

Klikk Finance p.l.c.

Unaudited Interim Condensed Consolidated Financial Statements for the period 1 January 2021 to 30 June 2021

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Klikk Finance p.l.c.

Directors' Report pursuant to Prospects MTF Rule 4.11.12 for the period 1 January 2021 to 30 June 2021

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 2021 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 2020.

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.

Review of financial performance

The Group incurred a consolidated loss before tax of €23,084 (2020: €51,499) for the six-month period ended 30 June 2021, a decrease of 55% over the previous period.

Notwithstanding the continuing challenging external environment, total Group revenue for the six months from January to June reduced modestly by 2.39% when compared with the same period in 2020; from €3.7million in H1 2020 to €3.6million in H1 2021. During the reporting period, administrative expenses were reduced. Consequently, operating profit increased from €24K in the first six months of 2020 to €47K in the comparable period of 2021.

Directors

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

Mr. Martin Vella

Mr. Gordon Zammit

Dr. Michael Borg Costanzi

Mr. Mario P. Galea - appointed on 28 April 2021

Mr. William Van Buren - resigned on 28 April 2021

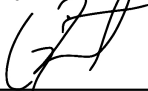
Dividend

No interim dividends are being proposed.

Outlook

Covid-19 has continued to create social disruption and economic volatility during 2021. Over the past months Klikk has proven the ability to operate successfully in the pandemic environment. We acted quickly and decisively by putting in place measures necessary to protect our people and our business. The operating and retail environment has not yet returned to normal conditions, but the Board is cautiously optimistic that the accelerated pace of the COVID-19 vaccination programmes will gradually subside the impact of the pandemic and will improve business and consumer confidence. Our omnichannel strategy and proposition positions the Group well in this economic environment.

Approved by the Board of Directors on 25 August 2021 and signed on its behalf by:



Mr. Gordon Zammit - Chairman



Mr. Martin Vella - Director

Registered Office

Hal Mann, The Factory,
Mosta Road,
Lija LJA 9016
Malta

Klikk Finance p.l.c.

Directors' statement for the period 1 January 2021 to 30 June 2021

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 2021, 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.



Mr. Gordon Zammit - Chairman



Mr. Martin Vella - Director

25 August 2021

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Klikk Finance p.l.c. as at 30 June 2021, 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

25 August 2021

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Together we make it happen

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PARTNERS: Jozef Wallace Galea, Alfred Falzon, Patrizio Prospero, Fiona Buttigieg.

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Klikk Finance p.l.c.

Interim Condensed Consolidated Statement of Comprehensive Income for the period 1 January 2021 to 30 June 2021

		1 January to 30 June 2021 (unaudited) €	1 January to 30 June 2020 (unaudited) €
	Note		
Revenue	4	3,623,799	3,712,629
Cost of sales		(3,082,937)	(3,128,633)
Gross profit		540,862	583,996
Administrative expenses		(493,058)	(559,882)
Other operating expenses		(69)	-
Operating profit		47,735	24,114
Finance costs		(70,819)	(75,613)
Loss before tax		(23,084)	(51,499)
Income tax (charge)/ credit	5	(6,892)	28,754
Loss for the period		(29,976)	(22,745)
Attributable to:			
Equity holders of the parent		(29,976)	(22,745)
Earnings per share (cents)			
Basic and diluted, loss for the period attributable to ordinary equity holders of the parent		(0.10)	(0.07)

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

Klikk Finance p.l.c.

Interim Condensed Consolidated Statement of Financial Position as at

		30 June 2021 (unaudited)	31 December 2020 (audited)
	Note	€	€
ASSETS			
Non-current assets			
Property, plant & equipment	6	264,504	176,655
Right-of-use assets		679,023	849,042
Intangible assets	7	521,163	532,550
Trade and other receivables	8	45,340	260,982
Deferred tax assets		357,751	364,642
Total non-current assets		1,867,781	2,183,871
Current assets			
Inventories		1,438,221	1,181,691
Trade and other receivables	8,10	1,100,510	1,325,890
Cash and cash equivalents	9	197,508	609,749
Total current assets		2,736,239	3,117,330
Total assets		4,604,020	5,301,201
EQUITY AND LIABILITIES			
Equity			
Issued capital		350,000	350,000
Additional contributed capital		848,735	848,735
Accumulated losses		(723,926)	(693,950)
Total equity		474,809	504,785
Non-current liabilities			
Borrowings		2,197,226	2,278,780
Lease liability	8	530,690	786,029
Total non-current liabilities		2,727,916	3,064,809
Current liabilities			
Borrowings		265,036	117,199
Lease liability	8	298,513	85,037
Trade and other payables	8	836,696	1,528,323
Current taxation due		1,050	1,048
Total current liabilities		1,401,295	1,731,607
Total liabilities		4,129,211	4,796,416
Total equity and liabilities		4,604,020	5,301,201

