685)**	**(38,865)**	**(510,196)**
Operating profit before depreciation and amortisation	**1,797,162**	**52,169**	**557,839**	**136,919**	**2,544,089**
Depreciation and amortisation	**(910,431)**	**(1,643)**	**(121,551)**	**(64,493)**	**(1,098,118)**
Finance cost	**(154,834)**	**(1,899)**	**(89,623)**	**(15,572)**	**(261,928)**
Profit before tax	**731,897**	**48,627**	**346,665**	**56,854**	**1,184,043**

2020	Fleet management	Original Equipment Manufacturers	Back office processing	Projects	Consolidated
	EUR	EUR	EUR	EUR	EUR
Revenue	3,681,729	85,179	1,452,790	223,085	5,442,783
Purchases and other directly attributable costs	(955,495)	(4,564)	(159,535)	(61,164)	(1,180,758)
Personnel expenses	(1,463,706)	(10,249)	(855,821)	(135,410)	(2,465,186)
Other expenses	(335,696)	(4,703)	(284,591)	(48,743)	(673,733)
Operating profit before depreciation and amortisation	926,832	65,663	152,843	(22,232)	1,123,106
Depreciation and amortisation	(729,559)	(6,445)	(69,061)	(153,061)	(958,126)
Finance cost	(138,864)	(3,213)	(111,209)	(20,383)	(273,669)
Profit/(loss) before tax	58,409	56,005	(27,427)	(195,676)	(108,689)

There is no inter-segment revenue and all revenue was generated from external customers.

Revenue by geographical markets	Local	Europe	Middle East & South Africa	Australasia	Total
	EUR	EUR	EUR	EUR	EUR
2021	**2,902,906**	**5,092,798**	**25,956**	**31,988**	**8,053,648**
2020	2,513,401	2,863,518	34,005	31,859	5,442,783

Other income

Other income relates to the Government grants received in relation to the Gozo Teleworking Scheme.

NOTES TO THE FINANCIAL STATEMENTS – continued

4. PERSONNEL EXPENSES

Personnel expenses incurred by the Group/Company during the year are analysed as follows:

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Directors' emoluments	**60,000**	44,645	**42,000**	31,145
Wages and salaries	**4,212,430**	3,502,081	**5,000**	3,691
COVID Government assistance	**(61,986)**	(73,577)	**-**	-
Social security defined contribution costs	**225,387**	152,215	**-**	-
	4,435,831	3,625,364	**47,000**	34,836
Capitalised labour costs (note 9)	**(823,736)**	(1,160,178)	**-**	-
Total personnel expenses	**3,612,095**	2,465,186	**47,000**	34,836

Social security defined contribution costs relating to Directors amount to EUR5,024 (2020: EUR5,011).

Directors' emoluments relate to Directors fees. Directors' remuneration and other key management personnel costs are disclosed in more detail in Note 21.

The average number of persons employed by the Group/Company during the years ended 30 June 2021 and 2020, was as follows:

	Group		Company	
	2021	2020	**2021**	2020
	No.	No.	**No.**	No.
Operating	**101**	84	**-**	-
Administration	**15**	16	**-**	-
	116	100	**-**	-

NOTES TO THE FINANCIAL STATEMENTS – continued

5. OTHER ADMINISTRATIVE EXPENSES

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Audit fees paid to Group auditors	**31,750**	27,301	**4,701**	3,146
Other audit fees	**4,767**	-	**-**	-
Bank charges	**4,733**	4,885	**-**	-
Computer Expenses	**10,827**	12,723	**-**	-
Creditors Write-Off	**(1,337)**	-	**-**	-
Fuel and Oil	**18,536**	17,384	**-**	-
Insurances	**43,573**	33,745	**-**	-
Licenses and subscriptions	**55,735**	22,094	**25**	25
Listing and registration fees	**15,367**	24,529	**11,217**	17,147
Motor Vehicles	**14,991**	12,710	**-**	-
Movement in provision for impairment of receivables (note 15)	**13,940**	(4,568)	**-**	-
Movement in unrealised currency exchange	**(21,127)**	3,708	**-**	-
Printing Expenses	**9,612**	11,958	**5,698**	10,020
Receivables written off	**-**	510	**-**	-
Repairs and Maintenance	**7,984**	6,568	**-**	-
Rent	**21,156**	15,726	**-**	-
Staff Training and Welfare	**35,093**	54,884	**-**	-
Telecommunications	**37,777**	40,725	**-**	-
Water and electricity	**12,253**	19,103	**-**	-
Write-Off of stock	**420**	280	**-**	-
Other expenses	**70,899**	44,464	**-**	-
	386,949	348,729	**21,641**	30,338

Group

Professional and Consultancy fees included remuneration payable to the company's auditor for tax compliance services of EUR4,888 (2020: EUR2,763).

Company

Professional and Consultancy fees included remuneration payable to the company's auditor for tax compliance services of EUR1,888 (2020: EUR413).

6. INCOME TAX

The taxation credit/(expense) for the year is comprised of the following:

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Current tax charge				
- current year	**(83,527)**	(34,451)	**-**	-
- under provision in respect of prior years	**(12,199)**			
- deferred tax credit	**350,000**	-	**-**	-
	254,274	(34,451)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS – continued

6. INCOME TAX – continued

The taxation on profit/(loss) before tax differs from the theoretical taxation expense that could apply on the Company's profit before taxation using the applicable taxation in Malta of 35% as follows:

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Profit/(loss) before tax	**1,184,043**	(108,689)	**(72,939)**	(68,159)
Theoretical taxation credit/(expense) at domestic income tax rate 35%	**(414,415)**	38,041	**25,528**	23,856
Tax effect of:				
- Income not subject to tax	**1,143**	-	**-**	-
- Non-deductible expenses	**(49,999)**	(39,963)	**(25,528)**	(23,856)
- Deferred tax not recognised	**259,675**	(60,382)	**-**	-
- Partial recognition of deferred tax	**350,000**	-	**-**	-
- Difference to the foreign tax	**70,288**	27,766	**-**	-
- Prior year underaccrual of tax	**(12,199)**	-	**-**	-
- Tax credits	**49,785**	-	**-**	-
- Other differences	**(4)**	87	**-**	-
Tax credit/(expense)	**254,274**	(34,451)	**-**	-

7. EARNINGS PER SHARE

7.1 Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit/(loss) for the year attributable to the ordinary equity holders and the Company's loss divided by the average number of equity shares outstanding during the year.

