



# Interim Consolidated Financial Statements

For the period ended  
30 June 2023

Company Registration Number: C 25829

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## Directors' Report

For the period ended 30 June 2023

*This report is published in terms of Chapter 5 of the Capital Market Rules as prescribed by the Malta Financial Services Authority in accordance with the provisions of the Capital Market Rules.*

*The condensed financial statements have been extracted from the Group's unaudited consolidated accounts for the six months ended 30 June 2023 and its comparative period in 2022. The comparative statements of financial position have been extracted from the audited financial statements as at 31 December 2022. The condensed interim financial statements have been prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (IAS 34 Interim Financial Reporting). In terms of Capital Market Rule 5.75.5, the Directors state that the half-yearly financial report has not been audited or reviewed by the Group's independent auditors.*

### Principal activities

The Group and the Company are engaged in the development, installation, implementation and marketing of software for financial institutions under the trademark of BankWORKS®. Through its subsidiaries, the Group acts as a service provider with the use of BankWORKS® (Processing Solutions) and has recently established its own 'Acquiring' business line by making use of a financial institution license obtained through BaFin, the German regulator (Merchant Solutions).

During an Extraordinary General Meeting held on 15 December 2020 the Company enhanced its activities to include acquisition and holding of shares and like instruments, in entities whose activities are complimentary to the business of the Company, including entities that are payment, financial or credit institutions, and provider of services to such institutions as well as merchants.

## Directors' Report (continued)

### Business review and future developments

RS2 is executing its key strategic priorities at a steady pace which is reflected in the growth of the Processing Solutions and Merchant Solution business lines, while remaining selective with the licensing business.

As a payment technology provider our team continues to enhance and develop features and functionalities in the Platform to enable our clients to differentiate themselves from their competitors.

The Technology team is continuously implementing automation tools to manage routine processes to increase efficiency which then allows for better focus on new deliverables and other customer-related services.

Our cloud infrastructure, combined with microservices technology, is positioning the Group to offer attractive pricing models that help our partners and clients to continue to be profitable in a very challenging economic climate.

The Group continues to build on its global presence by adding new clients to its portfolio as well as expanding with its current ones into new territories, providing Managed Services to various payment businesses ranging from small payment facilitators (PayFacs) and independent sale vendors (ISVs) to large financial enterprises.

In addition to the expansion of operations, RS2 Group is scaling and digitalising its operations globally, to be able to deliver against client demand and meet time to market expectations to enable the Group to accelerate its profitability growth.

### Subsidiaries Update

#### *RS2 Smart Processing*

Under the managed services business, the company is growing in terms of new markets, its customer base and transaction volumes. The company has processed over 1.4 billion transactions on its private cloud with a monetary value of around €70 billion over the past twelve months which translates to a 36% increase over prior year.

The increase is a result of strong relationships with our existing clients, providing them with enhanced services and features, enabling them to onboard more merchants and cardholders in a very short period of time as well as expanding with them into new markets.

## Directors' Report (continued)

### Business review and future developments (continued)

#### Subsidiaries Update (continued)

In addition to acquiring services the company will be providing its payment service providers (PSP) and independent sales vendors (ISV) clients state of the art issuing services utilising the issuing capabilities of the platform providing cards for loans, funding, purchasing and business-to-business (B2B).

The company has executed letters of intent with clients in Europe, Asia Pacific and Latin America, for which implementation has already started, while also negotiating several processing agreements. RS2 Smart Processing continues to gain momentum on the market and has a very healthy pipeline of circa €50 million.

RS2 Smart Processing recorded revenue of €6.8m (2022: €4.6m) and a profit before tax of €0.5m (2022: €0.5m).

#### *RS2 Software Inc*

The US subsidiary, RS2 Software INC., is running three lines of business:

- Merchant Processing for independent sales vendors (ISVs), payment facilitators (PayFacs) and independent sales organisations (ISOs)
- Enterprise managed services for tier one financial institutions
- Issuing processing

Under merchant processing the company closed three new processing deals with ISVs and Payfacs and is currently negotiating a further seven deals which are expected to be concluded by the end of the year.

For the enterprise business the company is in advanced discussions with three entities to provide a full managed service on the cloud for acquiring processing.

The company is engaged with a healthcare provider for issuing processing to issue and acquire card transactions. The company will issue cards for patients and acquire the cards at various healthcare centers, practices and pharmacies.

The company recorded revenue of €6.1m (2022: €7.9m) and a loss before tax of €1.5m (2022: €0.5m). The revenue is less than anticipated due to the economic uncertainty of the market arising from inflationary pressures and the banking crisis, resulting in customers holding back on new projects. This is however expected to be compensated for with the progress being made in the second half of the year. The company continues to increase its pipeline which amounts to circa €90m.

## Directors' Report (continued)

### Business review and future developments (continued)

#### Subsidiaries Update (continued)

##### *RS2 Financial Services:*

The licensed financial entity regulated by the German authority is now operating under <https://www.beyondbyrs2.com/> providing services directly to merchants and targeting to service merchants in other European countries.

The company has partnered with various providers to offer a turnkey solution including a cashier system, point-of-sales (pos) machines, soft-pos and e-commerce payments to small and medium sized merchants. Through its digital journey, it has attracted more than twelve partners to join the company as sales organisations to onboard their merchants within hours as opposed to weeks, which is the current offering in the German market. Additionally, large European and multi-national merchants will be targeted and serviced through our key account management team.

