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**ANNUAL  
REPORT**  
30 JUNE 2022

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**LOQUS**<sup>®</sup>  
BUSINESS INTELLIGENCE

**LOQUS HOLDINGS P.L.C.**

**Annual Report  
and  
Financial Statements**

**30 June 2022**

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## **CHAIRMAN'S STATEMENT**

Dear Shareholder,

It gives me great pleasure to publish this year's annual report which shows our progress and accomplishments. The Group delivered extraordinary financial performance during the year with its highest revenue and profit to date.

Following the extraordinary results last year we achieved another exceptional year of earnings and revenue growth in Fiscal Year 2021/2022. We delivered 24% revenue growth and a 15% increase in earnings per share. Our main segments have contributed with growth in both revenue and operating profit. These numbers tell a powerful story: our team is excelling as we focus our efforts on technology and solutions, which allows us to deliver great results to our clients and shareholders alike.

We remain committed to our strategy for long-term profitable growth which is yielding strong results. We are excited about the opportunities ahead as our dedicated employees provide the solutions that help our customers build a better, more sustainable world.

As we move into our Fiscal Year 2022/2023, there is still much uncertainty that lies ahead. With the tenacity that our people have shown and solid foundations of our vision and mission, I am confident that we will be able to handle any challenge the future might bring. Moving forward, we will continue to capitalize on growth opportunities and deliver further value for our shareholders while scaling new heights to firmly establish ourselves as a global leader in our field of business.

I would like to welcome Mr Reuben Attard to the Board. Special thanks are directed, to all employees ably led by Joe Fenech Conti and the management team for their hard work and commitment and to my fellow directors and audit committee for their sterling work.

**WALTER BONNICI**  
Group Chairman

28 October 2022

**GROUP CHIEF EXECUTIVE OFFICER'S REVIEW**

Dear Shareholder,

I am very pleased to provide our financial statements for the year ended 30 June 2022. The results reflect our continued investment in product research and development as we continue to meet our financial targets.

**GROUP OPERATIONAL PERFORMANCE**

Loqus is reporting excellent year-end financial results and achieved our highest results so far. Revenues increased by 24% (EUR1.9million) from the prior year, EBITDA amounting to EUR2.7million and a Profit of EUR1.75million. This revenue growth was powered primarily by the 19% increase (EUR1.08million) in revenue from our openFleet product line. Recurrent revenues remain the majority (81%) of Group revenues as we continue to invest in Software as a Service (SaaS).

	2022	2021	2020
	EUR	EUR	EUR
<b>FINANCIAL</b>			
<b>Revenue</b>	<b>9,993,964</b>	8,053,648	5,442,783
<b>Operating profit</b>	<b>3,326,246</b>	3,054,285	1,796,839
<b>EBITDA</b>	<b>2,736,463</b>	2,544,089	1,123,106
<b>Profit/(loss) before tax</b>	<b>1,602,677</b>	1,184,043	(108,689)
<b>Deferred tax recognized</b>	<b>150,000</b>	350,000	-
<b>Profit adjusted for deferred tax</b>	<b>1,752,677</b>	1,534,043	(108,689)
<b>Profit after tax</b>	<b>1,680,718</b>	1,438,317	(143,140)
<b>Growth in revenue</b>	<b>24%</b>	48%	24%
<b>EBITDA % of revenue</b>	<b>27%</b>	32%	27%
<b>LIQUIDITY</b>			
<b>Cash generated from operations</b>	<b>1,248,380</b>	2,713,370	3,132,972
<b>Net cash</b>	<b>1,864,919</b>	2,365,954	1,092,225
<b>NUMBER OF FULL TIME EQUIVALENT (FTE)</b>			
<b>EMPLOYEES</b>	<b>131</b>	116	100

Continual investment in our back-office solutions and hardware to support our legacy client has seen an increase in revenue from this customer of 28% from EUR2.1million to EUR2.7million.

Over the past five years Loqus has been steadily investing in Research & Development (R&D) to create Fleet Management products that allow our customers to reach higher levels of efficiency and management. The improvement in revenue and profitability, especially in the last two years, have substantially improved our cash flow position. This, in turn, has allowed us to accelerate product development in this financial year which has seen us investing a further EUR1.28million in R&D, an increase of 56% over the prior year.

Apart from our R&D investment we are also reporting a 16% increase in salaries (EUR1.4million) brought about by a mixture of workforce growth, to meet increased workload, and salary increases to reward improved and excellent performance by our colleagues.

This investment in products and people aims to strengthen our business for the long-term sustainable growth and drive additional organic growth.

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**CORPORATE STRATEGY**

As our openFleet suite of solutions have matured to such an extent where we are increasingly providing mission critical functionality for blue chip clients 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.

Success is not just based on providing world class service but also on innovation. This secures our existing clients and attracts new ones. Innovation at Loqus is based on successfully using cloud services and big data technology to meet the ever increasing transaction volumes that we handle as well as guarantee extremely high system availability. Innovation in advanced mathematics, algorithms and business intelligence allow Loqus to provide new and exciting ways to further optimise on the day, tactical and strategic planning. We see data as our most important long term asset. As we start to reach billions of transactions annually we have the potential to build predicative solutions that can drive further efficiencies and innovation for our customers.

From inception, Loqus helped its customers to lower their carbon footprint. Simply looking at driver behaviour drives down excess speeds, idling and the excess miles that waste so much fuel in our industry. Our optimisation actively reduces milage and enables our customers to reduce both cost and carbon footprint in a meaningful way daily. Our latest products go one step further as we create new functionality that allows our customers to model, study and deploy new mobility methods including electrical vans, cargo bikes, walkers as well as mini and micro depots.

**BUSINESS DEVELOPMENT**

Over the past financial year we have continued building on the strong relationship that we have with our Channel Partners and Customers. We have successfully renewed a number of existing contracts with additional revenue generating activities and extended contract terms. We have also onboarded new customers that will help drive further revenue growth.

Our sales strategy is to continue to grow outside our traditional geographical market and to sign up further new clients in the EU. During this financial year we went from bidding for key EU clients to closing contracts. We have participated in a number of bids where we have placed well against formidable, large well-funded competitors. Following a very intense stretch of business development work during the COVID boom in logistics we are currently facing deep uncertainty in the industry. Whilst businesses are still trying to surface from the challenges brought by Covid, the war in Ukraine and its impact on the global economy is driving a lot of uncertainty in the markets and this is resulting in delays in concluding new contracts.

**CAPITAL REQUIREMENTS**

The Group remains committed to 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. In the last seven years the Group has maintained and increased profitability and improved our cashflow considerably.

The increased cashflow has allowed us to start addressing debt, R&D and marketing costs. During this period we have regularised our position on taxation which included paying tax arrears of over EUR1million and honouring repayment agreements with the tax authorities. The Group is currently also addressing the long-standing interest-bearing shareholders' loans

Whilst the improvements are clear, the Group still needs further finance to address debt, R&D, marketing and crucially our operations. The Group is working on restructuring its balance sheet and attract new financing.