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Profit/(loss) attributable to the ordinary equity holders/Company	**1,438,317**	(143,140)	**(72,939)**	(68,159)
Average number of equity shares outstanding during the year	**31,899,000**	31,899,000	**31,899,000**	31,899,000
Basic profit/(loss) per share attributable to the ordinary equity holders/Company	**(4c5)**	**(0c4)**	**(0c2)**	(0c2)

7.2 Diluted earnings per share

As at the reporting date there are no instruments that could dilute ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS – continued

8. LEASES

On 1 July 2019, the Group adopted IFRS 16 *Leases* using the modified retrospective approach, with no restatement to comparative information and an adjustment of EUR43,757 in Equity. Leases in relation to property are for a period of 11 years. Leases in relation to motor vehicles are for a period of 6 years.

	Property EUR	Motor Vehicles EUR	Total EUR
Cost			
At 30 June 2020	324,041	153,973	478,014
Additions	-	-	-
At 30 June 2021	**324,041**	**153,973**	**478,014**
Depreciation			
At 30 June 2020	205,993	97,996	**303,989**
Depreciation charge	29,164	27,325	**56,489**
At 30 June 2021	**235,157**	**125,321**	**360,478**
Carrying value			
At 30 June 2021	**88,884**	**28,652**	**117,536**
At 30 June 2020	118,048	55,977	174,025

Lease related costs recognised in the statement of profit or loss and other comprehensive income amount to:

	Property EUR	Motor Vehicles EUR	Total EUR
Depreciation charge on Right of Use Assets			
As at 30 June 2021	**29,164**	**27,325**	**56,489**
As at 30 June 2020	29,244	27,400	56,644
Interest expense (included in finance costs)			
As at 30 June 2021	**3,913**	**6,835**	**10,748**
As at 30 June 2020	4,835	7,926	12,761

The total cash outflows during the year ended 30 June 2021 amounted to EUR52,910 (2020:EUR46,333).

NOTES TO THE FINANCIAL STATEMENTS – continued

8. LEASES - continued

8.1. Lease liabilities

Lease liabilities amounted to:

	2021	2020
	EUR	EUR
Non-current liabilities		
Property	**66,147**	98,762
Motor Vehicles	**53,664**	52,258
	119,811	151,020
Current liabilities		
Property	**32,615**	31,664
Motor Vehicles	**22,732**	45,384
	55,347	77,048
	175,158	228,068

NOTES TO THE FINANCIAL STATEMENTS – continued

9. PROPERTY, PLANT AND EQUIPMENT

	Right of Use Assets EUR	Equipment Furniture & Fittings EUR	Motor Vehicles EUR	Factory Improvements EUR	Total EUR
Cost					
At 30 June 2019	-	**2,115,275**	**56,270**	**26,488**	**2,198,033**
Additions	-	23,450	-	-	23,450
Adjustment on transition to IFRS 16	478,014	-	-	-	478,014
Disposals	-	(793,450)	-	-	(793,450)
Assets acquired through business combination	-	31,277	-	-	31,277
At 30 June 2020	478,014	1,376,552	56,270	26,488	1,937,324
Additions	-	101,500	-	-	101,500
Disposals	-	-	-	-	-
At 30 June 2021	**478,014**	**1,478,052**	**56,270**	**26,488**	**2,038,824**
Depreciation and impairment					
At 30 June 2019	-	1,971,124	56,270	12,540	2,039,934
Adjustment on transition to IFRS 16	247,345	-	-	-	247,345
Depreciation charge	56,644	43,380	-	2,656	102,680
Depreciation on acquired assets	-	29,738	-	-	29,738
Depreciation released on disposal	-	(793,450)	-	-	(793,450)
Release on disposal	-	-	-	-	-
At 30 June 2020	303,989	1,250,792	56,270	15,196	1,626,247
Depreciation charge	56,489	46,178	-	2,649	105,316
Release on disposal	-	-	-	-	-
At 30 June 2021	**360,478**	**1,296,970**	**56,270**	**17,845**	**1,731,563**
Net Book Value					
At 30 June 2021	**117,536**	**181,082**	**-**	**8,643**	**307,261**
At 30 June 2020	174,025	125,760	-	11,292	311,077

As at 30 June 2021, assets amounting to EUR1,290,440 (2020: EUR1,287,539) were fully depreciated.

NOTES TO THE FINANCIAL STATEMENTS – continued

10. INTANGIBLE ASSETS

	Goodwill EUR	Software Development EUR	Acquired Software EUR	Total EUR
Cost				
At 30 June 2019	5,973,592	8,820,626	519,680	15,313,898
Additions (note 4)	300,950	1,160,178	-	1,461,128
At 30 June 2020	6,274,542	9,980,804	519,680	16,775,026
Additions (note 4)	279,490	823,736	-	1,103,226
At 30 June 2021	**6,554,032**	**10,804,540**	**519,680**	**17,878,252**
Amortisation and Impairment				
At 30 June 2019	1,545,670	6,347,634	519,680	8,412,984
Amortisation charge	-	855,446	-	855,446
At 30 June 2020	1,545,670	7,203,080	519,680	9,268,430
Amortisation charge	-	992,802	-	992,802
At 30 June 2021	**1,545,670**	**8,195,882**	**519,680**	**10,261,232**
Net Book Value				
At 30 June 2021	**5,008,362**	**2,608,658**	**-**	**7,617,020**
At 30 June 2020	4,728,872	2,777,724	-	7,506,596

Intangible assets are made up of goodwill, software development and acquired software. Software development includes capitalised labour cost incurred in the enhancement and development of software.

