

Klikk Finance p.l.c.

Unaudited Condensed Consolidated Interim Financial Statements for the period 1 January 2023 to 30 June 2023

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Klikk Finance p.l.c.

Directors' Report pursuant to Prospects MTF Rule 4.11.12 for the period 1 January 2023 to 30 June 2023

This Half-Yearly Report is being published in terms of the Prospects MTF Rules issued by the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2023 prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative Statement of Financial Position has been extracted from the audited financial statements for the year ended 31 December 2022.

Principal activity

Klikk Finance p.l.c. (the Company) is the holding company and financing arm of the Group. The Company, its subsidiary Klikk Limited and the second-tier subsidiary Klikk Code Limited constitute the Group. The principal activity of the Group is to operate two computer retail outlets servicing both retail and corporate clients, with the outlets situated on the Birkirkara By-Pass and Tal-Barrani Road, Zejtun. Furthermore, the Group develops Bespoke and B2B software solutions to corporate customers.

Business Review

During the period under review, the Group registered an increase in revenue from €2.9 million to €3.36 million, whilst improving its gross margin to 15.5% (2022: 15.27%). Due to inflationary pressures, administrative expenses increased, primarily driven by higher payroll costs. Despite this challenge, the Group's operational performance has exhibited encouraging signs of improvement, reflecting the dedication and hard work of our team. In fact, the Group is reporting an operating loss of €16K for the six months ending 30 June 2023, compared to an operating loss of €44k during the same period a year ago.

The financial performance aligns with our projections, reinforcing our strategic planning and execution. As we move forward, the directors expect that the Group's activities will remain unchanged for the foreseeable future, remaining focused on optimizing expenses to mitigate inflationary impact and leveraging our strengths to drive sustained growth.

Directors

The Directors of the Company since the beginning of the period up to the date of this report are:

Mr. Martin Vella - Chairman and Director

Mr. Gordon Zammit - CEO and Director

Dr. Michael Borg Costanzi - Independent Non-executive Director

Mr. Mario Galea - Independent Non-executive Director

Dividend

No interim dividends are being proposed.

Approved by the Board of Directors on 30 August 2023 and signed on its behalf by:



Mr. Martin Vella - Chairman and Director



Mr. Gordon Zammit - CEO and Director

Registered Office

Hal Mann, The Factory,
Mosta Road,
Lija LJA 9016
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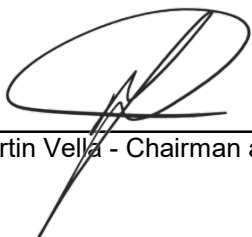
Klikk Finance p.l.c.

Directors' statement for the period 1 January 2023 to 30 June 2023


We hereby confirm that to the best of our knowledge:

- The condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2023, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting IAS 34, "Interim Financial Reporting"; and
- The Interim Directors' Report includes a fair review of the information required in terms of Prospects MTF Rules 4.11.12.

Approved by the Board of Directors on 30 August 2023 and signed on its behalf by:



Mr. Martin Vella - Chairman and Director



Mr. Gordon Zammit - CEO and Director

Independent Auditor's Report on Review of Condensed Consolidated Interim Financial To the Board of Directors of Klikk Finance p.l.c.

Introduction

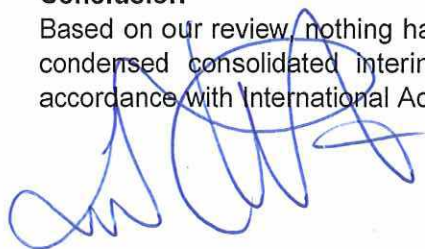
We have reviewed the accompanying condensed consolidated interim statement of financial position of Klikk Finance p.l.c. and its subsidiaries as at 30 June 2023, the related condensed consolidated interim statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and the explanatory notes ('the interim financial information'). The directors are responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU applicable to interim financial reporting in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.