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**TEAM LOQUS**

Loqus currently has over 140 employees from seventeen nationalities working out of eleven countries. We are currently operating in a Hybrid mode with a variety of solutions that are tailored for each colleagues' personal situation and preference. Whilst the majority of our staff are working from home, office presence is slowly increasing.

At Loqus we pride ourselves in having built a caring team this is based on peers not leaders. By caring deeply for each other we aim to enable our colleagues through flexibility, support and learning. At Loqus we have provided assisted workplaces for colleagues that need support. Our objectives include diversity, accessibility expanding opportunities, support and inclusivity. Loqus signed a Healthy Minds Work service agreement with the Richmond Foundation as part of these initiatives.

The Loqus team all have a role in delivering success and are all accountable. Our cultures and values have resulted in a highly productive team that can withstand the pressures of providing high quality service 24/7. These values mean that our colleagues are proud to work in an environment that supports them and the society that we form part of. Our people feel understood, respected and helped in developing their capabilities and ambitions. One tell-tale statistic is that our colleagues stay with us for many years and rarely leave.

**CONCLUSION**

Loqus has remained on track, reaching EUR10million in turnover was a significant achievement. This makes the Group more attractive to financing and acquisition which ultimately increases value to all our stakeholders. It is still early days for Loqus and in the middle of all this uncertainty I remain optimistic that we have much innovation to offer our customers and we will be at the right place at the right time.

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

**JOE FENECH CONTI**

Group Chief Executive Officer  
28 October 2022

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## **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 Demajo  
Joseph Roland Scerri  
Lawrence Zammit  
Joannie Grima  
Reuben Attard (appointed on 20 December 2021)

### **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  
The Watercourse, Level 2  
Mdina Road  
Zone 2  
Central Business District CBD 2010  
MALTA



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## DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 30 June 2022.

### 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 EUR1,602,677 (2021: EUR1,184,043). Further information about the results of the Group is provided in the statement of profit or loss and other comprehensive income on page 20.

The Company registered a loss before the effect of taxation of EUR90,128 (2021: EUR72,939). Further information about the results of the Company is provided in the statement of profit or loss and other comprehensive income on page 25.

This financial year was a record year with the Group delivering the highest revenue and profit figure of approximately EUR10million and EUR1.7million respectively. Loqus is reporting a 24% increase in revenue which is mainly attributable to the increase of EUR1.08million in revenue from the Group's openFleet product line.

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.

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## DIRECTORS' REPORT – continued

### Key performance indicators - continued

#### Performance review

The operating profit for the year amounted to EUR2,736,463 from EUR2,544,089. This resulted following a substantial increase in Fleet management revenue.

During the year under review the Group registered a profit after tax of EUR1,680,718 (2021: EUR1,438,317). These results include a deferred tax asset movement which amounted to EUR150,000 (2021: EUR350,000). The Company registered a loss of EUR90,128 (2021: EUR72,939) 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 EUR1,864,919 (2021: EUR2,365,954). 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 EUR5c2 from EUR4c5. 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 22.

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 EUR2,736,463 from EUR2,544,089.

##### *Non-Financial*

The average number of employees continued to increase by a further 12% (2021: 16%), from 116 to 131 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.

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## 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.

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## 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 2022. 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 terms 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 16 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 2022 were those listed in the General Information.

### Auditors

A resolution for the reappointment of Mazars in Malta will be proposed at the Annual General Meeting.

The Directors' report was approved by the Board of Directors on 28 October 2022 and was signed on its behalf by Walter Bonnici and Joseph Fenech Conti as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2022.

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## 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.

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

### **Introduction**

Pursuant to Capital Markets Rules 5.94 of the Capital Markets 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 Capital Markets Rules (hereinafter "the Code"). In terms of Capital Markets 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, five (5) 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 policies 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 seven Directors elected by the shareholders in the Annual General Meeting. For the year under review, the Board has met five times. A table outlining attendance is set forth hereunder:

Directors	Date of first appointment	Meetings attended
Mr Walter Bonnici – Chairman	23 October 2000	5
Mr Joseph Fenech Conti	7 August 2008	5
Mr Anthony Demajo	29 July 2005	5
Mr Roland Scerri	24 April 2012	5
Mr Lawrence Zammit	20 January 2018	5
Ms Joannie Grima	19 May 2021	5
Mr Reuben Attard	20 December 2021	3

The meetings held during 2021 and 2022 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 Capital Markets Rules.

Each such Director and Senior Officer has been provided with the code of dealing required in terms of Capital Markets 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, Mr Lawrence Zammit and Mr Reuben Attard were independent during the period under review within the strict meaning of the Code. Mr Walter Bonnici (indirectly), Mr Anthony Demajo both hold issued and voting capital in the Company. This notwithstanding, the Board considers that 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 Capital Markets 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 Capital Markets 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 Capital Markets Rules, the Audit Committee has the responsibility to monitor and scrutinise related party transactions, if any, falling within the ambits of the Capital Markets Rules and to make its recommendations to the Board of any such proposed related party transactions.



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## 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 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 six 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.

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## 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 69,000
Directors' fee of the Company	EUR 45,000
Directors' salaries	EUR 686,054

#### *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 Demajo	1,350,750
Mr Joseph Roland Scerri	5,556
Mr Lawrence Zammit	NIL
Ms Joannie Grima	NIL
Mr Reuben Attard	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.
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## 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.<br>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:

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## **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.

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## 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 Capital Markets Rules. Mr Anthony 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 Capital Markets 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 67. Note 2 to the financial statements, details the going concern assessment.

*Approved and authorised for issue by the Board of Directors on 28 October 2022 and signed on behalf of the Board of Directors by Walter Bonnici and Joseph Fenech Conti as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2022.*

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## REMUNERATION REPORT for the year ended 30 June 2022

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 Capital Markets Rules, and contains information required by the provisions of Appendix 12.1 of the Capital Markets 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 14 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, five (5) 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 2022, 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 2022

### 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 2022:

Director	Directors' fees EUR	Remuneration for sitting on other committees EUR	Total EUR
Mr Walter Bonnici (Chairman)	30,000	-	30,000
Mr Joseph Fenech Conti (CEO)	12,000	-	12,000
Mr Anthony 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
Mr Reuben Attard	3,000	-	3,000

In terms of Capital Markets Rule 8.A.5, the CEO and Deputy CEO received remuneration of EUR686,054 by subsidiary companies during the year ended 30 June 2022. The total emoluments entitled to the Executive directors amounted to EUR704,054.

This remuneration statement has been prepared by the Directors and is signed by the Chairman, Walter Bonnici and Director, Joseph Fenech Conti, as authorised by the Board as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2022. In accordance with Capital Markets Rule 12.26N, the external auditors have checked that all information, required in terms of appendix 12.1 of Chapter 12 of the Capital Markets Rules, has been included.