As at year end, EUR175,019 (2020: EUR175,019), relating to the development of one of the subsidiary's software products, was not in the condition necessary for it to be capable of operating in the manner intended by management.

As at 30 June 2021, assets amounting to EUR4,798,019 (2020: EUR4,225,115) were fully amortised.

NOTES TO THE FINANCIAL STATEMENTS – continued

10. INTANGIBLE ASSETS – continued

10.1 Impairment test for the cash-generating units containing goodwill – current period

The Group performed its annual impairment test as at 30 June 2021. Since management only monitors revenue and directly attributable costs of its business units separately and the decision making process was managed on a group basis, the Group was considered to be a single cash generating unit. The key assumptions used in testing for impairment are based on management's expectations for operational development and growth, which are partly based on past experience. The key parameter is the expected revenue streams. This parameter is based on estimates of the future, and the value in use calculated thus aggregates the natural uncertainty of these estimates.

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three year period. The cash flows beyond the budget period are extrapolated using a 4% (2020: 6%) growth rate for years four to five and 1% (2020: 3%) thereafter into perpetuity.

The key assumptions used in the value in use calculation are most sensitive to the following assumptions:

- Revenue growth rate (15% average (2020: 37% average) during the budgeted period;
- Growth rates (4% and 1% (2020: 6% and 3%)) beyond the budget period; and
- Pre-tax discount rate 10% (2020: 12%).

As the value in use for the Group is greater than its carrying amount, no impairment has been identified.

The Group's revenue growth rate has been on a steady increase year on year with a 48% (2020: 24%) increase registered in the year under review. COVID-19 has resulted in opportunities for the majority of our clients. Recurrent contracted revenues and potential revenues have increased. However since there is still uncertainty due to the pandemic, as well as recommendations made through IAS 36, some changes were adopted to the impairment testing model, whereby the forecast period was decreased to 5 years (down from 12 years) and estimate to perpetuity thereafter.

The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of the cash-generating unit is based, would not cause its carrying amount to exceed its recoverable amount.

11. INVESTMENT IN SUBSIDIARIES

Company

	Capital subscribed EUR	Shareholders' contribution EUR	Total EUR
At 30 June 2021	**2,429,889**	**7,225,948**	**9,655,837**
At 30 June 2020	2,431,087	7,225,948	9,657,035

NOTES TO THE FINANCIAL STATEMENTS – continued

11. INVESTMENT IN SUBSIDIARIES – continued

Ownership Interest

Significant Subsidiaries	Registered Office	2021 %	2020 %	Nature of Business
Loqus Services Limited (note iii)	SUB008A Industrial Estate San Gwann SGN 3000 Malta	99.9	99.9	Back-office Processing
Loqus Solutions Limited	SUB008A Industrial Estate San Gwann SGN 3000 Malta	94.04	94.04	Software solutions
Loqus Consulting Limited	SUB008A Industrial Estate San Gwann SGN 3000 Malta	75.0	75.0	Consulting services
Loqus UK Limited	The Apex Sheriffs Orchard Coventry CV1 3PP, United Kingdom	100	100	Fleet management in the UK
Datatrak IT Services Limited (note i)	SUB008A Industrial Estate San Gwann SGN 3000 Malta	50.2	50.2	Software development and related services
Premiere Post Limited (note ii)	SUB008A Industrial Estate San Gwann SGN 3000 Malta	99.9	99.9	Postal service
Loqus Public Sector Limited (note iii)	SUB008A Industrial Estate San Gwann SGN 3000 Malta	99.9	99.9	Public Sector activities
Loqus Fleet Limited (note iv)	SUB008A Industrial Estate San Gwann SGN 3000 Malta	99.9	99.9	Fleet management worldwide
Simno Software Services Limited (note v)	Savoy House, Savoy Circus, London W3 7DA United Kindgom	100.0	100.0	Software Support Services

i. Datatrak IT Services Limited has been dormant since 1 January 2008 and did not carry out any trading activity during the current year.

ii. The Company indirectly controls Premiere Post Limited through Loqus Services Limited.

iii. The Company acquired 100% of the issued share capital of CCG Investment Limited with effect from 1 January 2014. The company was renamed to Loqus Public Sector Limited. The business and personnel were merged with the public sector activities of the Group.

NOTES TO THE FINANCIAL STATEMENTS – continued

11. INVESTMENT IN SUBSIDIARIES – continued

iv. Loqus Fleet Limited was set up to consolidate the Group's Fleet Management IPR and business. The investment in Loqus Fleet Limited was transferred to Loqus Services Limited with effect from 1 July 2020.

v. The Company indirectly controls Simno Software Services Limited through Loqus UK Limited. Simno Software Services Limited was acquired on 4 May 2020.

vi. Datatrak IT Algerie Sarl is in the process of liquidation and the investment was fully provided for in previous periods. Such subsidiary was not consolidated due to the fact that amounts are immaterial for the Group and no transactions were entered into during the year under review.

12. INVESTMENT IN ASSOCIATE

The group's investment in the associated company is held through Loqus Solutions Limited.

		Ownership interest		
		2021	**2020**	
Significant subsidiary	**Registered office**	**%**	**%**	**Nature of business**
Datatrak Nigeria Limited	Nigeria	30	30	Data network provider

The issued share capital of Datatrak Nigeria Limited is 85,000,000 shares of 1 Nigerian Naira each, fully paid up. All ordinary shares in the associate carry equal voting rights.

The Group has limited the recognition of losses of the associated company up to the extent of the value of the Group's interest in the enterprise. The Group does not have any exposure beyond its equity interest therein.

13. DEFERRED TAX

Group

As of 30 June 2021, the Group had deferred tax assets amounting to EUR5,845,240 (2020: EUR6,373,639). These deferred tax assets have not been recognised in these financial statements and will be recognised when utilised against future taxable profits.