The company's growth journey is underway, and the execution of the business' strategy will help position the company as a leader in the European issuing and acquiring market.

##### *RS2 Software APAC Inc.*

RS2 Software APAC Inc. is currently supporting RS2 p.l.c. (previously RS2 Software p.l.c.) in product development and its expansion in the APAC region.

The company also developed a payment application for instapay, a real time alternative payment method in Asia to offer consumers payments by using digital cards stored on the application and perform bill payments, account to account payments, and other financial services.

To date, the company has executed letters of intent to provide the platform to small and medium size banks as a white label solution for their consumers.

##### *RS2 Germany GmbH*

Our Product team within RS2 Germany GmbH continues to provide the Group and its clients with innovative solutions to increase efficiency within their operations and to make sure they can provide their merchants and cardholders with an exceptional user experience, creating stickiness and customer satisfaction.

The team have provided our customers with a reconciliation portal which eliminates heavy manual processes to reconcile their acquiring business. It also provides their merchants with a portal to access their transactional, reporting and financial data.

## Directors' Report (continued)

### Business review and future developments (continued)

#### Subsidiaries Update (continued)

The Portal provides an integrated workflow enhancing customer service and reducing customers' service calls.

The team also continues to enhance the merchant's onboarding journey by providing digital onboarding tools to ensure a quick and fully complaint process. A partner portal was also provided to help acquirers increase their sales and profitability, which enhances the cooperation between ISVs, ISO's PayFacs and their acquirers. A new product initiative is currently also being built which will provide an acquirer with predication tools aimed at reducing the attrition rate of their customers.

During the period under review, on consolidating its activities, the Group generated revenue of €17.6m (2022: €18.8m) and registered a loss before tax of €2.3m (2022: profit before tax €2.7m). At 30 June 2023, the Group's total assets amounted to €41.4m (2022: €43.4m), whereas its current assets exceeded its current liabilities by €0.3m (2022: €3.6m). The Board of Directors is confident that the Group can continue to operate as a going concern for the next 12 months from the date of approval of the financial statements as set out in the Going Concern section below.

Based on the business development in the second half of the year the Group should meet its revenue projections.

#### Going Concern

Management has prepared a going concern assessment for RS2 Group, based on the 2022 audited financial statements whilst also taking into consideration approved budgets covering periods 2023 to 2025.

The Russian invasion of Ukraine has magnified the slowdown in the global economy which entered a period of feeble growth and elevated inflation. Global central banks have since embarked in interest rate increases in a bid to reduce inflationary pressures. Such interest rate hikes eventually led to the 2023 banking crisis in the US and Europe, resulting in a more cautious global banking industry. The resulted business uncertainty brought about a delay in a number of projects by the Group's existing and potential customers during the first half of 2023.

Notwithstanding the above, with the onboarding of new clients and growth of existing customers, RS2 has processed more than 1.4 billion technical transactions over the past 12 months on the BankWORKS® platform. This increase is expected to continue to progress gradually by way of an increase from RS2's existing clients as well as the onboarding of new clients.

## Directors' Report (continued)

### Going Concern (continued)

The payments industry is constantly evolving and 2023 is shaping up to be a year of significant innovation and change with focus on making payments more convenient, secure, and personalised for consumers. Taking advantage of the latest advancements in technology and security, customers can expect a seamless payment experience when paying online or at a store.

RS2 Group will continue to concentrate on implementing and delivering its strategy around its main business pillars of growing and expanding the managed service business, ramping up the US expansion and building its own direct acquiring business. The Group is also investing further in its infrastructure to strengthen the technology and complete the product to play a more active role in the digitalisation of the whole customer journey, to offer omni-channel solutions and go beyond traditional payment solutions.

The outlook until end of 2023 is that business will ramp up until the end of the year by way of new business from existing clients as well as new prospective ones.

RS2 continues to observe the economic landscape to assess potential risks to its future operations. Climate change is a topic increasingly gaining momentum because of its potential effect on companies' business models, cash flows, financial position and financial performance. While most industries are likely to be affected by climate change and efforts to manage its impact, some will be more affected than others.

The Group is currently not aware of any present indicators of such risks brought about by climate change, but will continue to monitor the situation so that if any indicators arise through its customer base, supply chain, bankers, partners, insurers, investors or jurisdiction, these will be disclosed and reflected accordingly in the Group's Annual Report.

From a liquidity perspective, RS2 Group has a stable cash position. RS2 Software p.l.c. has an overdraft facility of €10m available with a local bank, to meet any working capital requirements which may arise from time to time. As at 30 June 2023 €2.1m was utilised.

In this respect, the Board of Directors is confident that the Group can, not only continue to operate as a going concern for 12 months from the end of the reporting period, but will continue to see growth over the coming years.

### Principal Risks and Uncertainties

Through its operations, the Group has exposure to credit risk, liquidity risk and market risk. The Group's objectives, policies and processes target to mitigate the effect of such risk by constantly measuring and managing such risk, whilst proactively managing its capital.