**STATEMENT OF FINANCIAL POSITION – Group  
as at 30 June 2022**

	Notes	2022 EUR	2021 EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3, 20	<b>304,041</b>	307,261
Intangible assets	4	<b>7,780,951</b>	7,617,020
Deferred tax asset	7, 21	<b>500,000</b>	350,000
		<b>8,584,992</b>	8,274,281
<b>Current assets</b>			
Inventories	8	<b>12,520</b>	14,146
Trade and other receivables	9	<b>3,057,987</b>	2,487,645
Cash at bank	13	<b>1,876,299</b>	2,366,828
		<b>4,946,806</b>	4,868,619
<b>TOTAL ASSETS</b>		<b>13,531,798</b>	13,142,900

*The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.*

**STATEMENT OF FINANCIAL POSITION – Group  
as at 30 June 2022**

	Notes	2022 EUR	2021 EUR
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	10.1	7,430,457	7,430,457
Share premium	10.2	847,101	847,101
Capital redemption reserve	10.3	121,554	121,554
Translation reserve		78,962	85,753
Accumulated losses		(2,726,917)	(4,407,635)
<b>Equity attributable to owners of the parent</b>		<b>5,751,157</b>	4,077,230
Non-controlling interest		-	-
<b>Total equity</b>		<b>5,751,157</b>	4,077,230
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	11	1,197,070	1,092,358
Other payables	12	1,597,807	-
Lease liabilities	20.1	38,615	119,811
		<b>2,833,492</b>	1,212,169
<b>Current liabilities</b>			
Interest bearing loans and borrowings	11	302,685	284,024
Lease liabilities	20.1	81,197	55,347
Trade and other payables	12	4,491,850	7,415,819
Taxation		71,417	98,311
		<b>4,947,149</b>	7,853,501
<b>Total liabilities</b>		<b>7,780,641</b>	9,065,670
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,531,798</b>	13,142,900

*The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.*

*The financial statements on pages 18 to 67 have been approved and authorised for issue by the Board of Directors on 28 October 2022. The financial statements were signed on behalf of the Board of Directors by Walter Bonnici and Joseph Fenech Conti as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2022.*

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – Group  
for the year ended 30 June 2022**

	Notes	2022 EUR	2021 EUR
<b>Revenue</b>	17	<b>9,993,964</b>	8,053,648
Other income	17	-	18,000
Purchases and other directly attributable costs	17	<b>(2,034,371)</b>	(1,405,268)
Personnel expenses	17, 18	<b>(4,633,347)</b>	(3,612,095)
Professional and consultancy fees		<b>(88,961)</b>	(105,887)
Travelling and accommodation		<b>(87,918)</b>	(5,125)
Marketing expenses		<b>(3,614)</b>	(12,235)
Other administrative expenses	19	<b>(409,290)</b>	(386,949)
<b>Operating profit before depreciation and amortisation</b>		<b>2,736,463</b>	2,544,089
Depreciation amortisation and impairment	3, 4, 17	<b>(1,253,748)</b>	(1,098,118)
Finance costs	17	<b>119,962</b>	(261,928)
<b>Profit before tax</b>		<b>1,602,677</b>	1,184,043
Income tax credit/(expense)	21	<b>78,041</b>	254,274
<b>Profit for the year</b>		<b>1,680,718</b>	1,438,317
<b>Other comprehensive (expense)/income</b>			
Exchange difference on translation of foreign operations		<b>(6,791)</b>	85,753
Other comprehensive (expense)/income		<b>(6,791)</b>	85,753
<b>Total comprehensive (expense)/income for the year net of tax</b>		<b>1,673,927</b>	1,524,070
<b>Profit for the year attributable to:</b>			
Owners of the parent		<b>1,680,718</b>	1,438,317
Non-controlling interest		-	-
		<b>1,680,718</b>	1,438,317
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		<b>1,673,927</b>	1,524,070
Non-controlling interest		-	-
		<b>1,673,927</b>	1,524,070
Profit per share – basic	22.1	<b>5c2</b>	4c5

The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.

**STATEMENT OF CASH FLOWS – Group  
for the year ended 30 June 2022**

	Notes	2022 EUR	2021 EUR
<b>Operating activities</b>			
Profit before tax		1,602,677	1,184,043
Non-cash adjustment to reconcile loss before tax to net cash flows:			
Depreciation and amortisation	3, 4	1,253,748	1,098,118
Provision for impairment of receivables	9, 19	19,978	13,940
Write-off of receivables	9, 19	65,318	-
Interest expense		(119,962)	261,928
Interest income		-	-
Provision for currency exchange differences	19	12,371	(21,127)
Write-off for obsolete inventory	19	-	420
Working capital adjustments:			
Movement in inventories		1,626	(952)
Movement in trade and other receivables		(667,155)	(261,330)
Movement in trade and other payables		(817,977)	587,925
Cash flows from operating activities		1,350,624	2,862,965
Interest paid		(3,391)	(44,660)
Income tax paid	21	(98,853)	(104,935)
<b>Net cash flows generated from operating activities</b>		<b>1,248,380</b>	<b>2,713,370</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Payment to acquire property, plant and equipment	3	(126,461)	(101,500)
Payments to acquire intangible assets	4	(1,287,998)	(823,736)
Payment to acquire subsidiary		(279,609)	(461,495)
<b>Net cash flows used in investing activities</b>		<b>(1,694,068)</b>	<b>(1,386,731)</b>
<b>Financing activities</b>			
Lease payments	20	(55,347)	(52,910)
<b>Net cash flows used in financing activities</b>		<b>(55,347)</b>	<b>(52,910)</b>
Net movement in cash and cash equivalents		(501,035)	1,273,729
Cash and cash equivalents at beginning of year		2,365,954	1,092,225
<b>Cash and cash equivalents at end of year</b>	13	<b>1,864,919</b>	<b>2,365,954</b>

The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY – Group  
for the year ended 30 June 2022**

	Attributable to equity holders of the parent						Non-controlling interest EUR	Total Equity EUR
	Issued capital EUR	Share premium EUR	Capital redemption reserve EUR	Accumulated losses EUR	Translation Reserve EUR	Total EUR		
<b>FOR THE YEAR ENDED 30 June 2021</b>								
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	-	-	-	1,438,317	85,753	1,524,070	-	1,524,070
<b>At 30 June 2021</b>	<b>7,430,457</b>	<b>847,101</b>	<b>121,554</b>	<b>(4,407,635)</b>	<b>85,753</b>	<b>4,077,230</b>	-	<b>4,077,230</b>
<b>FOR THE YEAR ENDED 30 June 2022</b>								
At 1 July 2021	7,430,457	847,101	121,554	(4,407,635)	85,753	4,077,230	-	4,077,230
Profit for the year	-	-	-	1,680,718	-	1,680,718	-	1,680,718
Other comprehensive income	-	-	-	-	(6,791)	(6,791)	-	(6,791)
Total comprehensive income	-	-	-	1,680,718	(6,791)	1,673,927	-	1,673,927
<b>At 30 June 2022</b>	<b>7,430,457</b>	<b>847,101</b>	<b>121,554</b>	<b>(2,726,917)</b>	<b>78,962</b>	<b>5,751,157</b>	-	<b>5,751,157</b>

The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.