These deferred tax assets are in respect of the tax effect of tax losses, capital allowances, investment tax credits and other temporary differences. These deductible temporary differences do not expire under current tax legislation.

Deferred tax assets relating to investment tax credits amount to EUR2,780,716 (2020: EUR2,840,629).

Company

As of 30 June 2021, the Company had a deferred tax asset of EUR46,988 (2020: EUR46,988). These deferred tax assets have not been recognised in these financial statements and will be recognised when utilised against future taxable profits.

This deferred tax asset is in respect of the tax effect of tax losses and does not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS – continued

14. INVENTORIES

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Raw materials and consumables	**14,146**	13,614	**-**	-

Raw materials and consumables of the Group are stated net of a provision for slow moving inventories amounting to EUR NIL (2020: EUR NIL).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Trade receivables (note i)	**1,304,653**	1,178,828	**-**	-
Other receivables (note i)	**100,587**	63,392	**6,569**	6,569
Amounts owed by related parties (note ii)	**800,868**	678,164	**56,892**	26,750
Prepayments and accrued income	**281,537**	213,428	**1,541**	1,541
	2,487,645	2,133,812	**65,002**	34,860

i. The effect of initially adopting IFRS 9 is described in note 2.3. For details on the accounting policies with respect to trade receivables and the impairment of trade receivables refer to note 2.5. Trade receivables and other receivables are stated net of credit loss allowances, changes in which are presented below:

	Trade receivables	**Other receivables**	**Total**
	EUR	**EUR**	**EUR**
At 30 June 2020	**279,742**	**78,248**	**357,990**
Movement for the year	**13,940**	**-**	**13,940**
Utilised	**-**	**-**	**-**
At 30 June 2021	**293,682**	**78,248**	**371,930**
At 30 June 2019	284,310	78,248	362,558
Movement for the year	(4,058)	-	(4,058)
Utilised	(510)	-	(510)
At 30 June 2020	279,742	78,248	357,990

NOTES TO THE FINANCIAL STATEMENTS – continued

15. TRADE AND OTHER RECEIVABLES – continued

As at 30 June 2021, the ageing analysis of trade receivables was as follows:

	Total	Neither past due nor impaired	Past due but not impaired <30 days	Past due but not impaired 30-60 days	Past due but not impaired >60 days
	EUR	EUR	EUR	EUR	EUR
30 June 2021	**1,304,653**	**649,195**	**470,036**	**86,117**	**99,305**
30 June 2020	1,178,828	513,668	197,263	296,898	170,999

Trade receivables are non-interest bearing and are generally on a 30 day term. These trade receivables, within the Group, are substantially companies with good track records.

ii. Amounts due by related parties are interest free and repayable on demand. Amount due from associate of EUR227,728 (2020: EUR227,728) has been fully impaired.

16. CAPITAL AND RESERVES

16.1 Issued capital

	2021	2020
	EUR	EUR
Authorised		
50,000,000 ordinary shares of EUR0.232937 each	**11,646,850**	11,646,850
Issued and fully paid		
31,899,000 ordinary shares of EUR0.232937 each fully paid up	**7,430,457**	7,430,457

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

16.2 Share premium

	2021	2020
	EUR	EUR
At 30 June	**847,101**	847,101

NOTES TO THE FINANCIAL STATEMENTS – continued

16. CAPITAL AND RESERVES – continued

16.3 Capital redemption reserve

In terms of Section 115 (1) of the Companies Act, Cap. 386 of the Laws of Malta there is a capital maintenance requirement upon redemption of preference shares. Where preference shares are redeemed otherwise than out of proceeds of a fresh issue, an amount equivalent to the nominal amount of the preference shares being redeemed is to be transferred from distributable profits to a capital redemption reserve.

This reserve is non-distributable by way of dividends. It may be applied by the Company in paying up unissued shares of the Company as fully paid bonus shares to the shareholders of the Company.

17. INTEREST BEARING LOANS AND BORROWINGS

Bank borrowings comprise bank loans analysed as follows:

Group

	2021	2020
	EUR	EUR
Non-current liabilities		
Bank loans	**-**	-
Amounts owed to related parties (note ii)	**1,092,358**	995,402
	1,092,358	995,402
Current liabilities		
Bank loans (note i)	**-**	-
Bank overdrafts (note 19)	**874**	80,807
Amounts owed to related parties (note ii)	**283,150**	276,550
	284,024	357,357
	1,376,382	1,352,759

Company

	2021	2020
	EUR	EUR
Non-current liabilities		
Amounts owed to related parties (note ii)	**1,092,358**	995,402
Current liabilities		
Amounts owed to related parties (notes ii)	**283,150**	276,550
	1,375,508	1,271,952

NOTES TO THE FINANCIAL STATEMENTS – continued

17. INTEREST BEARING LOANS AND BORROWINGS – continued

i. The Group has a total banking facility of EUR36,000 which relates to guarantee facilities. The banking facilities are secured by general hypothec over the assets of subsidiaries, guarantees provided by Group companies, pledging of cash balances and by general hypothec over the assets, pledging of insurance policies and guarantees of the major shareholder.

ii. Amounts payables to related parties are unsecured and bear interest at 8% p.a.

The table below shows the bank loans and other borrowings according to when they are expected to be repaid based on their contractual maturity. For the Group's exposure to liquidity, interest rates and foreign currency risks, see note 22.

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Between 1 and 2 years	**-**	-	**-**	-
Between 2 and 5 years	**1,092,358**	995,402	**1,092,358**	995,402
	1,092,358	995,402	**1,092,358**	995,402

18. TRADE AND OTHER PAYABLES

Current	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Trade payables (note i)	**470,913**	480,713	**5,131**	8,873
Trade payables to related parties (note ii)	**626,920**	957,310	**-**	-
Other payables	**244,304**	252,916	**-**	-
Amounts payable to subsidiaries (note ii)	**-**	-	**-**	-
Other taxes and social security contributions	**4,155,394**	3,714,112	**-**	-
Accruals and deferred income	**1,918,288**	1,459,070	**9,126**	7,057
	7,415,819	6,864,121	**14,257**	15,930

i. Amounts due to trade payables are unsecured, interest free and are generally on 30-90 days term.

ii. Trade payables to related parties and subsidiaries are unsecured and bear no interest.

