

Klikk Finance p.l.c.

Unaudited Condensed Consolidated Interim Financial Statements for the period 1 January 2024 to 30 June 2024

Contents	Page
Directors' Report pursuant to Prospects MTF Rule 4.11.12	1
Directors' statement	2
Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Information	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Financial Position	5
Condensed Consolidated Interim Statement of Changes in Equity	6
Condensed Consolidated Interim Statement of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8 - 12

Klikk Finance p.l.c.

Directors' Report pursuant to Prospects MTF Rule 4.11.12 for the period 1 January 2024 to 30 June 2024

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 2024 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 2023.

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 €3.37 million to €3.81 million, whilst decreasing its gross margin to 14.9% (2023: 15.6%), due to inflationary pressures, cost of sales and administrative expenses increased, primarily driven by higher purchases and payroll costs respectively. As a result, the Group reported an operating loss of €13K (2023: €16K).

The financial performance for the first half of the financial year aligns with our projections, even though it reflects the ongoing challenges and market pressures faced by the Group. While these results meet our forecasts, they underscore the need for continued strategic refinement and targeted initiatives to enhance growth and profitability. As part of this strategic approach, we are phasing down our investment in certain non-core activities, including Klikk Code Limited's software solutions, to better allocate resources towards higher priority business segments with greater potential for growth and competitive advantage.

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

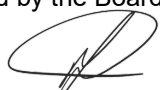
Dr. Michael Borg Costanzi - Independent Non-executive Director

Mr. Mario Galea - Independent Non-executive Director

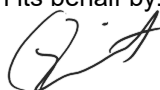
Dividend

No interim dividends are being proposed.

Approved by the Board of Directors on 30 August 2024 and signed on its behalf by:



Mr. Martin Vella - Chairman and Director



Mr. Gordon Zammit - CEO

Registered Office

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

Klikk Finance p.l.c.

Directors' statement for the period 1 January 2024 to 30 June 2024

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 2024, 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 2024 and signed on its behalf by:



Mr. Martin Vella - Chairman and Director



Mr. Gordon Zammit - CEO

Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements

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 2024, 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.

This report is made solely to the Board of Directors in accordance with the terms of our engagement and is released for publication in compliance with the requirements of Capital Markets Rules 5.75.4 issued by the Listing Authority. Our review has been undertaken so that we might state to the Board of Directors those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibilities to anyone other than the Board of Directors for our review work, for this report, or for the conclusion we have expressed.

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 for the six months period ended 30 June 2024 are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.



Fiona Buttigieg (Partner)
for and on behalf of HLB CA Falzon

Registered Auditors

www.hlbmalta.com

30 August 2024

Together we make it happen

HLB CA Falzon, Central Office Building, Block A, Level 1, Mosta Road, Lija LJA 9016, Malta

TEL: +356 2010 9800 **EMAIL:** info@hlbmalta.com **VAT NO:** MT 2080 6811

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

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Comprehensive Income for the period from 1 January 2024 to 30 June 2024

		1 January to 30 June 2024 (unaudited) €	1 January to 30 June 2023 (unaudited) €
	Note		
Revenue	4	3,812,112	3,365,783
Cost of sales		(3,242,507)	(2,841,772)
Gross profit		569,605	524,011
Selling and distribution expenses		(7,511)	(26,375)
Administrative expenses		(575,400)	(515,566)
Other operating income		-	1,898
Operating loss		(13,306)	(16,032)
Finance costs		(67,206)	(69,081)
Loss before tax		(80,512)	(85,113)
Income tax credit	5	815	14,421
Loss for the period		(79,697)	(70,692)
Attributable to:			
Equity holders of the parent		(79,697)	(70,692)
Earnings per share (cents)			
Basic and diluted, loss for the period attributable to ordinary equity holders of the parent		(0.23)	(0.20)