### Related party transactions

Similar to what was reported in the financial statements for the year ended 31 December 2022, the Group had related party transactions with entities in which the Directors of the Company, or their immediate relatives, have an ownership interest.

Transactions with each category of related parties and the balances outstanding at the end of the reporting periods are set out in Note 12 to these Condensed Interim Consolidated Financial Statements.

### Dividends

The Board of Directors approved paying an interim net dividend of €3,000,000, subject to rounding adjustments, (2022: Nil), by way of Scrip with each Ordinary and Preference Shareholder having the option to receive either cash or new Ordinary Shares or Preference Shares as applicable, at an attribution price of €1.23 per Ordinary Share and: €1.43 per Preference Share. The net dividend is equivalent to €0.01c315 (2022: Nil) per Ordinary Share and €0.01c446 (2022: Nil) per Preference Share.

### Reserves

Retained earnings amounting to €24.1m (2022: €24.0m) for the Company and €0.4m (2022: €2.6m) for the Group are being carried forward.

### Key Events during the period

#### *Restructuring of the Board of Directors of RS2 Software INC.*

In April 2023, the Group decided to streamline the Board of Directors across the RS2 Group of Companies. Consequently, a restructuring of RS2 Software INC. board took place reducing the number of the board members.

#### *Appointment of Director in RS2 Software plc.*

In May 2023, the Company announced that David Price has resigned from his post of Non-Executive Director and Nathalie Strange was co-opted as Non-Executive Director with immediate effect.

#### *Appointment of senior officers*

In June 2023, the Company announced the appointment of Antoine Cutajar as Group Chief Technical Officer with immediate effect. In July 2023, the Company also announced the appointment of Patrick Gauci as General Manager and Timothy Moscow as Chief Operations Officer for RS2 Smart Processing Limited (a subsidiary of the Company), with immediate effect.

## Directors' Report (continued)

### Key Events during the period (continued)

#### *Conflict between Russia and Ukraine*

In February 2022, Russia launched a large-scale military invasion on Ukraine, marking a major escalation to a conflict that began in 2014. The Group and Company do not have any customers domiciled in such countries. Nevertheless, a strong economic downturn following the aggressive war by Russia on Ukraine can be noticed worldwide. High inflation and uncertainties are leading to banks and service providers stretching and postponing investments, resulting in a negative impact on the Group's growth.

#### *2023 banking crisis*

The 2023 banking crisis was the worst crisis in the US and Europe since the 2007-2008 global financial crisis. The main driver behind this crisis was the US Federal Reserve's aggressive interest rate hikes. As a result, this increase in interest rates led to huge losses on the government bonds portfolios held by US banks, and eventually led to fears of bank collapse. This triggered unprecedented deposit outflows, leading to funding and liquidity problems for some banks, and the eventual collapse of others. Such business uncertainty brought about a delay in a number of projects by the Group's existing and potential customers during the first half of 2023.

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



Mr. Mario Schembri  
Chairman



Mr. Radi Abd El Haj  
Director

## Statements of Financial Position

As at 30 June

	Note	THE GROUP		THE COMPANY	
		30.06.2023	31.12.2022	30.06.2023	31.12.2022
		Unaudited €	Audited €	Unaudited €	Audited €
<b>ASSETS</b>					
Property, plant and equipment	8	8,201,518	8,223,862	7,447,593	7,546,388
Right-of-use assets	9	2,444,088	2,345,251	392,679	405,080
Intangible assets and goodwill	10	19,665,693	18,812,126	12,878,266	11,689,983
Investments in subsidiaries		-	-	20,044,084	19,714,175
Loans receivable		1,586	-	2,059,340	2,110,148
Finance lease receivable	9	205,223	158,833	-	-
<b>Total non-current assets</b>		<b>30,518,108</b>	<b>29,540,072</b>	<b>42,821,962</b>	<b>41,465,774</b>
Trade and other receivables		3,832,018	6,355,216	18,076,166	21,504,839
Finance lease receivable	9	46,307	83,619	-	-
Loans receivable		-	195,862	29,504	22,667
Prepayments		1,312,768	1,307,543	564,368	610,081
Accrued income and contract costs		2,587,364	2,130,015	2,383,388	435,806
Inventory		189,046	245,813	-	-
Cash at bank and in hand		2,871,687	3,494,110	1,081,021	186,109
<b>Total current assets</b>		<b>10,839,190</b>	<b>13,812,178</b>	<b>22,134,447</b>	<b>22,759,502</b>
<b>Total assets</b>		<b>41,357,298</b>	<b>43,352,250</b>	<b>64,956,409</b>	<b>64,225,276</b>