NOTES TO THE FINANCIAL STATEMENTS – continued

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the statement of cash flows reconcile to the amounts in the statement of financial position as follows:

	Group		Company	
	2021	2020	**2021**	2020
	EUR	EUR	**EUR**	EUR
Bank balances (note i)	**2,366,828**	1,173,032	**18**	18
Bank overdraft (note 17)	**(874)**	(80,807)	**-**	-
Cash and cash equivalents	**2,365,954**	1,092,225	**18**	18

i. Bank balances are pledged as detailed in note 17.

20. COMMITMENTS AND CONTINGENCIES

20.1 Operating lease commitments – Group as lessor

A subsidiary company leased equipment to customers under operating leases equipment amounting to EUR130,208 (2020: EUR130,208). Accumulated depreciation on these assets at year end amounted to EUR130,208 (2020: EUR130,208).

No future lease receivables are expected to be received since all non-cancellable leases have been terminated.

20.2 Guarantees

The Company

The Company is a guarantor for EUR36,000 (2020: EUR36,000) in respect to banking facilities provided to two group companies as detailed in note 17.

NOTES TO THE FINANCIAL STATEMENTS – continued

21. RELATED PARTY DISCLOSURES

Group

The related parties with which the Group had balances outstanding or transactions were as follows:

GO plc	(shareholder of the Company)
GDL Trading Limited	(other related party)
E-tail Limited	(other related party)
METIS Consultancy and Services Limited	(other related party)
JFC Trading Limited	(other related party)
FSC Limited	(other related party)
Navicula Limited	(other related party)

Transactions with related parties

During the year, the Group entered into various transactions with related parties, as follows:

	2021			2020		
	EUR Related Party Activity	**EUR Total Activity**	**% of Total**	EUR Related Party Activity	EUR Total Activity	% of Total
Revenue						
Sales	**18,668**	**8,053,648**	**0%**	17,750	5,442,783	0%
Expenses						
Purchases and other directly attributable costs	**130,965**	**1,405,268**	**9%**	54,766	1,180,758	5%
Telecommunication Expenses	**13,455**	**37,777**	**36%**	11,344	40,725	28%
Professional Fees	**51,212**	**105,887**	**48%**	51,213	149,455	34%
Other expenses	**19,960**	**386,949**	**5%**	46,305	348,729	13%
Finance Expenses	**133,763**	**261,928**	**51%**	173,206	273,669	63%

Balances with related parties

No expense has been recognised in the year end for bad or doubtful debts in respect of amounts due by related parties and there are no provisions for doubtful debts in respect of outstanding amounts due to related parties. Balances with related parties and their terms and conditions are disclosed in notes 15, 17 and 18.

NOTES TO THE FINANCIAL STATEMENTS – continued

21. RELATED PARTY DISCLOSURES – continued

Group – continued

Key management personnel

Wages and salaries include an amount of EUR1,053,377 (2020: EUR995,831) paid as salaries to key management personnel. Total salaries paid to Executive Directors amounted to EUR698,200 (2020: EUR655,318). The Board of Directors are considered to be key management personnel and total Directors' emoluments are included in note 4 – Personnel Expenses.

Company

Transactions with related parties

During the year, the Company entered into various transactions with related parties, as follows:

	2021	2020
	EUR	EUR
Finance Expenses	**133,763**	173,206

Balances with related parties

Balances with related parties and their terms and conditions are disclosed in notes 15, 17 and 18.

Key management personnel

Total Directors' emoluments are included in note 4 – Personnel Expenses.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk-
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

NOTES TO THE FINANCIAL STATEMENTS – continued

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how the management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

Aged receivables are regularly monitored in order to highlight potential credit risks and also to assist in cash flow planning. The Group's invoicing system contains specific payment terms which are enforced accordingly. Customers that are found to be in substantial arrears on settlement are contacted and should they not regulate their position, the service provided is terminated after giving sufficient notice. The monitoring is carried out by both the accounts and sales departments in order to ensure that the credit limits and terms are adjusted accordingly. Customers that are considered to be a credit risk are referred to the Chief Financial Officer for appropriate action.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. In the year under review the allowance was calculated using the simplified approach due to the fact that the Group's trade receivables are of a short-term nature as they are based on credit terms of not more than 60 days and therefore do not require significant financing component. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. To this end trade receivables were analysed by local and overseas balances and measures such as political and economic conditions have been considered when calculating the impairment allowance apart from the historical rate. For receivables over the 360 days, the loss rate was adjusted to take into consideration the proportion of actual recoveries over the selected period.

Exposure to credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Group's exposure to concentration of risk arises from activity exceeding 25% of its revenues. At year end the Group had EUR689,079 (2020: EUR485,039) owed by a major customer representing 53% (2020: 41%) of the Group's total trade receivables. This customer generated EUR2,633,930 (2020: EUR2,032,562) of the Group's total revenue, representing 33% (2020: 37%) of the Group's total revenue.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS – continued

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Cash at bank

The cash at bank balances held by the Group and the Company are disclosed in Note 19. Currently the Group holds its cash at bank balances with reputable and investment grade rated banking institutions. Local banks form part of a larger group with credit rating of A by Standard and Poor's, A2 by Moody's and AA- by Fitch.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Directors have a reasonable expectation that the Group has adequate resources to improve its liquidity. Furthermore, the Group maintains lines of credit as disclosed in note 17 to these financial statements.