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

		30 June 2024 (unaudited)	31 December 2023 (audited)
	Note	€	€
ASSETS			
Non-current assets			
Property, plant & equipment	6	152,130	120,726
Right-of-use assets		490,237	502,059
Intangible assets	7	475,989	493,812
Deferred tax assets		322,837	322,024
Total non-current assets		1,441,193	1,438,621
Current assets			
Inventories		1,146,730	1,511,667
Trade and other receivables	8,10	952,373	714,562
Sinking fund		33,683	74,682
Cash and cash equivalents	9	214,895	388,852
Total current assets		2,347,681	2,689,763
Total assets		3,788,874	4,128,384
EQUITY AND LIABILITIES			
Equity			
Issued capital		350,000	350,000
Additional contributed capital		769,368	649,368
Accumulated losses		(1,037,159)	(957,462)
Equity attributable to equity holders of the parent		82,209	41,906
Total equity		82,209	41,906
Non-current liabilities			
Borrowings		1,590,335	1,626,698
Lease liability	8	504,828	502,971
Total non-current liabilities		2,095,163	2,129,669
Current liabilities			
Borrowings		331,493	336,197
Lease liability	8	71,882	70,177
Trade and other payables	8	1,206,775	1,549,083
Current taxation due		1,352	1,352
Total current liabilities		1,611,502	1,956,809
Total liabilities		3,706,665	4,086,478
Total equity and liabilities		3,788,874	4,128,384

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 2024 and signed on its behalf by:



 Mr. Martin Vella - Chairman and Director



 Mr. Gordon Zammit - CEO

Klikk Finance p.l.c.

Condensed Consolidated Interim Statement of Changes in Equity for the period from 1 January 2024 to 30 June 2024

	Issued share capital	Additional contributed capital	Accumulated losses	Equity attributable to equity holders of the parent	Total Equity
	€	€	€	€	€
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 2024	350,000	649,368	(989,337)	10,031	10,031
Balance as at 31 December 2023 (audited)	350,000	649,368	(957,462)	41,906	41,906
Balance as at 1 January 2024					
Opening balance	350,000	649,368	(957,462)	41,906	41,906
Loss for the period	-	-	(79,697)	(79,697)	(79,697)
Increase in additional contribution	-	120,000	-	120,000	120,000
Balance as at 30 June 2024	350,000	769,368	(1,037,159)	82,209	82,209

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 2024 to 30 June 2024

	Note	1 January to 30 June 2024 (unaudited)	1 January to 30 June 2023 (unaudited)
		€	€
Cash flows from operating activities			
Loss before tax		(80,512)	(85,113)
Adjustments for:			
Depreciation of property, plant and equipment		21,385	22,983
Depreciation of right of use assets		62,191	57,831
Allowance for impairment of receivables		15,966	1,406
Amortisation of intangible assets		18,958	35,651
Amortisation of bonds		4,598	4,375
Finance costs		62,354	69,081
Working capital changes:			
Changes in inventories		364,937	144,748
Changes in receivables		(136,824)	127,394
Changes in payables		(385,433)	(328,241)
Payments from related companies		(168,696)	(8,376)
Interest paid on bank overdraft		(5,337)	(4,227)
Net used in operating activities		(226,413)	37,512
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(52,789)	(23,900)
Payments to acquire intangible assets		(1,135)	(16,566)
Net cash used in investing activities		(53,924)	(40,466)
Cash flows from financing activities			
Repayment of bank loans		(94,098)	(81,865)
Additional contributed capital		120,000	-
Interest paid on loans		(750)	(2,739)
Repayment of finance lease		(60,447)	(69,053)
Net cash used in financing activities		(35,295)	(153,657)
Net movement in cash and cash equivalents		(315,632)	(156,611)
Effect of ECL on cash in banks			(3)
Cash and cash equivalents at beginning of period		243,375	375,899
Cash and cash equivalents at end of period	9	(72,257)	219,285

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 2024 to 30 June 2024

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 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 30 August 2024.

The financial information of the Group as at 30 June 2024 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 2023 and the unaudited results for the period ended 30 June 2023.