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 25 August 2021 and signed on its behalf by:



Mr. Gordon Zammit - Chairman



Mr. Martin Vella - Director

Klikk Finance p.l.c.

Interim Condensed Consolidated Statement of Changes in Equity for the period 1 January 2021 to 30 June 2021 (unaudited)

	Issued share capital	Additional contributed capital	Accumulated losses	Equity attributable to equity holders of the parent	Total Equity
	€	€	€	€	€
Balance as at 1 January 2020					
Opening balance	350,000	848,735	(681,989)	516,746	516,746
Loss for the period	-	-	(22,745)	(22,745)	(22,745)
Balance as at 30 June 2020	<u>350,000</u>	<u>848,735</u>	<u>(704,734)</u>	<u>494,001</u>	<u>494,001</u>
Balance as at 31 December 2020 (audited)	<u>350,000</u>	<u>848,735</u>	<u>(693,950)</u>	<u>504,785</u>	<u>504,785</u>
Balance as at 1 January 2021					
Opening balance	<u>350,000</u>	<u>848,735</u>	<u>(693,950)</u>	<u>504,785</u>	<u>504,785</u>
Profit for the period	-	-	(29,976)	(29,976)	(29,976)
Balance as at 30 June 2021	<u>350,000</u>	<u>848,735</u>	<u>(723,926)</u>	<u>474,809</u>	<u>474,809</u>

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

Klikk Finance p.l.c.

Interim Condensed Consolidated Statement of Cash Flows for the period 1 January 2021 to 30 June 2021

	2021 (unaudited)	2020 (unaudited)
	€	€
Cash flows from operating activities		
Loss before tax	(23,084)	(51,499)
Depreciation of property, plant and equipment	25,346	29,782
Depreciation of right of use assets	57,830	53,767
Allowance for impairment of receivables	(2,872)	(4,174)
Amortisation of intangible assets	19,579	16,773
Amortisation of bonds	3,885	3,677
Finance costs	70,819	75,613
Working capital changes:		
Changes in inventories	(256,530)	(23,916)
Changes in receivables	659,900	34,522
Changes in payables	(682,956)	(446,180)
Payments from related companies	(268,034)	(30,781)
Interest paid on lease and bank overdraft	(20,344)	(7,506)
Net used in operating activities	(416,461)	(349,922)
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(562)	(5,851)
Payments to acquire intangible assets	(7,414)	(26,943)
Net cash used in investing activities	(7,976)	(32,794)
Cash flows from financing activities		
Repayment of banks loans	(90,207)	(81,232)
Interest paid on loans	(7,906)	(28,142)
Interest paid on bonds	-	(445)
Advances from related undertakings	-	48,737
Repayment of finance lease	(41,864)	(53,120)
Net cash used in financing activities	(139,977)	(114,202)
Net movement in cash and cash equivalents	(564,414)	(496,918)
Cash and cash equivalents at beginning of period	606,128	611,398
Cash and cash equivalents at end of period	41,714	114,480

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

Klikk Finance p.l.c.

Notes to the Interim Condensed Consolidated Financial Statements for the period 1 January 2021 to 30 June 2021

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 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 25 August 2021.

The financial information of the Group as at 30 June 2021 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 Klikk Code Limited its sub-subsidiary. The comparative amounts reflect the position of the group as included in the audited financial statements ended 31 December 2020 and the unaudited results for the period ended 30 June 2020.

Klikk Finance p.l.c. ('the Company') is a 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 2021 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 2021. 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 2020, 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 interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have any impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform: Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

The Group intends to use the practical expedients in future periods if they become applicable.

Klikk Finance p.l.c.

Notes to the Interim Condensed Consolidated Financial Statements for the period 1 January 2021 to 30 June 2021

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 2020.