Contractual maturities

The following are the undiscounted contractual maturities of financial liabilities:

Group
Year ended 30 June 2021

	Carrying amount	Contractual Cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Bank loans	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	-	-	-
Trade and other payables	**7,415,819**	**7,415,819**	**5,287,025**	**614,051**	**651,887**	**862,856**	-
Lease Liabilities	**175,158**	**190,611**	**31,829**	**31,829**	**86,937**	**40,016**	-
Bank overdraft	**874**	**874**	**874**	-	-	-	-
Amounts owed to related parties	**1,375,508**	**1,881,779**	-	**296,798**	-	**1,584,981**	-
	8,967,359	**9,489,083**	**5,319,728**	**942,678**	**738,824**	**2,487,853**	-

Year ended 30 June 2020

	Carrying Amount	Contractual Cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Bank loans	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	-	-	-
Trade and other payables	6,864,121	6,864,121	4,813,026	1,483,769	410,487	156,839	-
Lease Liabilities	228,068	254,268	31,829	31,829	63,657	126,953	-
Bank overdraft	80,807	80,807	80,807	-	-	-	-
Amounts owed to related parties	1,271,952	1,739,123	-	276,550	-	1,462,573	-
	8,444,948	8,938,319	4,925,662	1,792,148	474,144	1,746,365	-

NOTES TO THE FINANCIAL STATEMENTS – continued

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income and equity. The Group had limited exposure to foreign exchange risk, while interest on borrowings is denominated in Euro which matches the cash flows generated by the underlying operations of the Group. The Group's interest bearing loans and borrowings are priced at a margin over the bank's base rate, which reflects local market rates. Bank borrowings are hence repriceable when the Company's bankers amend their base rate.

Currency risk

Exposure to currency risk

All the Group's assets and liabilities are denominated in the functional currency except the following trade receivables and trade payables (based on notional amounts):

	2021		2020	
	GBP	**USD**	GBP	USD
Trade receivables	**418,239**	**-**	362,822	-
Trade payables	**(52,466)**	**(67,790)**	(46,608)	(68,716)
	365,773	**(67,790)**	316,214	(68,716)

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2021	2020	**2021**	2020
GBP1	**0.8865**	0.8782	**0.8581**	0.9124
USD1	**1.1928**	1.1059	**1.1884**	1.1198

The Group's exposure to currency risk is therefore limited, as shown in the table above.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Notes 15, 17 and 18 incorporate information with respect to the Group/Company's assets and liabilities exposure to interest rates. Up to the reporting date the Group/Company did not have any hedging policy with respect to interest rate risk as exposure to such risks was not deemed to be significant by the Directors.

The interest rate risk and terms of repayment of interest-bearing instruments at reporting date are set out in note 17 to the financial statements.

Interest rates in bank borrowings are established at a margin over the banker's base rate, whilst other borrowings are established at a margin below the ECB's base rate. Borrowings are hence repriceable when base rates are amended.

NOTES TO THE FINANCIAL STATEMENTS – continued

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Interest rate risk – continued

The following table demonstrates the sensitivity of the Group/Company's profit before tax to a reasonably possible change in interest rates, with all other variables held constant, based on the balances at year end.

	Increase/ decrease in basis points	**Effect on profit/(loss) before tax EUR000**
2021	**+100/-100**	**(2)/2**
2020	+100/-100	(2)/2

Fair values

The fair values of the financial assets which are measured at amortised cost are not materially different from their carrying amount.

Capital risk management

Capital includes equity attributable to equity holders of the parent. The primary objective of the Group and the Company's capital management is to improve its capital ratios in order to support its business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group and the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

SUMMARISED RESULTS FOR THE PAST FIVE YEARS

As at 30 June	2021 EUR	2020 EUR	2019 EUR	2018 EUR	2017 EUR
FINANCIAL					
Revenue	8,053,648	5,442,783	4,376,375	3,897,951	3,476,867
Operating Profit	3,054,285	1,796,839	1,694,546	1,746,537	1,522,007
EBITDA	2,544,089	1,123,106	1,174,395	1,171,421	990,015
Profit/(loss) before tax	1,184,043	(108,689)	257,689	642,042	484,014
Earnings per share	(4c5)	(0c4)	0c8	2c0	1c5
LIQUIDITY					
Cash generated from operations	2,713,370	3,132,972	1,257,387	870,943	941,943
Net cash	2,365,954	1,092,225	(101,183)	(29,494)	128,732
NUMBER OF EMPLOYEES	116	100	91	90	88

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Independent auditor's report

To the Shareholders of Loqus Holdings p.l.c.

Opinion

We have audited the individual financial statements of Loqus Holdings p.l.c.(the Company) and the consolidated financial statements of the Company and its subsidiaries (together, the Group) set out on pages 18 to 66, which comprise the statements of financial position of the Company and the Group as at 30 June 2021, and the statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended of the company and the group and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Loqus Holdings p.l.c and its Group as at 30 June 2021, and of the Company's and its Group's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit we have remained independent of the Company and the Group and we also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The Key audit matters described below pertain to both the individual and the consolidated financial statements. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report (continued)

To the Shareholders of Loqus Holdings p.l.c. (continued)

Key Audit Matters (continued)

Intangible assets

Risk description
One of the main assets of the Group, relates to intangible assets consisting of both Goodwill and software which amounts to €7,617,020 (2020 - €7,506,596) as per note 10 to the financial statements. Under IFRSs as adopted by the European Union the Group is required to annually test the amount of Goodwill and similar assets for impairment. The annual impairment test was significant to our audit because the assessment process is complex and highly judgemental and is based on assumptions that are affected by expected future market or economic conditions.

How the scope of our audit responded to the risk
We have performed the following tests so as to address the above mentioned risk:

- We evaluated the suitability and appropriateness of the impairment methodology applied and the discounted cash flow model as prepared by management
- We have critically tested the forecasts adopted by the Group and evaluated the assumptions and methodologies used by the Group in preparing these forecasts. Particular emphasis was placed in reviewing the forecasted revenue growth and profit margins
- We have adopted a margin cut on all forecasted revenue to ensure that the overall value was still in excess of the book value.
- We have reviewed correspondence and minutes which discuss the overall values and conditions which may be offered and accepted by the Group's board for the potential sale of part of the software or companies which are creating the goodwill.