**STATEMENT OF FINANCIAL POSITION – Company  
as at 30 June 2022**

	Notes	2022 EUR	2021 EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	5	9,655,837	9,655,837
<b>Current assets</b>			
Trade and other receivables	9	102,995	65,002
Cash at bank and in hand	13	18	18
		103,013	65,020
<b>TOTAL ASSETS</b>		<b>9,758,850</b>	<b>9,720,857</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	10.1	7,430,457	7,430,457
Share premium	10.2	847,101	847,101
(Accumulated losses)/Retained earnings		(36,594)	53,534
		8,240,964	8,331,092
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	11	1,197,070	1,092,358
<b>Current liabilities</b>			
Interest bearing loans and borrowings	11	291,305	283,150
Trade and other payables	12	29,511	14,257
		320,816	297,407
<b>Total liabilities</b>		<b>1,517,886</b>	<b>1,389,765</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,758,850</b>	<b>9,720,857</b>

The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.

The financial statements on pages 18 to 67 have been approved and authorised for issue by the Board of Directors on 28 October 2022. The financial statements were signed on behalf of the Board of Directors by Walter Bonnici and Joseph Fenech Conti as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2022.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – Company  
for the year ended 30 June 2022**

	Notes	2022 EUR	2021 EUR
<b>Revenue</b>		-	-
Personnel expenses	18	<b>(50,000)</b>	(47,000)
Professional and consultancy fees		<b>(4,837)</b>	(4,298)
Other administrative expenses	19	<b>(35,291)</b>	(21,641)
<b>Operating loss</b>		<b>(90,128)</b>	(72,939)
Finance income		<b>144,464</b>	133,763
Finance costs		<b>(144,464)</b>	(133,763)
<b>Loss before tax</b>		<b>(90,128)</b>	(72,939)
Income tax credit	21	-	-
<b>Loss for the year</b>		<b>(90,128)</b>	(72,939)
Other comprehensive income		-	-
<b>Total comprehensive expense for the year net of tax</b>		<b>(90,128)</b>	(72,939)
Loss per share - basic	22.1	<b>(0c3)</b>	(0c2)

*The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.*

**STATEMENT OF CASH FLOWS – Company  
for the year ended 30 June 2022**

	Notes	2022 EUR	2021 EUR
<b>Operating activities</b>			
Loss before tax		<b>(90,128)</b>	(72,939)
Non-cash adjustment to reconcile (loss)/profit before tax to net cash flows:			
Finance cost		<b>144,464</b>	133,763
Finance income		<b>(144,464)</b>	(133,763)
Working capital adjustments:			
Movement in trade and other receivables		<b>(37,993)</b>	(16,899)
Movement in trade and other payables		<b>128,121</b>	88,640
		-	(1,198)
Interest paid			-
<b>Net cash flows generated from operating activities</b>		-	(1,198)
<b>Investing activities</b>			
Proceeds from sale of subsidiary		-	1,198
<b>Net cash flows generated from financing activities</b>		-	1,198
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		<b>18</b>	18
<b>Cash and cash equivalents at end of year</b>	13	<b>18</b>	18

*The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.*



## STATEMENT OF CHANGES IN EQUITY – Company for the year ended 30 June 2022

	Issued capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
<b>FOR THE YEAR ENDED 30 JUNE 2021</b>				
At 1 July 2020	7,430,457	847,101	126,473	<b>8,404,031</b>
Loss for the year	-	-	(72,939)	<b>(72,939)</b>
Other comprehensive income				
Total comprehensive expense	-	-	(72,939)	<b>(72,939)</b>
<b>At 30 June 2021</b>	<b>7,430,457</b>	<b>847,101</b>	<b>53,534</b>	<b>8,331,092</b>
<b>FOR THE YEAR ENDED 30 JUNE 2022</b>				
At 1 July 2021	<b>7,430,457</b>	<b>847,101</b>	<b>53,534</b>	<b>8,331,092</b>
Loss for the year	-	-	(90,128)	<b>(90,128)</b>
Other comprehensive income				
Total comprehensive expense	-	-	(90,128)	<b>(90,128)</b>
<b>At 30 June 2022</b>	<b>7,430,457</b>	<b>847,101</b>	<b>(36,594)</b>	<b>8,240,964</b>

*The accounting policies and explanatory notes on pages 27 to 67 form an integral part of the financial statements.*

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## 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. Loqus Holdings p.l.c is the parent of the undertakings listed in note 5. There is no ultimate parent undertaking given that the shareholding of the company is such that none of the shareholders has complete control of the Company. The consolidated financial statements of the Company for the year ended 30 June 2022 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 2022. 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.

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## 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 2021:

#### **Amendment to IFRS 16 Leases COVID-19 - Related Rent Concessions beyond 30 June 2022 (issued on 31 March 2021) – effective 1 April 2021**

The amendments introduced 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 on applied to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. Since the economic challenges presented by the COVID-19 pandemic persisted longer than anticipated, lessors and lessees negotiated rent concessions that extended beyond 30 June 2021.

The amendment has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

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

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**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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) (effective on 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 application of these amendments did not have a material impact on the financial statements of the Group and Company's financial statements.

**Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective during the current financial period:****Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective on 1 January 2023)**

Previously, an entity was required to disclose in its financial statements its significant accounting policies, with the amendments an entity will now be required to disclose its material accounting policies.

Paragraphs are added to explain how an entity identifies material accounting policies along with added examples to explain when accounting policy information becomes likely to be material focusing on concepts such as that accounting policy information becomes material because of its nature, even if the related amounts are immaterial.

Additionally, IFRS Practice Statement 2 has been amended through added guidance and examples to explain and illustrate the application of the 'four-step materiality process' to accounting policy information in aim of supporting the amendments to IAS 1.

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.

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## 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 - continued:**

**Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective on 1 January 2023)**

The amendments to IAS 8 focus entirely on accounting estimates with the definition of a change in accounting estimates being replaced with a definition of accounting estimates. Accounting estimates are now defined as “monetary amounts in financial statements that are subject to measurement uncertainty”.

Accounting estimates arise when accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error and that the effects of a change in an input or a measurement method used to derive an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

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 (All issued 14 May 2020) (effective on 1 January 2022)**

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.

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## 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:**

**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 (All issued 14 May 2020) (effective on 1 January 2022) - continued**

Annual improvements 2018 – 2020 will introduce the following changes:

- IFRS 1, *First time adoption of IFRS*: The change applies to a subsidiary that adopted IFRS's at a later date than its parent and uses the exemption in paragraph D16(a) to measure assets and liabilities at the carrying amounts that are included in the parents consolidated financial statements. The amendment permits that such a subsidiary may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.
- IFRS 9, *Financial Instruments*: IFRS 9 requires that an entity derecognises a financial liability and recognises a new financial liability when there is an exchange between an existing borrower and lender of debt instruments with substantially different terms. The terms are substantially different if the discounted present value of the remaining cash flows under the new terms are at least 10 percent different from the discounted present value of the remaining cash flows or the original financial liability. The amendment clarifies that only fees paid and received between the entity and the lender may be included in the calculations to determine whether there is a 10 percent difference. The amendment is applied prospectively.
- IFRS 16, *Leases*: The amendment removes an illustrative example that includes a reimbursement relating to leasehold improvements since the example does not explain clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16.

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.

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## 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:

- 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 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative information

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 policies 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.