4. Segment information

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

The Lending and Financing and Retail segment includes financing of debtors and the retail of IT products and electronic goods, including but not limited to laptops, desktops, smartphones, tablets, televisions and computer peripheral devices.

In addition, the Group also offers be-spoke software solutions. Klikk Limited supplies its computer products and services mainly to individuals, corporate customers and Government institutions and Departments. Customers may acquire the products and/or software either through cash sale or on credit.

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 profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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.

Six-month period ended 30 June 2021	Lending and financing €	Retail	Total segments €	Adjustments and eliminations €	Consolidated €
Revenue					
External customers	-	3,623,799	3,623,799	-	3,623,799
Inter-segment	92,311	-	92,311	(92,311)	-
Total revenue	92,311	3,623,799	3,716,110	(92,311)	3,623,799
Expenses					
Income tax charge	-	6,892	6,892	-	6,892
Interest expense	60,155	102,302	162,456	(91,638)	70,819
Depreciation and amortisation	-	102,755	102,755	-	102,755
Results					
Segment profit/(loss)	24,058	(46,951)	(22,893)	(191)	(23,084)
Total assets	3,619,496	3,922,269	7,541,765	(2,937,745)	4,604,020
Total liabilities	2,536,678	4,477,135	7,013,813	(2,884,602)	4,129,211

Klikk Finance p.l.c.

Notes to the Interim Condensed Consolidated Financial Statements for the period 1 January 2021 to 30 June 2021

4. Segment information (continued)

Six-month period ended 30 June 2020	Lending and financing €	Retail €	Total segments €	Adjustments and eliminations €	Consolidated €
Revenue					
External customers	2,132	3,710,497	3,712,629	-	3,712,629
Inter-segment	120,750	-	120,750	(120,750)	-
Total revenue	122,882	3,710,497	3,833,379	(120,750)	3,712,629
Expenses					
Income tax charge/(credit)	7,687	(36,441)	(28,754)	-	(28,754)
Interest expense	66,659	107,335	173,994	(98,381)	75,613
Depreciation and amortisation	1,875	98,447	100,322	-	100,322
Results					
Segment profit/(loss)	22,269	(76,442)	(54,173)	2,674	(51,499)
Total assets	3,788,297	3,760,697	7,548,994	(2,971,753)	4,577,241
Total liabilities	2,727,122	4,312,610	7,039,731	(2,956,491)	4,083,240

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:

	For the six months ended 30 June	
	2021	2020
	€	€
Income taxes		
Current income tax charge	-	(7,687)
Deferred income tax (charge)/credit	(6,892)	36,441
Income tax (charge)/credit recognised in statement of profit or loss	(6,892)	28,754

6. Property, plant and equipment

Additions and disposals

During the six months ended 30 June 2021, the Group acquired assets with a cost of €562 (six months ended 30 June 2020: € 5,851).

There were no assets disposed by the Group during the six months ended 30 June 2021 and 30 June 2020.

7. Intangible assets

Additions and disposals

During the six months ended 30 June 2021, the Group developed intangible assets with a cost of €7,414 (six months ended 30 June 2020: € 26,943).

There were no intangible assets disposed by the Group during the six months ended 30 June 2021 and 30 June 2020.

Klikk Finance p.l.c.

Notes to the Interim Condensed Consolidated Financial Statements for the period 1 January 2021 to 30 June 2021

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 interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2021	31 December 2020
	€	€
Cash at bank and in hand	197,508	609,749
Total cash and cash equivalents	197,508	609,749
Bank overdraft	(155,794)	(3,621)
Total cash and cash equivalents	41,714	606,128

10. Trade and other receivables

Trade receivables are stated net of a provision for estimated credit losses of €47,006 (30 June 2020: €48,862).

11. Related parties

The Group did not enter into any material transactions with related parties.

12. Fair values measurements

At 30 June 2021 and 31 December 2020, 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.

Klikk Finance p.l.c.

Notes to the Interim Condensed Consolidated Financial Statements for the period 1 January 2021 to 30 June 2021

13. Accounting Standards not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning after 1 January 2021. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's and the Company's financial statements in the period of initial application.

A subsidiary is an entity that is controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are stated at cost less any impairment loss which may have arisen. Income from the investment is recognised only to the extent of distributions received by the Company from post-acquisition profits. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of the cost of investment.