The group's disclosures on the significant judgement surrounding the impairment testing are found in note 2.5 and note 10 to the financial statements.

Dependence on Key Management

Risk description
As is common in various organisations there exist within the Group certain Key Managers who are of critical importance because of their knowledge and knowhow to the Group. Such employees handle customer relationships directly and also are of strategic importance to the Group. Moreover they are also critical in the writing of the necessary programs and software which are fundamental to the Group's continuous development.

How the scope of our audit responded to the risk
We considered the roles played by the identified Key Management and assessed whether there exists within the Group a system of knowledge sharing and succession planning. We also assessed whether critical employees are remunerated in a manner which reflects their role and the industry norm and we reviewed the minutes of the newly set up remuneration committee that will be monitoring this aspect.

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Independent auditor's report (continued)

To the Shareholders of Loqus Holdings p.l.c (continued)

Other Information

The directors are responsible for the other information. The other information comprises the chairman's statement, the chief executive officer's review, directors' report, statement of directors' responsibilities, general information, directors' statement of compliance with the code of principles of good corporate governance and other disclosures in terms of listing rules. However, the other information does not include the separate and consolidated financial statements and our auditor's report thereon.

Except for our opinion on the directors' report in accordance with the Companies Act (Cap.386) and on the directors' statement of compliance with the code of principles of good corporate governance in accordance with the Listing Rules issued by the Maltese Listing Authority our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in the light of the knowledge and understanding of the Company and Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS's as adopted by the European Union and the Maltese Companies Act (Chap 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

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Independent auditor's report (continued)

To the Shareholders of Loqus Holding p.l.c. (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In terms of article 179A(4) of the Companies Act (Cap.386), the scope of our audit does not include assurance on the future viability of the audited entity or on the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the entity.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report (continued)

To the Shareholders of Loqus Holding p.l.c. (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Corporate Governance statement of compliance

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their annual report a Corporate Governance Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Corporate Governance Statement of Compliance prepared by the directors. We read the Corporate Governance Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the annual report.

Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the annual report. We are not required to, and we do not, consider whether the board's statements on internal control included in the Corporate Governance Statement covers all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate Governance Statement of Compliance set out on pages 7 to 15 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

Remuneration report

The Listing Rules issued by the Malta Listing Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Listing Rules. We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Listing Rules, has been included. In our opinion, the Remuneration statement (on pages 16 to 17) includes the information that needs to be provided in the Remuneration Report in terms of the Listing Rules.

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Independent auditor's report (continued)

To the Shareholders of Loqus Holdings p.l.c. (continued)

Adequacy of explanations received and accounting records

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report

We have nothing to report to you in respect of these responsibilities.

We were appointed by the shareholders as auditors of Loqus Holdings p.l.c. on 3 December 2012, as for the year ended 30 June 2012 and have operated as statutory auditor ever since that date.

Use of audit report

This report is made solely to the company's members as a body in accordance with the requirements of the Companies Act (Cap 386) of the laws of Malta. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the full extent permitted by law we do not assume responsibility to anyone other than the company's members as a body for our audit work, for this report or for the opinions we have formed.

This copy of the audit report has been signed by Anthony Attard (Partner) for and on behalf of

Mazars Malta
Certified Public Accountants
Attard,
Malta

29 October 2021

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES

Share Capital Structure

In the year under review, the Company's authorised share capital was eleven million six hundred and forty-six thousand eight hundred and fifty Euro (EUR11,646,850) divided into fifty million (50,000,000) ordinary shares of EUR0.232937 per share. The Company's issued share capital was seven million four hundred and thirty thousand four hundred fifty-seven Euro (EUR7,430,457) divided into thirty-one million eight hundred and ninety-nine thousand (31,899,000) ordinary shares having a nominal value EUR0.232937 per share.

All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank *paripassu* between themselves.

Dividends: The shares carry the right to participate in any distribution of dividend declared by the Company in general meeting on the recommendation of the Directors.

Voting Rights: Each share entitles its holder to one vote per share at meetings of shareholders.

Pre-emption rights: None.

Transferability: All the shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange, applicable from time to time.

There are no agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights.

Mandatory takeover bids: Chapter 11 of the Listing Rules, implementing the relevant Squeeze-Out and Sell-Out Rules provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website (www.mfsa.com.mt) of the Listing Authority.

Holdings in excess of 5% of the share capital

On the basis of the information available to the Company, the direct and indirect shareholders as at the 30 June 2021 and 21 October 2021 in excess of 5% of the share capital of the Company are the following:

	30 June 2021		**21 October 2021**	
	Number of Shares	**Holding %**	**Number of Shares**	**Holding %**
JFC Holdings Limited	15,949,500	50.00	15,949,500	50.00
Go plc	4,784,850	15.00	4,784,850	15.00

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES - continued

Appointment and replacement of Directors (in terms of articles 54 to 60 of the Company's Articles of Association)

The Directors of the Company must be individuals.

1. The Directors shall be appointed as follows:

a. A Member holding not less than ten per cent of the equity securities having voting rights or a number of Members who between them hold not less than ten per cent of the equity securities are entitled to appoint one Director for every ten per cent holding, by letter to the Company. In the event that any such appointment is intended to fill a vacancy resulting from the retirement of a Director at an Annual General Meeting, any such letter may be sent in advance of the Annual General Meeting in question and the appointment thereby has effect immediately at the end thereof;

b. Any Member who (i) does not qualify to appoint Directors in terms of the provisions abovementioned (1a) and (ii) any Member who, although qualified as aforesaid has not voted all his equity securities having voting rights (or some of them) for the purposes of appointing a Director(s) pursuant thereto, shall be entitled to vote such of his equity securities as shall not have been so voted on any resolution or resolutions to fill vacancies in the Board of Directors.

An election pursuant to point 1(b) above shall be held every year, if there are vacancies on Board which are not filled by the appointment of Directors pursuant to point 1(a) above.