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**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.



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**NOTES TO THE FINANCIAL STATEMENTS – continued****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.

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## 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.

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## 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.

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## 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.

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## 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.

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**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.



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## 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.

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## NOTES TO THE FINANCIAL STATEMENTS – continued

### 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 4.1.

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**NOTES TO THE FINANCIAL STATEMENTS – continued****2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS – continued****Software 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 2022, the carrying amount of capitalised development costs was EUR2,772,589 (2021: EUR2,608,658).

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 16.

**Deferred tax asset**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax asset recognised at the end of the reporting period was EUR 500,000 (2021 – EUR350,000).

**NOTES TO THE FINANCIAL STATEMENTS – continued****3. PROPERTY, PLANT AND EQUIPMENT**

	Right of Use Assets EUR	Equipment Furniture & Fittings EUR	Motor Vehicles EUR	Factory Improvements EUR	Total EUR
<b>Cost</b>					
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
Additions	-	57,461	69,000	-	126,461
Disposals	-	-	-	-	-
<b>At 30 June 2022</b>	<b>478,014</b>	<b>1,535,513</b>	<b>125,270</b>	<b>26,488</b>	<b>2,165,285</b>
<b>Depreciation and impairment</b>					
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
Depreciation charge	55,419	61,783	9,830	2,649	129,681
Release on disposal	-	-	-	-	-
<b>At 30 June 2022</b>	<b>415,897</b>	<b>1,358,753</b>	<b>66,100</b>	<b>20,494</b>	<b>1,861,244</b>
<b>Net Book Value</b>					
<b>At 30 June 2022</b>	<b>62,117</b>	<b>176,760</b>	<b>59,170</b>	<b>5,994</b>	<b>304,041</b>
At 30 June 2021	117,536	181,082	-	8,643	307,261

As at 30 June 2022, assets amounting to EUR1,299,870 (2021: EUR1,290,440) were fully depreciated.

**NOTES TO THE FINANCIAL STATEMENTS – continued****4. INTANGIBLE ASSETS**

	<b>Goodwill</b> EUR	<b>Software</b> <b>Development</b> EUR	<b>Acquired</b> <b>Software</b> EUR	<b>Total</b> EUR
<b>Cost</b>				
At 30 June 2020	6,274,542	9,980,804	519,680	16,775,026
Additions (note 18)	279,490	823,736	-	1,103,226
At 30 June 2021	6,554,032	10,804,540	519,680	17,878,252
Additions (note 18)	-	1,287,998	-	1,287,998
<b>At 30 June 2022</b>	<b>6,554,032</b>	<b>12,092,538</b>	<b>519,680</b>	<b>19,166,250</b>
<b>Amortisation and Impairment</b>				
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
Amortisation charge	-	1,124,067	-	1,124,067
<b>At 30 June 2022</b>	<b>1,545,670</b>	<b>9,319,949</b>	<b>519,680</b>	<b>11,385,299</b>
<b>Net Book Value</b>				
<b>At 30 June 2022</b>	<b>5,008,362</b>	<b>2,772,589</b>	<b>-</b>	<b>7,780,951</b>
At 30 June 2021	5,008,362	2,608,658	-	7,617,020

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 30 June 2022, assets amounting to EUR5,721,657 (2021: EUR4,798,019) were fully amortised.

**NOTES TO THE FINANCIAL STATEMENTS – continued****4. INTANGIBLE ASSETS – continued****4.1 Impairment test for the cash-generating units containing goodwill – current period**

The Group performed its annual impairment test as at 30 June 2022. 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 6% (2021: 4%) growth rate for years four to five and 3% (2021: 1%) thereafter into perpetuity.

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

- Revenue growth rate (36% average (2021: 15% average) during the budgeted period;
- Growth rates (6% and 3% (2021: 4% and 1%)) beyond the budget period; and
- Pre-tax discount rate 11.83% (2021: 10%).

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 24% (2021: 48%) increase registered in the year under review. Recurrent contracted revenues and potential revenues have increased. Due to this no change to the impairment testing model are required.

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.

**5. INVESTMENT IN SUBSIDIARIES****Company**

	<b>Capital subscribed EUR</b>	<b>Shareholders' contribution EUR</b>	<b>Total EUR</b>
<b>At 30 June 2022</b>	<b>2,429,889</b>	<b>7,225,948</b>	<b>9,655,837</b>
At 30 June 2021	2,429,889	7,225,948	9,655,837

**NOTES TO THE FINANCIAL STATEMENTS – continued****5. INVESTMENT IN SUBSIDIARIES – continued****Ownership Interest**

<b>Significant Subsidiaries</b>	<b>Registered Office</b>	<b>2022 %</b>	<b>2021 %</b>	<b>Nature of Business</b>
Loqus Services Limited (note iv)	SUB008A Industrial Estate San Gwann SGN 3000 Malta	99.9	99.9	Back-office Processing and Fleet management worldwide
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	Savoy House, Savoy Circus, London W3 7DA United Kindgom	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
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

### 5. INVESTMENT IN SUBSIDIARIES – continued

- iv. Loqus Services Limited has taken over the business and operations of Loqus Fleet Limited, as from 1 July 2020, through a merger by acquisition. Loqus Fleet Limited was set up to consolidate the Group's Fleet Management IPR and business. Loqus Fleet Limited was amalgamated with Loqus Services Limited on 5 July 2022.
- 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 Algeria 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.

### 6. INVESTMENT IN ASSOCIATE

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

Significant subsidiary	Registered office	Ownership interest		Nature of business
		2022 %	2021 %	
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.

### 7. DEFERRED TAX

#### Group

As of 30 June 2022, the Group had deferred tax assets amounting to EUR5,359,134 (2021: EUR5,845,240). 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 EUR2,384,226 (2021: EUR2,780,716).

#### Company

As of 30 June 2022, the Company had a deferred tax asset of EUR46,988 (2021: 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****8. INVENTORIES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Raw materials and consumables	<b>12,520</b>	14,146	-	-

Raw materials and consumables of the Group are stated net of a provision for slow moving inventories amounting to EUR NIL (2021: EUR NIL).

**9. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Trade receivables (note i)	<b>1,744,994</b>	1,304,653	-	-
Other receivables (note i)	<b>11,861</b>	100,587	<b>6,569</b>	6,569
Amounts owed by related parties (note ii)	<b>782,520</b>	800,868	<b>94,885</b>	56,892
Prepayments and accrued income	<b>518,612</b>	281,537	<b>1,541</b>	1,541
	<b>3,057,987</b>	2,487,645	<b>102,995</b>	65,002

- 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:

	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
At 30 June 2021	<b>293,682</b>	<b>78,248</b>	<b>371,930</b>
Movement for the year	<b>19,978</b>		<b>19,978</b>
Utilised	-	-	-
At 30 June 2022	<b>313,660</b>	<b>78,248</b>	<b>391,908</b>
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

**NOTES TO THE FINANCIAL STATEMENTS – continued****9. TRADE AND OTHER RECEIVABLES – continued**

As at 30 June 2022, the ageing analysis of trade receivables was as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
	EUR	EUR	EUR	EUR	EUR
<b>30 June 2022</b>	<b>1,744,994</b>	<b>814,103</b>	<b>362,781</b>	<b>367,621</b>	<b>200,489</b>
30 June 2021	1,304,653	649,195	470,036	86,117	99,305

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 (2021: EUR227,728) has been fully impaired.