Jozef Wallace Galea (Partner)
for and on behalf of HLB CA Falzon

Registered Auditors

30 August 2023

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Together we make it happen

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Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Comprehensive Income for the period from 1 January 2023 to 30 June 2023

		1 January to 30 June 2023 (unaudited) €	1 January to 30 June 2022 (unaudited) €
	Note		
Revenue	4	3,365,783	2,900,937
Cost of sales		(2,841,772)	(2,457,939)
Gross profit		524,011	442,998
Selling and distribution expenses		(26,375)	-
Administrative expenses		(515,566)	(487,440)
Other operating income		1,898	-
Operating loss		(16,032)	(44,442)
Finance costs		(69,081)	(73,167)
Loss before tax		(85,113)	(117,609)
Income tax credit	5	14,421	77,669
Loss for the period		(70,692)	(39,940)
Attributable to:			
Equity holders of the parent		(70,692)	(39,940)
Earnings per share (cents)			
Basic and diluted, loss for the period attributable to ordinary equity holders of the parent		(0.20)	(0.11)

The notes on pages 8 to 12 form part of these financial statements.

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Financial Position

	Note	30 June 2023 (unaudited)	31 December 2022 (audited)
		€	€
ASSETS			
Non-current assets			
Property, plant & equipment	6	112,908	111,991
Right-of-use assets		559,889	617,720
Intangible assets	7	515,871	534,955
Deferred tax assets		380,480	357,926
Total non-current assets		1,569,148	1,622,592
Current assets			
Inventories		1,611,518	1,756,266
Trade and other receivables	8,10	564,109	734,982
Current tax recoverable		-	784
Cash and cash equivalents	9	368,212	393,634
Total current assets		2,543,839	2,885,666
Total assets		4,112,987	4,508,258
EQUITY AND LIABILITIES			
Equity			
Issued capital		350,000	350,000
Additional contributed capital		649,368	649,368
Accumulated losses		(989,337)	(926,778)
Equity attributable to equity holders of the parent		10,031	72,590
Total equity		10,031	72,590
Non-current liabilities			
Borrowings		1,759,094	1,797,307
Lease liability	8	538,400	573,148
Total non-current liabilities		2,297,494	2,370,455
Current liabilities			
Borrowings		233,108	157,431
Lease liability	8	101,344	120,396
Trade and other payables	8	1,471,010	1,787,386
Total current liabilities		1,805,462	2,065,213
Total liabilities		4,102,956	4,435,668
Total equity and liabilities		4,112,987	4,508,258

The notes on pages 8 to 12 form part of these financial statements.

The financial statements set out on pages 4 to 12 were approved and authorised for issue by the Board of Directors on 30 August 2023 and signed on its behalf by:



Mr. Martin Vella - Chairman and Director



Mr. Gordon Zammit - CEO and Director

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Changes in Equity for the period from 1 January 2023 to 30 June 2023

	Issued share capital	Additional contributed capital	Accumulated losses	Equity attributable to equity holders of the parent	Total Equity
	€	€	€	€	€
Balance as at 1 January 2022					
Opening balance	350,000	848,735	(797,143)	401,592	401,592
Loss for the period	-	-	(39,940)	(39,940)	(39,940)
Balance as at 30 June 2022	350,000	848,735	(837,083)	361,652	361,652
Balance as at 31 December 2022 (audited)	350,000	649,368	(926,778)	72,590	72,590
Balance as at 1 January 2023					
Opening balance	350,000	649,368	(926,778)	72,590	72,590
Prior year adjustment	-	-	8,133	8,133	8,133
As restated balance as at 1 January 2023	350,000	649,368	(918,645)	80,723	80,723
Loss for the period	-	-	(70,692)	(70,692)	(70,692)
Balance as at 30 June 2023	350,000	649,368	(989,337)	10,031	10,031

The notes on pages 8 to 12 form part of these financial statements.