## Statements of Financial Position (continued)

As at 31 December

	Note	THE GROUP		THE COMPANY	
		30.06.2023 Unaudited €	31.12.2022 Audited €	30.06.2023 Unaudited €	31.12.2022 Audited €
<b>EQUITY</b>					
Ordinary Share Capital		13,025,383	13,025,383	13,025,383	13,025,383
Preference Share Capital		606,800	606,800	606,800	606,800
Reserves		11,912,795	11,639,630	12,173,822	11,995,697
Retained earnings		403,290	2,603,082	24,061,716	24,036,138
<b>Total equity attributable to equity holders of the Company</b>		<b>25,948,268</b>	<b>27,874,895</b>	<b>49,867,721</b>	<b>49,664,018</b>
Non-controlling interest		(4,060,505)	(3,724,251)	-	-
<b>Total equity</b>		<b>21,887,763</b>	<b>24,150,644</b>	<b>49,867,721</b>	<b>49,664,018</b>
<b>LIABILITIES</b>					
Bank borrowings		373,250	620,748	373,250	620,748
Lease liabilities	9	2,002,557	1,940,681	393,233	418,614
Employee benefits		3,226,211	3,377,398	2,868,533	3,006,384
Deferred tax liability		3,327,040	3,038,851	2,391,531	2,231,346
<b>Total non-current liabilities</b>		<b>8,929,058</b>	<b>8,977,678</b>	<b>6,026,547</b>	<b>6,277,092</b>
Bank borrowings		2,665,933	511,854	2,665,933	511,854
Trade and other payables		1,273,821	1,107,346	2,524,117	2,495,123
Lease liabilities	9	500,273	472,293	19,383	16,329
Current tax payable		1,329,658	3,152,852	82,236	1,556,904
Accruals		2,721,598	2,831,024	1,895,682	1,806,309
Provisions		125,257	150,445	116,512	116,523
Employee benefits		297,336	355,163	-	-
Deferred income		1,626,601	1,642,951	1,758,278	1,781,124
<b>Total current liabilities</b>		<b>10,540,477</b>	<b>10,223,928</b>	<b>9,062,141</b>	<b>8,284,166</b>
<b>Total liabilities</b>		<b>19,469,535</b>	<b>19,201,606</b>	<b>15,088,688</b>	<b>14,561,258</b>
<b>Total equity and liabilities</b>		<b>41,357,298</b>	<b>43,352,250</b>	<b>64,956,409</b>	<b>64,225,276</b>

The accompanying Notes on pages 19 to 36 are an integral part of these financial statements.

Approved and authorised for issue by the Board of Directors on 30 August 2023 on its behalf by:



Mario Schembri  
Chairman



Radi Abd El Haj  
Director

## Statements of Profit or Loss

For the period ended 30 June

	Note	THE GROUP		THE COMPANY	
		30.06.2023 Unaudited €	30.06.2022 Unaudited €	30.06.2023 Unaudited €	30.06.2022 Unaudited €
Revenue	7	17,626,436	18,778,675	9,216,430	11,548,717
Cost of sales		(13,222,939)	(12,233,914)	(6,797,665)	(7,175,663)
<b>Gross profit</b>		<b>4,403,497</b>	<b>6,544,761</b>	<b>2,418,765</b>	<b>4,373,054</b>
Other income		15,172	301,343	3,631	10,619
Marketing and promotional expenses		(1,148,820)	(830,359)	(275,816)	(311,743)
Administrative expenses		(4,975,470)	(5,281,372)	(1,496,912)	(2,319,828)
Other expenses		(68,338)	(7,666)	(5,029)	(4,829)
Exchange gain on operating activities		(345,470)	2,126,606	(261,800)	953,739
Impairment gain/(loss) on trade receivables and contract assets		3,928	(323,413)	(104,428)	51,760
Reversal for legal claims and related expenses		-	177,391	-	177,391
<b>Results from operating activities</b>		<b>(2,115,501)</b>	<b>2,707,291</b>	<b>278,411</b>	<b>2,930,163</b>
Finance income		21,393	21,598	53,928	31,385
Finance costs		(157,547)	(34,823)	(132,460)	(27,763)
<b>Net finance (costs)/income</b>		<b>(136,154)</b>	<b>(13,225)</b>	<b>(78,532)</b>	<b>3,622</b>
<b>(Loss)/Profit before income tax</b>		<b>(2,251,655)</b>	<b>2,694,066</b>	<b>199,879</b>	<b>2,933,785</b>
Income tax expense		(358,505)	(1,232,905)	(174,301)	(1,095,286)
<b>(Loss)/Profit for the period</b>		<b>(2,610,160)</b>	<b>1,461,161</b>	<b>25,578</b>	<b>1,838,499</b>

The accompanying Notes on pages 19 to 36 are an integral part of these financial statements.

## Statements of Comprehensive Income

For the period ended 30 June

	THE GROUP		THE COMPANY	
	30.06.2023 Unaudited €	30.06.2022 Unaudited €	30.06.2023 Unaudited €	30.06.2022 Unaudited €
<b>(Loss)/Profit for the period</b>	<b>(2,610,160)</b>	1,461,161	<b>25,578</b>	1,838,499
<b>Other comprehensive income</b> <i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences on foreign operations	150,794	(594,279)	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement in net defined benefit liability	196,485	7,047	178,125	7,047
<b>Total comprehensive (loss) / income</b>	<b>(2,262,881)</b>	873,929	<b>203,703</b>	1,845,546
<b>Profit attributable to:</b>				
Owners of the Company	(2,199,792)	1,597,416	25,578	1,838,499
Non-controlling interest	(410,368)	(136,255)	-	-
<b>Profit for the period</b>	<b>(2,610,160)</b>	1,461,161	<b>25,578</b>	1,838,499
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(1,852,804)	1,221,553	203,703	1,845,546
Non-controlling interest	(410,077)	(347,624)	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(2,262,881)</b>	873,929	<b>203,703</b>	1,845,546
Earnings per ordinary share	-€0.010	€0.007*	€0.000	€0.008*
Earning per preference share	-€0.011	€0.008*	€0.000	€0.009*

*\*Earnings per share calculations for the comparative period have been retrospectively adjusted to reflect the bonus issue that occurred in November 2022.*

The accompanying Notes on pages 19 to 36 are an integral part of these financial statements.