**10. CAPITAL AND RESERVES****10.1 Issued capital**

	2022	2021
	EUR	EUR
<b>Authorised</b>		
50,000,000 ordinary shares of EUR0.232937 each	<b>11,646,850</b>	11,646,850
<b>Issued and fully paid</b>		
31,899,000 ordinary shares of EUR0.232937 each fully paid up	<b>7,430,457</b>	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.

**10.2 Share premium**

	2022	2021
	EUR	EUR
At 30 June	<b>847,101</b>	847,101

**NOTES TO THE FINANCIAL STATEMENTS – continued****10. CAPITAL AND RESERVES – continued****10.3 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.

**11. INTEREST BEARING LOANS AND BORROWINGS****Group**

	<b>2022</b>	2021
	<b>EUR</b>	EUR
<i>Non-current liabilities</i>		
Bank loans	-	-
Amounts owed to related parties (note ii)	<b>1,197,070</b>	1,092,358
	<b>1,197,070</b>	1,092,358
<i>Current liabilities</i>		
Bank loans (note i)	-	-
Bank overdrafts (note 13)	<b>11,380</b>	874
Amounts owed to related parties (note ii)	<b>291,305</b>	283,150
	<b>302,685</b>	284,024
	<b>3,097,562</b>	1,376,382

**Company**

	<b>2022</b>	2021
	<b>EUR</b>	EUR
<i>Non-current liabilities</i>		
Amounts owed to related parties (note ii)	<b>1,197,070</b>	1,092,358
<i>Current liabilities</i>		
Amounts owed to related parties (notes ii)	<b>291,305</b>	283,150
	<b>1,488,375</b>	1,375,508

**NOTES TO THE FINANCIAL STATEMENTS – continued****11. 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 16.

	Group		Company	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Between 1 and 2 years	<b>433,430</b>	-	<b>433,430</b>	-
Between 2 and 5 years	<b>763,640</b>	1,092,358	<b>763,640</b>	1,092,358
	<b>1,197,070</b>	1,092,358	<b>1,197,070</b>	1,092,358

**12. TRADE AND OTHER PAYABLES**

Current	Group		Company	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Trade payables (note i)	<b>532,171</b>	470,913	<b>6,206</b>	5,131
Trade payables to related parties (note ii)	<b>395,482</b>	626,920	-	-
Other payables	<b>244,073</b>	244,304	<b>50</b>	-
Amounts payable to subsidiaries (note ii)	-	-	-	-
Other taxes and social security contributions	<b>1,044,459</b>	4,155,394	-	-
Accruals and deferred income	<b>2,275,665</b>	1,918,288	<b>23,255</b>	9,126
	<b>4,491,850</b>	7,415,819	<b>29,511</b>	14,257

- 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.
- iii. The long-term portion of the other taxes and social security contributions have been classified under non-current assets in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS – continued****13. 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:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Bank balances (note i)	<b>1,876,299</b>	2,366,828	<b>18</b>	18
Bank overdraft (note 11)	<b>(11,380)</b>	(874)	-	-
<b>Cash and cash equivalents</b>	<b>1,864,919</b>	2,365,954	<b>18</b>	18

i. Bank balances are pledged as detailed in note 11.

**14. COMMITMENTS AND CONTINGENCIES****14.1 Operating lease commitments – Group as lessor**

A subsidiary company leased equipment to customers under operating leases equipment amounting to EUR130,208 (2021: EUR130,208). Accumulated depreciation on these assets at year end amounted to EUR130,208 (2021: EUR130,208).

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

**14.2 Guarantees****The Company**

The Company is a guarantor for EUR36,000 (2021: EUR36,000) in respect to banking facilities provided to two group companies as detailed in note 11.

**NOTES TO THE FINANCIAL STATEMENTS – continued****15. 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:

	2022			2021		
	EUR Related Party Activity	EUR Total Activity	% of Total	EUR Related Party Activity	EUR Total Activity	% of Total
<i>Revenue</i>						
Sales	16,171	9,993,964	0%	18,668	8,053,648	0%
<i>Expenses</i>						
Purchases and other directly attributable costs	464,409	2,034,371	23%	130,965	1,405,268	9%
Telecommunication Expenses	15,740	39,487	40%	13,455	37,777	36%
Professional Fees	51,212	88,961	58%	51,212	105,887	48%
Other expenses	16,844	409,290	4%	19,960	386,949	5%
Finance Expenses	144,464	144,464	100%	133,763	261,928	51%

*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 9, 11 and 12.

**NOTES TO THE FINANCIAL STATEMENTS – continued****15. RELATED PARTY DISCLOSURES – continued****Group – continued***Key management personnel*

Wages and salaries include an amount of EUR1,070,458 (2021: EUR1,053,377) paid as salaries to key management personnel. Total salaries paid to Executive Directors amounted to EUR686,054 (2021: EUR698,200). The Board of Directors are considered to be key management personnel and total Directors' emoluments are included in note 18 – Personnel Expenses.

**Company***Transactions with related parties*

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

	<b>2022</b>	2021
	<b>EUR</b>	EUR
Finance Expenses	<b>144,464</b>	133,763

*Balances with related parties*

Balances with related parties and their terms and conditions are disclosed in notes 9, 11 and 12.

*Key management personnel*

Total Directors' emoluments are included in note 18 – Personnel Expenses.

**16. 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.

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## NOTES TO THE FINANCIAL STATEMENTS – continued

### 16. 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 EUR850,565 (2021: EUR689,079) owed by a major customer representing 49% (2021: 53%) of the Group's total trade receivables. This customer generated EUR3,654,397 (2021: EUR2,633,930) of the Group's total revenue, representing 37% (2021: 33%) 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****16. 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 13. 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 11 to these financial statements.

*Contractual maturities*

The following are the undiscounted contractual maturities of financial liabilities:

**Group****Year ended 30 June 2022**

	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	1,597,807	1,597,807	-	-	506,828	1,090,979	-
Trade and other payables	4,491,850	4,491,850	3,851,678	640,172	-	-	-
Lease Liabilities	119,812	126,953	58,676	28,261	40,016	-	-
Bank overdraft	11,380	11,380	11,380	-	-	-	-
Amounts owed to related parties	1,488,375	1,846,774	291,305	-	433,430	1,122,039	-
	<b>7,709,224</b>	<b>8,074,764</b>	<b>4,213,039</b>	<b>668,433</b>	<b>980,274</b>	<b>2,213,018</b>	<b>-</b>

**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	-
	<b>8,967,359</b>	<b>9,489,083</b>	<b>5,319,728</b>	<b>942,678</b>	<b>738,824</b>	<b>2,487,853</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS – continued****16. 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 repricable 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):

	2022		2021	
	GBP	USD	GBP	USD
Trade receivables	1,046,888	-	418,239	-
Trade payables	(255,626)	(67,909)	(52,466)	(67,790)
	<b>791,262</b>	<b>(67,909)</b>	365,773	(67,790)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
GBP1	<b>0.8471</b>	0.8865	<b>0.8582</b>	0.8581
USD1	<b>1.1282</b>	1.1928	<b>1.0387</b>	1.1884

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

	Increase/ decrease in basis points	Effect on profit before tax EUR000
2022	+100/-100	(1)/1
2021	+100/-100	(1)/1

**NOTES TO THE FINANCIAL STATEMENTS – continued****16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued****Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Notes 9, 11 and 12 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 11 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 repriced when base rates are amended.