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Cash Flows for the period from 1 January 2023 to 30 June 2023

	Note	1 January to 30 June 2023 (unaudited)	1 January to 30 June 2022 (unaudited)
		€	€
Cash flows from operating activities			
Loss before tax		(85,113)	(117,609)
Adjustments for:			
Depreciation of property, plant and equipment		22,983	20,770
Depreciation of right of use assets		57,831	57,830
Allowance for/(reversal of) impairment of receivables		1,406	(5,422)
Amortisation of intangible assets		35,651	30,364
Amortisation of bonds		4,375	4,130
Finance income		-	(183)
Finance costs		69,081	73,350
Working capital changes:			
Changes in inventories		144,748	(12,818)
Changes in receivables		127,394	318,002
Changes in payables		(328,241)	(428,798)
Payments from related companies		(8,376)	(31,954)
Interest paid on bank overdraft		(4,227)	(2,338)
Interest received		-	211
Net cash generated from/(used in) operating activities		37,512	(94,465)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(23,900)	(863)
Payments to acquire intangible assets		(16,566)	(57,804)
Net cash used in investing activities		(40,466)	(58,667)
Cash flows from financing activities			
Repayment of bank loans		(81,865)	(93,254)
Interest paid on loans		(2,739)	(4,501)
Advances from related undertakings		-	42,380
Rent paid		(69,053)	(61,758)
Net cash used in financing activities		(153,657)	(117,133)
Net movement in cash and cash equivalents		(156,611)	(270,265)
Effect of ECL on cash in banks		(3)	-
Cash and cash equivalents at beginning of period		375,899	328,320
Cash and cash equivalents at end of period	9	219,285	58,055

The notes on pages 8 to 12 form part of these financial statements.

Klikk Finance p.l.c.

Notes to the Condensed Consolidated Interim Financial Statements for the period from 1 January 2023 to 30 June 2023

1. Corporate information

The interim condensed consolidated financial statements of Klikk Finance p.l.c., its subsidiary and sub-subsidiary (collectively 'the Group') for the six months ended 30 June 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 30 August 2023.

The financial information of the Group as at 30 June 2023 and for the six months then ended reflect the financial position and the performance of Klikk Finance p.l.c., its subsidiary Klikk Limited and its subsidiary Klikk Code Limited. The comparative amounts reflect the position of the Group as included in the audited financial statements ended 31 December 2022 and the unaudited results for the period ended 30 June 2022.

Klikk Finance p.l.c. ('the Company') is a public limited liability company incorporated in Malta, under the Companies Act, Cap. 386 of the Laws of Malta.

2. Basis of preparation and changes to the Group accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The condensed Group financial statements balances have been extracted from Klikk Finance p.l.c. unaudited Group management accounts for the six months ended 30 June 2023. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

**Notes to the Condensed Consolidated Interim Financial Statements
for the period from 1 January 2023 to 30 June 2023**

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing condensed consolidated interim financial statements, the Board of Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2022.

4. Segment information

For management purposes, the Group is organized into business units based on its products and services and has three reportable segments, as follows:

- The lending and financing segment, which carries the business of a finance and holding company.
- The retail segment, which operates computer retail outlets.
- The software development segment, which develops software solutions to customers.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustment and eliminations' column. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Klikk Finance p.l.c.

Notes to the Condensed Consolidated Interim Financial Statements for the period from 1 January 2023 to 30 June 2023

4. Segment information (continued)

Six-month period ended 30 June 2023	Lending and financing	Retail	Software Development	Total segments	Adjustments and eliminations	Consolidated
	€	€	€	€	€	€
Revenue						
External customers	-	3,299,047	66,736	3,365,783	-	3,365,783
Inter-segment	64,487	939	6,084	71,510	(71,510)	-
Total revenue	64,487	3,299,986	72,820	3,437,293	(71,510)	3,365,783
Expenses						
Tax (credit)/expense	765	(15,366)	366	(14,235)	(186)	(14,421)
Interest expense	49,601	76,467	7,500	133,568	(64,487)	69,081
Depreciation and amortisation	4,375	88,708	27,757	120,840	-	120,840
Results						
Segment profit/(loss) before tax	4,628	(63,346)	(25,864)	(84,582)	(531)	(85,113)
Total assets	3,146,759	3,888,172	177,869	7,212,800	(3,099,813)	4,112,987
Total liabilities	2,009,927	3,820,284	158,229	5,988,440	(1,885,484)	4,102,956