## Statements of Changes in Equity

For the period ended 30 June

	Attributable to equity holders of the Company							Total Equity €	
	Ordinary Share Capital €	Preference Share Capital €	Share premium €	Translation reserve €	Employee benefits reserve €	Retained Earnings €	Total €		Non- controlling interest €
<b>Balance at 1 January 2023</b>	13,025,383	115,190	13,678,808	(453,418)	(1,094,150)	2,603,082	27,874,895	(3,724,251)	24,150,644
<b>Comprehensive income for the period</b>	-	-	-	-	-	(2,199,792)	(2,199,792)	(410,368)	(2,610,160)
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	76,680	-	-	76,680	74,114	150,794
Remeasurement in net defined benefit liability	-	-	-	-	196,485	-	196,485	-	196,485
Total other comprehensive income for the period	-	-	-	76,680	196,485	-	273,165	74,114	347,279
Total comprehensive income/(loss) for the period	-	-	-	76,680	196,485	(2,199,792)	(1,926,627)	(336,254)	(2,262,881)
<b>Balance at 30 June 2023</b>	<b>13,025,383</b>	<b>115,190</b>	<b>13,678,808</b>	<b>(376,738)</b>	<b>(897,665)</b>	<b>403,290</b>	<b>25,948,268</b>	<b>(4,060,505)</b>	<b>21,887,763</b>

The accompanying Notes on pages 19 to 36 are an integral part of these financial statements.

## Statements of Changes in Equity (continued)

For the period ended 30 June

	Attributable to equity holders of the Company										
	Ordinary Share Capital	Preference Share Capital	Share premium	Translation reserve	Employee benefits reserve	Other reserve	Share option reserve	Retained Earnings	Total	Non-controlling interest	Total Equity
	€	€	€	€	€	€	€	€	€	€	€
<b>Balance at 1 January 2022</b>	11,578,114	47,766	15,193,501	(167,601)	(1,700,164)	255,000	53,613	4,959,161	30,219,390	(4,792,747)	25,426,643
<b>Comprehensive income for the period</b>											
Profit/(loss) for the period	-	-	-	-	-	-	-	1,597,416	1,597,416	(136,255)	1,461,161
<b>Other comprehensive income</b>											
Foreign currency translation differences	-	-	-	(382,914)	-	-	-	-	(382,914)	(211,365)	(594,279)
Remeasurement in net defined benefit liability	-	-	-	-	7,047	-	-	-	7,047	-	7,047
Total other comprehensive (loss)/income for the period	-	-	-	(382,914)	7,047	-	-	-	(375,867)	(211,365)	(587,232)
Total comprehensive (loss)/income for the period	-	-	-	(382,914)	7,047	-	-	1,597,416	1,221,549	(347,620)	873,929
<b>Transactions with owners of the Company</b>											
Share Options Exercised	-	-	-	-	-	-	(53,613)	53,613	-	-	-
Acquisition of NCI without a change in control	-	-	-	(76,039)	-	-	-	(3,129,398)	(3,205,437)	2,257,630	(947,807)
Reclass of controlling and non-controlling profit	-	-	-	64,486	-	-	-	784,114	848,600	(848,600)	-
	-	-	-	(11,553)	-	-	(53,613)	(2,291,671)	(2,356,837)	1,409,030	(947,807)
Vested share-based payments	-	-	-	-	-	(255,000)	-	-	(255,000)	-	(255,000)
<b>Balance at 30 June 2022</b>	11,578,114	47,766	15,193,501	(562,068)	(1,693,117)	-	-	4,264,906	28,829,102	(3,731,337)	25,097,765

The accompanying Notes on pages 19 to 36 are an integral part of these financial statements.



## Statements of Changes in Equity (continued)

For the period ended 30 June

THE COMPANY

	Ordinary Share capital €	Preference Share capital €	Share premium €	Employee benefits reserve €	Retained earnings €	Total €
<b>Balance at 1 January 2023</b>	13,025,383	115,190	13,678,808	(1,191,501)	24,036,138	49,664,018
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	-	25,578	25,578
<b>Other comprehensive income</b>						
Remeasurement in net defined benefit liability	-	-	-	178,125	-	178,125
Total other comprehensive income for the year	-	-	-	178,125	-	178,125
Total comprehensive income for the year	-	-	-	178,125	25,578	203,703
<b>Balance at 30 June 2023</b>	<b>13,025,383</b>	<b>115,190</b>	<b>13,678,808</b>	<b>(1,013,376)</b>	<b>24,061,716</b>	<b>49,867,721</b>

The accompanying Notes on pages 19 to 36 are an integral part of these financial statements.