Unless they resign or are removed, Directors shall hold office up until the end of the next Annual General Meeting following their appointment. Directors whose term of office expires or who resign or are removed are eligible for re-appointment.

In the event that there are, or are to be, vacancies in the Board of Directors which will not be filled by appointments made pursuant to point 1(a) above, the Company shall grant a period of at least 14 days to Members to nominate candidates for appointment as Directors. Such notice may be given by the publication of an advertisement in at least two daily newspapers. All such nominations shall on pain of disqualification be made on the form to be prescribed by the Directors from time to time and shall reach the office not later than 14 days after the publication of the said notice.

In respect of the appointment of Directors pursuant to point 1(b) above every Member or group of Members holding alone or between them at least EUR232,937 in nominal value of equity securities entitled to vote in terms of that point 1(b) above shall be entitled to nominate one person to stand for appointment as Director.

Unless a Member demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed Directors.

2. The Directors shall be replaced as follows:

a. Any Director may be removed at any time by the Member or Members by whom he was appointed. The removal may be made in the same manner as the appointment.

b. Any Director may be removed at any time by the Company in general meeting pursuant to the provisions of section 140 of the Companies Act, Cap. 386 of Malta.

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES - continued

Without prejudice to the provisions of the Companies Act, Cap. 386 of the Laws of Malta, the office of a Director shall 'ipso facto' be vacated: -

a. If, by notice in writing to the Company, he resigns from the office of Director; or

b. If he absents himself from the meetings of the Directors for a continuous period of 3 calendar months without leave of absence from the Directors and the Directors pass a resolution that he has, by reason of such absence, vacated office; or

c. If he violates the declaration of secrecy required of him under the Articles and the Directors pass a resolution that he has so violated the declaration of secrecy; or

d. If he is prohibited by or under any law from being a Director; or

e. If he is removed from office pursuant to the Articles of Association or the Companies Act, Cap. 386 of the Laws of Malta; or

f. If he becomes of unsound mind, or is convicted of any crime involving public trust, or declared bankrupt during his term of office and the Directors pass a resolution that he has for such reasons vacated office.

A resolution of the Directors declaring a Director to have vacated office as aforesaid shall be conclusive as to the fact and the grounds of vacation stated in the resolution.

Any vacancy among the Directors may be filled by the co-option of another person to fill such vacancy.

Such co-option shall be made by the Board of Directors. Any vacancy among the Directors filled as aforesaid, shall be valid until the conclusion of the next Annual General Meeting.

In the event that at any time and for any reason the number of Directors falls below the minimum number established by the Memorandum of Association of the Company then, notwithstanding the provisions regulating the quorum for meetings of the Directors, the remaining Directors may continue to act notwithstanding any vacancy in their body, provided they shall, with all convenient speed, and under no circumstances later than 3 months from the date upon which the number of Directors has fallen below the minimum, convene a general meeting for the sole purpose of appointing/electing the Directors.

Amendment of the Memorandum and Articles of Association

In terms of the Companies Act, Cap. 386 of Malta, the Company may by extraordinary resolution at a general meeting alter or add to its Memorandum or Articles of Association. An extraordinary resolution is one where:

a. it has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principle purpose thereof has been duly given.

b. it has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting.

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES – continued

Amendment of the Memorandum and Articles of Association – continued

Provided that, if one of the aforesaid majorities is obtained but not both, another meeting shall be convened within thirty (30) days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

Provided further that in respect of a resolution for a change in the public limited company status of the Company the requisite majority shall be not less than ninety-five per cent (95%) of the nominal value of the shares entitled to attend and vote at the general meeting.

Board Member Powers

The Directors are vested with the management of the Company, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the Company in general meeting or by any provision contained in any law in force at the time.

Subject to regulatory requirements, the Company may in accordance with Article 10 of its Articles of Association, acquire its own shares.

Other

There are no special control rights.

There are no significant agreements to which the Company is a party, and which take effect, alter or terminate upon a change of control of the Company following a take-over bid.

There are no agreements between the Company and its Board Members or employees by providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

STATEMENT BY THE DIRECTORS ON THE FINANCIAL STATEMENTS AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

Pursuant to Listing Rule 5.55.2, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the Annual Report and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the Group and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors by:

WALTER BONNICI
Chairman

JOSEPH FENECH CONTI
Director

29 October 2021

SHAREHOLDER REGISTER INFORMATION

Directors' interests in the Company as at 30 June 2021 and as at 21 October 2021.

Shareholder Range	Ordinary shares held as at 30.06.21	Ordinary shares held as at 21.10.21	Movement in shares held by Directors
Mr Anthony Demajo	**1,350,750**	**1,350,750**	**-**

Mr Joseph Fenech Conti has a beneficial interest of 15,949,500 shares currently registered in the name of JFC Holdings Limited. Mr Walter Bonnici has a beneficial interest of 1,434,030 shares currently registered in the name of GDL Trading and Services Limited. There have been no changes after year end up to 21 October 2021.

Holders holding 5% or more of the Share Capital at 30 June 2021 and at 21 October 2021.

	Ordinary Shares of EUR0.2329374 each at:			
	30.06.21		21.10.21	
	Number of shares	Holding (%)	Number of shares	Holding (%)
JFC Holdings Limited	**15,949,500**	**50.00**	**15,949,500**	**50.00**
GO P.L.C.	**4,784,850**	**15.00**	**4,784,850**	**15.00**

Number of holders

The total number of shareholders at year end was 1,451. As at 21 October 2021, 1,436 shareholders held the Company's issued share capital consisting of 31,899,000 shares. All shares are of equal class and carry equal voting rights.

Shareholder Range	Number of holders at 30.06.21	Number of holders at 21.10.21	Movement in holders increase /(decrease)
1 - 500 shares	**376**	374	**(2)**
501 - 1,000 shares	**397**	398	**1**
1,001 - 5,000 shares	**553**	539	**(14)**
5,001 and over	**125**	125	**-**
	1,451	1,436	**(15)**

Company Secretary and Registered Address

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