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.

	<b>Increase/ decrease in basis points</b>	<b>Effect on profit before tax EUR000</b>
<b>2022</b>	<b>+100/-100</b>	<b>(2)/2</b>
2021	+100/-100	(2)/2

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**NOTES TO THE FINANCIAL STATEMENTS – continued****16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued****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.

**17. 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**

**17. SEGMENT INFORMATION – continued**

**Group**

2022	Fleet	Original	Back	Projects	Consolidated
	management	Equipment	office		
	EUR	Manufacturers	processing	EUR	EUR
Revenue	6,601,080	62,747	2,698,919	631,218	9,993,964
Other income	-	-	-	-	-
Purchases and other directly attributable costs	(1,644,641)	(445)	(224,241)	(165,044)	(2,034,371)
Personnel expenses	(3,211,208)	(13,284)	(1,034,190)	(374,665)	(4,633,347)
Other expenses	(315,017)	(3,137)	(233,014)	(38,615)	(589,783)
Operating profit before depreciation and amortisation	1,430,214	45,881	1,207,474	52,894	2,736,463
Depreciation and amortisation	(1,019,670)	(443)	(210,378)	(23,257)	(1,253,748)
Finance cost	68,374	650	43,916	7,022	119,962
<b>Profit before tax</b>	<b>478,918</b>	<b>46,088</b>	<b>1,041,012</b>	<b>36,659</b>	<b>1,602,677</b>

2021	Fleet	Original	Back	Projects	Consolidated
	management	Equipment	office		
	EUR	Manufacturers	processing	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)
<b>Profit/(loss) before tax</b>	<b>731,897</b>	<b>48,627</b>	<b>346,665</b>	<b>56,854</b>	<b>1,184,043</b>

**Other income**

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

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
<b>2022</b>	<b>3,711,834</b>	<b>6,250,350</b>	<b>21,850</b>	<b>9,930</b>	<b>9,993,964</b>
2021	2,902,906	5,092,798	25,956	31,988	8,053,648

**NOTES TO THE FINANCIAL STATEMENTS – continued****18. PERSONNEL EXPENSES**

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Directors' emoluments	<b>69,000</b>	60,000	<b>45,000</b>	42,000
Wages and salaries	<b>5,611,912</b>	4,212,430	<b>5,000</b>	5,000
COVID Government assistance	<b>(21,952)</b>	(61,986)	-	-
Social security defined contribution costs	<b>262,385</b>	225,387	-	-
	<b>5,921,345</b>	4,435,831	<b>50,000</b>	47,000
Capitalised labour costs (note 4)	<b>(1,287,998)</b>	(823,736)	-	-
Total personnel expenses	<b>4,633,347</b>	3,612,095	<b>50,000</b>	47,000

Social security defined contribution costs relating to Directors amount to EUR5,125 (2021: EUR5,024).

Directors' emoluments relate to Directors fees. Directors' remuneration and other key management personnel costs are disclosed in more detail in Note 15.

The average number of persons employed by the Group/Company during the years ended 30 June 2022 and 2021, was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>No.</b>	No.	<b>No.</b>	No.
Operating	<b>115</b>	101	-	-
Administration	<b>16</b>	15	-	-
	<b>131</b>	116	-	-

**NOTES TO THE FINANCIAL STATEMENTS – continued****19. OTHER ADMINISTRATIVE EXPENSES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Audit fees paid to Group auditors	<b>38,103</b>	31,750	<b>8,271</b>	4,701
Other audit fees	<b>9,092</b>	4,767	-	-
Bank charges	<b>5,128</b>	4,733	-	-
Computer Expenses	<b>18,979</b>	10,827	-	-
Creditors Write-Off	-	(1,337)	-	-
Exchange variance	<b>(93,849)</b>	-	-	-
Fuel and Oil	<b>18,329</b>	18,536	-	-
Insurances	<b>52,471</b>	43,573	-	-
Licenses and subscriptions	<b>62,585</b>	55,735	-	25
Listing and registration fees	<b>15,625</b>	15,367	<b>11,259</b>	11,217
Motor Vehicles	<b>21,353</b>	14,991	-	-
Movement in provision for impairment of receivables (note 9)	<b>19,978</b>	13,940	-	-
Movement in unrealised currency exchange	<b>12,251</b>	(21,127)	-	-
Printing Expenses	<b>10,173</b>	9,612	<b>6,489</b>	5,698
Receivables written off	<b>65,318</b>	-	-	-
Repairs and Maintenance	<b>3,070</b>	7,984	-	-
Rent	<b>26,248</b>	21,156	-	-
Staff Training and Welfare	<b>32,980</b>	35,093	-	-
Telecommunications	<b>39,487</b>	37,777	-	-
Water and electricity	<b>17,261</b>	12,253	-	-
Write-Off of stock	-	420	-	-
Other expenses	<b>34,708</b>	70,899	<b>9,272</b>	-
	<b>409,290</b>	386,949	<b>35,291</b>	21,641

**Group**

Professional and Consultancy fees included remuneration payable to the company's auditor for tax compliance services of EUR4,039 (2021: EUR4,888).

**Company**

Professional and Consultancy fees included remuneration payable to the company's auditor for tax compliance services of EUR 1,600 (2021: EUR1,888).

**NOTES TO THE FINANCIAL STATEMENTS – continued****20. LEASES**

On 1 July 2020, 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.

	<b>Property EUR</b>	<b>Motor Vehicles EUR</b>	<b>Total EUR</b>
<b>Cost</b>			
At 30 June 2021	324,041	153,973	478,014
Additions	-	-	-
<b>At 30 June 2022</b>	<b>324,041</b>	<b>153,973</b>	<b>478,014</b>
<b>Depreciation</b>			
At 30 June 2021	235,157	125,321	360,478
Depreciation charge	29,164	26,255	55,419
<b>At 30 June 2022</b>	<b>264,321</b>	<b>151,576</b>	<b>415,897</b>
<b>Carrying value</b>			
<b>At 30 June 2022</b>	<b>59,720</b>	<b>2,397</b>	<b>62,117</b>
At 30 June 2021	88,884	28,652	117,536

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

	<b>Property EUR</b>	<b>Motor Vehicles EUR</b>	<b>Total EUR</b>
<b>Depreciation charge on Right of Use Assets</b>			
<b>As at 30 June 2022</b>	<b>29,164</b>	<b>26,255</b>	<b>55,419</b>
As at 30 June 2021	29,164	27,325	56,489
<b>Interest expense (included in finance costs)</b>			
<b>As at 30 June 2022</b>	<b>2,963</b>	<b>5,348</b>	<b>8,311</b>
As at 30 June 2021	3,913	6,835	10,748

The total cash outflows during the year ended 30 June 2022 amounted to EUR55,347 (2021: EUR52,910).