## Statements of Changes in Equity (continued)

For the period ended 30 June

### THE COMPANY

	Ordinary Share capital €	Preference Share capital €	Share premium €	Other Reserves €	Share option Reserve €	Employee benefits reserve €	Retained earnings €	Total €
<b>Balance at 1 January 2022</b>	11,578,114	47,766	15,193,501	255,000	53,613	(1,723,139)	22,840,874	48,245,729
<b>Comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	1,838,499	1,838,499
<b>Other comprehensive income</b>								
Remeasurement in net defined benefit liability	-	-	-	-	-	7,047	-	7,047
Total other comprehensive income for the year	-	-	-	-	-	7,047	-	7,047
Total comprehensive income for the year	-	-	-	-	-	7,047	1,838,499	1,845,546
<b>Transactions with owners of the Company</b>								
Share Options exercised	-	-	-	-	(53,613)	-	53,613	-
Vested share-based payments	-	-	-	(255,000)	(53,613)	-	53,613	-
<b>Balance at 30 June 2022</b>	11,578,114	47,766	15,193,501	-	-	(1,716,092)	24,732,986	49,836,275

The accompanying Notes on pages 19 to 36 are an integral part of these financial statements.

## Statements of Cash Flows

For the period ended 30 June

	THE GROUP		THE COMPANY	
	30.06.2023 Unaudited €	30.06.2022 Unaudited €	30.06.2023 Unaudited €	30.06.2022 Unaudited €
<b>Cash flows from operating activities</b>				
(Loss)/Profit for the period	(2,610,160)	1,461,161	25,578	1,838,499
Adjustments for:				
Depreciation	501,890	521,446	133,030	136,783
Amortisation of intangible assets	662,846	923,378	618,194	657,559
Provision for impairment loss on receivables	(3,928)	323,413	104,428	(51,760)
Interest payable	157,297	49,766	133,256	26,979
Interest receivable	(21,393)	(21,598)	(53,928)	(31,385)
Provisions	-	(177,391)	-	(177,391)
Unwinding of discount on post-employment benefits	45,297	(34)	40,275	(34)
Employee share benefits	(51,572)	(1,253,443)	-	-
Unwinding of discount on deposit	-	608	-	-
Income tax	358,505	1,232,905	174,301	1,095,286
Provision for exchange fluctuations	270,946	(2,094,497)	190,724	(918,362)
	(690,272)	965,714	1,365,858	2,576,174
Changes in trade and other receivables	2,213,454	2,810,055	55,328	1,112,547
Changes in trade and other payables	(45,346)	1,046,730	(286,642)	598,960
Change in other related parties' balances	71,896	-	1,445,798	(242,178)
Inventories	56,767	(115,386)	-	-
Employee benefits	-	(255,000)	-	(255,000)
Cash generated from operating activities	1,606,499	4,452,113	2,580,342	3,790,503
Interest paid	(127,173)	(8,521)	(127,174)	(20,671)
Interest paid on lease liabilities	(30,124)	(29,325)	(6,082)	(6,310)
Interest received	496	15	47,368	12,157
Income taxes paid	(1,884,346)	(1,495,383)	(1,488,782)	(1,495,383)
<b>Net cash (used in)/generated from operating activities</b>	<b>(434,648)</b>	<b>2,918,899</b>	<b>1,005,672</b>	<b>2,280,296</b>

## Statements of Cash Flows (continued)

For the period ended 30 June

	THE GROUP		THE COMPANY	
	30.06.2023 Unaudited €	30.06.2022 Unaudited €	30.06.2023 Unaudited €	30.06.2022 Unaudited €
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(225,866)	(108,619)	(21,836)	(25,776)
Acquisition of intangible asset	(37,132)	(189,038)	-	-
Capitalised development costs	(1,533,580)	(3,654,243)	(1,806,476)	(1,579,362)
Advances to subsidiaries	-	-	(217,495)	(3,231,463)
Repayment of advances from subsidiaries	-	-	50,000	4,257,561
<b>Net cash used in investing activities</b>	<b>(1,796,578)</b>	<b>(3,951,900)</b>	<b>(1,995,807)</b>	<b>(579,040)</b>
<b>Cash flows from financing activities</b>				
Repayments of bank borrowings	(240,912)	(247,162)	(240,912)	(247,162)
Repayment of lease liabilities	(269,351)	(245,108)	(22,327)	(22,100)
<b>Net cash used in financing activities</b>	<b>(510,263)</b>	<b>(492,270)</b>	<b>(263,239)</b>	<b>(269,262)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(2,741,489)</b>	<b>(1,525,271)</b>	<b>(1,253,374)</b>	<b>1,431,994</b>
Cash and cash equivalents at 1 January	3,493,575	8,217,856	185,543	1,260,630
Effect of exchange rate fluctuations on cash held	(28,455)	348,589	796	(783)
<b>Cash and cash equivalents at 30 June</b>	<b>723,631</b>	<b>7,041,174</b>	<b>(1,067,035)</b>	<b>2,691,841</b>

## Notes to the financial statements

### 1 Reporting entity

RS2 Software p.l.c. (the “Company”) is a public limited liability company registered and domiciled in Malta.

The condensed interim financial statements of the Company as at the end and for the period ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

### 2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU, for interim financial statements (IAS 34 Interim Financial Reporting). The interim financial statements do not include all information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2022.

Changes to significant accounting policies are described in Note 4.

### 3 Use of estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, 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 described in the last annual financial statements.