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 2024 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 2024 and have been reviewed in accordance with ISRE 2410, 'Review of financial information performed by the independent auditor of the entity'. 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 2023, 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 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any other standards, interpretation or amendments that has been issued but are not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendment to IFRS 16 - Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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

Amendment to IAS 1 - Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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 2024 to 30 June 2024

Amendment to IAS 7 and IFRS 7 - Supplier finance

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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

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

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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 2023.

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.

Segment information (continued)

Six-month period ended 30 June 2024	Lending and financing	Retail	Software Development	Total segments	Adjustments and eliminations	Consolidated
	€	€	€	€	€	€
Revenue						
External customers	-	3,740,209	71,903	3,812,112	-	3,812,112
Inter-segment	49,474	795	7,172	57,441	(57,441)	-
Total revenue	49,474	3,741,004	79,075	3,869,553	(57,441)	3,812,112
Expenses						
Tax (credit)/expense	1,363	(1,401)	(777)	(815)	-	(815)
Interest expense	43,377	66,091	2,360	111,828	(49,474)	62,354
Depreciation and amortisation	4,598	92,203	10,331	107,132	-	107,132

Klikk Finance p.l.c.

Notes to the Condensed Consolidated Interim Financial Statements for the period from 1 January 2024 to 30 June 2024

Results						
Segment profit/(loss) before tax	1,622	(48,738)	(19,133)	(66,249)	(14,263)	(80,512)
Total assets	3,020,426	3,255,881	245,444	6,521,751	(2,732,877)	3,788,874
Total liabilities	1,763,237	3,161,699	170,042	5,094,978	(1,388,313)	3,706,665

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						
Income tax charge	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

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 2024 (unaudited) €	1 January to 30 June 2023 (unaudited) €
Income taxes		
Deferred income tax credit	815	14,421
Income tax credit recognised in statement of profit or loss	815	14,421

6. Property, plant and equipment

Additions and disposals

During the six months ended 30 June 2024, the Group acquired assets with a cost of €52,789 (six months ended 30 June 2023: €23,900).

There were no assets disposed by the Group during the six months ended 30 June 2024 and 30 June 2023.

7. Intangible assets

Additions and disposals

During the six months ended 30 June 2024, the Group developed intangible assets with a cost of €1,135 (six months ended 30 June 2023: €16,566).

There were no intangible assets disposed by the Group during the six months ended 30 June 2024 and 30 June 2023.

Klikk Finance p.l.c.

Notes to the Condensed Consolidated Interim Financial Statements for the period from 1 January 2024 to 30 June 2024

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.

The bonds have a face value of €2,000,000 and a nominal rate of 5.25% (2023: 5.25%) per annum are unsecured and redeemable at par value of €100 per bond on 31 July 2027. These bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of the bonds. Breakdown is as follows:

	30 June 2024 (unaudited) €	31 December 2023 (audited) €
Non-current		
20,000 Unsecured Bonds 2027	1,590,335	1,626,698
Bonds outstanding (face value)	2,000,000	2,000,000
Bond buy back	(377,900)	(336,900)
	1,622,100	1,663,100
Gross amount of bond issue costs	(85,371)	(85,371)
<u>Amortisation of gross amount of bond issue costs:</u>		
Amortised bond issue costs brought forward	49,008	40,090
Amortisation charge for the year	4,598	8,879
Unamortised bond issue costs	(31,765)	(36,402)
	1,590,335	1,626,698
Amortised cost and closing carrying amount		

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 2024 (unaudited) €	31 December 2023 (audited) €
Cash at banks and in hand	214,894	388,852
Sinking fund	33,683	74,682
Bank overdraft	(320,835)	(220,162)
Total cash and cash equivalents	(72,258)	243,372

10. Trade and other receivables

Trade and other receivables are stated net of a provision for estimated credit losses of €4,970 (30 June 2023: €8,749).

Klikk Finance p.l.c.

Notes to the Condensed Consolidated Interim Financial Statements for the period from 1 January 2024 to 30 June 2024

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 2024 (unaudited) €	31 December 2023 (audited) €
Interest income	49,474	127,911
Related party sales	7,967	12,280

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 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2023: 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 2024 and 31 December 2023, 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.