**NOTES TO THE FINANCIAL STATEMENTS – continued****20. LEASES - continued****20.1. Lease liabilities**

Lease liabilities amounted to:

	<b>2022</b>	2021
	<b>EUR</b>	EUR
<i>Non-current liabilities</i>		
Property	<b>32,554</b>	66,147
Motor Vehicles	<b>6,061</b>	53,664
	<b>38,615</b>	119,811
<i>Current liabilities</i>		
Property	<b>33,593</b>	32,615
Motor Vehicles	<b>47,604</b>	22,732
	<b>81,197</b>	55,347
	<b>119,812</b>	175,158

**21. INCOME TAX**

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Current tax charge				
- current year	<b>(71,959)</b>	(83,527)	-	-
- under provision in respect of prior years	-	(12,199)	-	-
- deferred tax credit	<b>150,000</b>	350,000	-	-
	<b>78,041</b>	254,274	-	-

## NOTES TO THE FINANCIAL STATEMENTS – continued

### 21. 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:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Profit/(loss) before tax	<b>1,602,677</b>	1,184,043	<b>(90,127)</b>	(72,939)
Theoretical taxation credit/(expense) at domestic income tax rate 35%	<b>(560,937)</b>	(414,415)	<b>31,544</b>	25,528
<i>Tax effect of:</i>				
- Income not subject to tax	-	1,143	-	-
- Non-deductible expenses	<b>(17,370)</b>	(49,999)	<b>(31,544)</b>	(25,528)
- Deferred tax not recognised	<b>90,594</b>	259,675	-	-
- Partial recognition of deferred tax	<b>150,000</b>	350,000	-	-
- Difference to the foreign tax rates	<b>59,811</b>	70,288	-	-
- Prior year underaccrual of tax	-	(12,199)	-	-
- Tax credits	<b>392,192</b>	49,785	-	-
- Loss (surrendered)/claimed to/from Group Company	<b>(30,746)</b>	-	-	-
- Non temporary differences	<b>(5,747)</b>	-	-	-
- Other differences	<b>244</b>	(4)	-	-
Tax credit/(expense)	<b>78,041</b>	254,274	-	-

### 22. EARNINGS PER SHARE

#### 22.1 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.

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Profit/(loss) attributable to the ordinary equity holders/Company	<b>1,680,718</b>	1,438,317	<b>(90,128)</b>	(72,939)
Average number of equity shares outstanding during the year	<b>31,899,000</b>	31,899,000	<b>31,899,000</b>	31,899,000
<b>Basic profit/(loss) per share attributable to the ordinary equity holders/Company</b>	<b>(5c2)</b>	(4c5)	<b>(0c3)</b>	(0c2)

#### 22.2 Diluted earnings per share

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

**SUMMARISED RESULTS FOR THE PAST FIVE YEARS**

As at 30 June	2022 EUR	2021 EUR	2020 EUR	2019 EUR	2018 EUR
<b>FINANCIAL</b>					
Revenue	9,993,964	8,053,648	5,442,783	4,376,375	3,897,951
Operating Profit	3,326,246	3,054,285	1,796,839	1,694,546	1,746,537
EBITDA	2,736,463	2,544,089	1,123,106	1,174,395	1,171,421
Profit/(loss) before tax	1,602,677	1,184,043	(108,689)	257,689	642,042
Earnings/(loss) per share	5c2	4c5	(0c4)	0c8	2c0
<b>LIQUIDITY</b>					
Cash generated from operations	1,248,380	2,713,370	3,132,972	1,257,387	870,943
Net cash	1,864,919	2,365,954	1,092,225	(101,183)	(29,494)
<b>NUMBER OF EMPLOYEES</b>					
	131	116	100	91	90

**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 67, which comprise the statements of financial position of the Company and the Group as at 30 June 2022, 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 2022, 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.

**Independent auditor's report**

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 €7,780,951 (2021 - €7,617,020) as per note 4 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 4 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.

## **Independent auditor's report**

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.

**Independent auditor's report**

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.

**Independent auditor's report**

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 other legal and regulatory requirements****Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6**

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive ("the ESEF Directive 6") on the annual financial report of Loqus Holdings plc for the year ended 30 June 2022, entirely prepared in a single electronic reporting format.

**Responsibilities of the directors**

The directors are responsible for the preparation of the annual financial report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

**Our responsibilities**

Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the consolidated financial statements and the relevant electronic tagging therein comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report, in accordance with the requirements of ESEF RTS.
- Obtaining the annual financial report and performing validations to determine whether the annual financial report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS



**Independent auditor's report**

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

**Report on other legal and regulatory requirements (continued)****Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6 (continued)**

- Examining the information in the annual financial report to determine whether all the required taggings therein have been applied and whether in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the annual financial report for the year ended 30 June 2022 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

**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.

**Independent auditor's report**

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.

**Appointment**

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.

**Consistency with the additional report to those charged with Governance**

Our opinion on our audit of the financial statements is consistent with the additional report to the audit committee required to be issued by the Audit Regulation (as referred to in the Act);

**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  
Birkirkara,  
Malta

28 October 2022

**OTHER DISCLOSURES IN TERMS OF THE CAPITAL MARKETS 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 EURO.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 EURO.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 Capital Markets 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 Capital Markets Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Capital Markets Rules may be viewed on the official website ([www.mfsa.com.mt](http://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 2022 and 21 October 2022 in excess of 5% of the share capital of the Company are the following:

	30 June 2022		21 October 2022	
	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

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## OTHER DISCLOSURES IN TERMS OF THE CAPITAL MARKETS 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 CAPITAL MARKETS 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.

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**OTHER DISCLOSURES IN TERMS OF THE CAPITAL MARKETS 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.

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

Pursuant to Capital Markets 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 28 October 2022 on behalf of the Board of Directors by Walter Bonnici and Joseph Fenech Conti as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report 2022.

**SHAREHOLDER REGISTER INFORMATION**

Directors' interests in the Company as at 30 June 2022 and as at 19 October 2022.

Shareholder Range	Ordinary shares held as at 30.06.22	Ordinary shares held as at 19.10.22	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 19 October 2022.

Holders holding 5% or more of the Share Capital at 30 June 2022 and at 19 October 2022.

**Ordinary Shares of EUR0.2329374 each at:**

	30.06.21		19.10.22	
	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 1,439. As at 19 October 2022, 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 30.06.22	Number of holders at 19.10.22	Movement in holders increase / (decrease)
1 - 500 shares	379	376	(3)
501 - 1,000 shares	396	395	(1)
1,001 - 5,000 shares	540	536	(4)
5,001 and over	124	123	(1)
	<b>1,439</b>	<b>1,430</b>	<b>(9)</b>

**Company Secretary and Registered Address**

Dr Adrian Mallia  
SUB008A, Industrial Estate  
San Gwann SGN 3000  
Malta