#### 4 Significant accounting policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2022. A number of amendments to existing standards are effective from 1 January 2023 however, both the Group and Company do not expect a material impact therefrom.

#### 5 Determination of fair values

The Group has an established control framework with respect to the measurement of fair values. The reported carrying amounts of the Group's and Company's current financial instruments are the same as those applied in the last annual financial statements and are a reasonable approximation of the financial instruments' fair values in view of their short-term maturities. The Group's and Company's fair values of other financial assets and liabilities, together with the carrying amounts in the statement of financial position are also a reasonable approximation of their respective fair values.

#### 6 Segment reporting

##### 6.1 Information about the Group's reportable segments

	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
<b>30 June 2023</b>				
External revenues	6,142,945	10,171,736	1,311,755	17,626,436
Inter-segment revenues	6,091,485	29,106	202,495	6,323,086
Segment revenues	12,234,430	10,200,842	1,514,250	23,949,522
Reportable segment profit/(loss) before income tax	429,676	(973,116)	(805,849)	(1,349,289)

## 6 Segment reporting (continued)

## 6.1 Information about the Group's reportable segments (continued)

	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
<b>30 June 2022</b>				
External revenues	7,795,060	9,815,866	1,167,749	18,778,675
Inter-segment revenues	5,296,090	41,803	275,426	5,613,319
Segment revenues	13,091,150	9,857,669	1,443,175	24,391,994
Reportable segment profit/(loss) before income tax	3,206,386	(23,566)	(532,844)	2,649,976

## 6.2 Reconciliation of reportable segment revenue and profit and loss

	30.06.23 Unaudited €	30.06.2022 Unaudited €
<b>External revenues</b>		
Total revenue for reportable segments	23,949,522	24,391,994
Elimination of inter-segment transactions	(6,323,086)	(5,613,319)
Consolidated revenue	17,626,436	18,778,675
<b>(Loss)/Profit before income tax</b>		
Total (loss)/profit before income tax for reportable segments	(1,349,289)	2,649,976
Elimination of inter-segment transactions	(902,366)	44,090
Consolidated reportable segment (loss)/profit before income tax	(2,251,655)	2,694,066

## 7 Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements.

### 7.1 Disaggregation of revenue

Revenue is stated after deduction of sales rebates and indirect taxes and comprises of revenue from contracts with customers.

In the following tables, revenue is disaggregated by category of activity, geographical market and timing of revenue recognition. The tables also include a reconciliation of the disaggregated revenue with the Group's reportable segments.

#### *Category of activity*

	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
<b>30 June 2023</b>				
Licence fees excluding customisations	2,714,403	-	-	2,714,403
Service fees, transaction processing and customisation	1,746,016	8,343,805	-	10,089,821
Maintenance fees	1,325,526	89,887	-	1,415,413
Comprehensive packages	357,000	1,738,044	-	2,095,044
Operating lease revenue	-	-	22,480	22,480
Acquiring Revenue	-	-	1,289,275	1,289,275
Segment revenues	6,142,945	10,171,736	1,311,755	17,626,436



## 7 Revenue (continued)

## 7.1 Disaggregation of revenue (continued)

	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
<b>30 June 2022</b>				
Licence fees excluding customisations	2,675,595	-	-	2,675,595
Service fees, transaction processing and customisation	3,253,177	7,952,922	-	11,206,099
Maintenance fees	1,509,288	141,068	-	1,650,356
Comprehensive packages	357,000	1,721,876	-	2,078,876
Operating lease revenue	-	-	21,753	21,753
Acquiring Revenue	-	-	1,145,996	1,145,996
Segment revenues	7,795,060	9,815,866	1,167,749	18,778,675

## 7 Revenue (continued)

## 7.1 Disaggregation of revenue (continued)

*Geographical markets*

	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
<b>30 June 2023</b>				
Europe	3,207,352	3,626,914	1,311,755	8,146,021
Middle East	195,465	106,608	-	302,073
North America	2,544,747	3,841,284	-	6,386,031
South America	-	1,034,904	-	1,034,904
Asia	195,381	1,562,026	-	1,757,407
	6,142,945	10,171,736	1,311,755	17,626,436
	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
<b>30 June 2022</b>				
Europe	4,880,535	2,637,498	1,167,749	8,685,782
Middle East	197,875	69,563	-	267,438
North America	2,515,107	5,340,276	-	7,855,383
South America	-	934,707	-	934,707
Asia	201,543	833,822	-	1,035,365
	7,795,060	9,815,866	1,167,749	18,778,675

## 7 Revenue (continued)

### 7.2 Contract balances

The following table provides information about the Group and Company's receivables, contract assets and contract liabilities from contracts with customers.

	THE GROUP		THE COMPANY	
	30.06.23 Unaudited €	31.12.2022 Audited €	30.06.22 Unaudited €	31.12.22 Audited €
Receivables, which are included in 'Trade and other receivables'	3,832,018	6,335,216	18,076,166	21,504,839
Contract assets	2,587,364	2,130,015	2,383,388	435,806
Contract liabilities	(1,626,601)	(1,642,951)	(1,758,278)	(1,781,012)

The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advanced consideration received from customers, for which the revenue recognition criteria are not yet met.

### 7.3 Future revenue

The following tables include revenue expected to be recognised in the future, related to performance obligations that were unsatisfied (or partially unsatisfied) at 30 June 2023.