Six-month period ended 30 June 2022	Lending and financing	Retail	Software Development	Total segments	Adjustments and eliminations	Consolidated
	€	€	€	€	€	€
Revenue						
External customers	-	2,836,930	64,007	2,900,937	-	2,900,937
Inter-segment	74,171	813	-	74,984	(74,984)	-
Total revenue	74,171	2,837,743	64,007	2,975,921	(74,984)	2,900,937
Expenses						
Income tax charge	-	(72,322)	(5,347)	(77,669)	-	(77,669)
Interest expense	56,569	83,269	7,500	147,338	(74,171)	73,167
Depreciation and amortisation	4,130	84,323	24,641	113,094	-	113,094
Results						
Segment profit/(loss) before tax	59,953	(117,108)	(41,814)	(98,969)	(18,640)	(117,609)
Total assets	3,782,068	4,022,849	228,796	8,033,713	(3,568,644)	4,465,069
Total liabilities	2,430,978	4,066,019	264,599	6,761,596	(2,658,179)	4,103,417

5. Income tax

The Group calculates the period income tax (expense)/credit using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	1 January to 30 June 2023 (unaudited) €	1 January to 30 June 2022 (unaudited) €
Income taxes		
Deferred income tax credit	14,421	77,669
Income tax credit recognised in statement of profit or loss	14,421	77,669

Klikk Finance p.l.c.

Notes to the Condensed Consolidated Interim Financial Statements for the period from 1 January 2023 to 30 June 2023

6. Property, plant and equipment

Additions and disposals

During the six months ended 30 June 2023, the Group acquired assets with a cost of €23,900 (six months ended 30 June 2022: €863).

There were no assets disposed by the Group during the six months ended 30 June 2023 and 30 June 2022.

7. Intangible assets

Additions and disposals

During the six months ended 30 June 2023, the Group developed intangible assets with a cost of €16,566 (six months ended 30 June 2022: €57,804).

There were no intangible assets disposed by the Group during the six months ended 30 June 2023 and 30 June 2022.

8. Financial assets and financial liabilities

The Group's financial assets comprise of trade and other receivables, bank deposits and loans to related parties. The Group's financial liabilities comprise of trade and other payables, lease liabilities, loans from related and other parties. All of the Group's financial instruments are measured at amortised cost, except for the equity instruments which are measured at fair value through other comprehensive income. The lease liabilities are measured in terms of the Group's accounting policy.

9. Cash and cash equivalents

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents are the following:

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Cash at banks and in hand	368,215	393,634
Allowance for expected credit losses	(3)	-
Bank overdraft	(148,927)	(17,735)
Total cash and cash equivalents	219,285	375,899

10. Trade and other receivables

Trade and other receivables are stated net of a provision for estimated credit losses of €8,749 (30 June 2022: €10,422).

11. Related parties

Group information

The Group comprises the Company, its subsidiary Klikk Limited which owns 100% of its ordinary shares and second-tier subsidiary Klikk Code Limited, which also owns 100% of ordinary shares.

All companies forming part of the Group and related undertakings are related by virtue of common control. The following significant transactions were carried out with related parties:

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Interest income	64,487	144,853
Related party sales	7,023	26,254

Klikk Finance p.l.c.

Notes to the Condensed Consolidated Interim Financial Statements for the period from 1 January 2023 to 30 June 2023

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in an arm's length transactions. Outstanding balances as at year-end bear interest at 6% as per loan agreement and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

12. Fair values measurements

At 30 June 2023 and 31 December 2022, the carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables and current borrowings reflected in the financial statements are not carried at fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair values of loans and receivables and non-current borrowings are not materially different from their carrying amounts in the statement of financial position.

The fair value of non current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

The Group used the following hierarchy for determining and disclosing the fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

13. Comparative amounts

Comparative amounts have been adjusted in the statement of changes in equity to eliminate the impact of deferred tax on estimated credit losses of intercompany balances in prior year to conform with current year's interim period balances and financial statement presentation.