30 June 2023

	THE GROUP			
	Within one year Unaudited €	After one year Unaudited €	After two years Unaudited €	Total Unaudited €
License fees	-	-	300,000	300,000
Services fees	50,425	327,019	317,500	694,944

	THE COMPANY			
	Within one year Unaudited €	After one year Unaudited €	After two years Unaudited €	Total Unaudited €
License fees	-	-	780,000	780,000
Services fees	-	-	110,500	110,500

**7 Revenue** (continued)**7.3 Future revenue** (continued)

The following tables include revenue expected to be recognised in the future, related to performance obligations that were unsatisfied (or partially unsatisfied) at 30 June 2022.

30 June 2022

**THE GROUP**

	Within one year Unaudited	After one year Unaudited	After two years Unaudited	Total Unaudited
	€	€	€	€
License fees	17,860	-	780,000	797,860
Services fees	1,486,923	1,104,884	197,694	2,789,501

**THE COMPANY**

	Within one year Unaudited	After one year Unaudited	After two years Unaudited	Total Unaudited
	€	€	€	€
License fees	17,860	-	300,000	317,860
Services fees	4,869	-	125,000	129,869

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The Group also does not disclose information about the remaining performance obligations that have a fixed amount and for which the Group has a right to invoice the customer in the amount that corresponds directly with the value of the entity's performance completed to date in accordance with paragraph B16 of IFRS 15.

The above also excludes fees from transaction processing services.

**8 Property, plant and equipment**

During the period ended 30 June 2023, the Group acquired assets with a cost of €0.2m (2022: €0.2m). No assets were disposed of by the Group in the current reporting financial period (2022: €9k).

During the six months ended 30 June 2022, a reclassification between tangible and intangible assets amounting to €0.7m was made.

## 9 Leases

### 9.1 The Group as a lessee

The Group has active leases for office premises in 5 different locations as well as and company cars. Details about these lease agreements are included within the Group's consolidated financial statements as at and for the year ended 31 December 2022.

A new agreement for leased offices in Neu-Isenburg, Germany was entered into for a ten-year term, lasting until December 2032. No other changes to the lease agreements referred to above and disclosed in the 2022 annual report took place during the period ended 30 June 2023.

The following table presents the carrying amounts of the Group and Company's right-of-use assets recognised, together with the movements during the period:

THE GROUP	Land and buildings	Cars	Total
	Audited	Audited	Audited
	€	€	€
As at 1 January 2022	2,013,546	108,968	2,122,514
Additions to right-of-use assets	641,311	59,842	701,153
Depreciation charge for the year	(416,879)	(73,103)	(489,982)
Disposal	-	(4,621)	(4,621)
Effects of movement in exchange rates	16,187	-	16,187
As at 31 December 2022	2,254,165	91,086	2,345,251
	Land and buildings	Cars	Total
	Unaudited	Unaudited	Unaudited
	€	€	€
As at 1 January 2023	2,254,165	91,086	2,345,251
Additions to right-of-use assets	239,331	125,592	364,923
Depreciation charge for the year	(220,014)	(38,527)	(258,541)
Disposal	-	(4,621)	(4,621)
Effects of movement in exchange rates	(2,924)	-	(2,924)
As at 30 June 2023	2,270,558	173,530	2,444,088

**9 Leases (continued)****9.1 The Group as a lessee (continued)**

THE COMPANY	Land and buildings	Total
	Audited	Audited
	€	€
Balance at 1 January 2022	429,882	429,882
Depreciation charge for the year	(24,802)	(24,802)
Balance at 31 December 2022	405,080	405,080
	Land and buildings	Total
	Unaudited	Unaudited
	€	€
Balance at 1 January 2023	405,080	405,080
Depreciation charge for the year	(12,401)	(12,401)
Balance at 30 June 2023	392,679	392,679

The following table presents the carrying amounts of the Group and Company's lease liabilities and the movements during the period:

THE GROUP	Land and buildings	Cars	Total
	Audited	Audited	Audited
	€	€	€
As at 1 January 2022	2,088,133	93,797	2,181,930
Additions	641,311	54,831	696,142
Disposal	-	(4,734)	(4,734)
Accretion of interest	54,700	1,608	56,308
Payments	(458,608)	(67,896)	(526,504)
Effects of movement in exchange rates	9,832	-	9,832
As at 31 December 2022	2,335,368	77,606	2,412,974

## 9 Leases (continued)

## 9.1 The Group as a lessee (continued)

	Land and buildings	Cars	Total
	Unaudited	Unaudited	Unaudited
	€	€	€
As at 1 January 2023	2,335,368	77,606	2,412,974
Additions	239,330	121,059	360,389
Disposal	-	(4,734)	(4,734)
Accretion of interest	28,276	1,848	30,124
Payments	(263,537)	(35,938)	(299,475)
Effects of movement in exchange rates	3,552	-	3,552
As at 30 June 2023	<b>2,342,989</b>	<b>159,841</b>	<b>2,502,830</b>

THE COMPANY	Land and buildings	Total
	Audited	Audited
	€	€
Balance at 1 January 2022	450,812	450,812
Accretion of interest	12,540	12,540
Payments	(28,409)	(28,409)
Balance at 31 December 2022	<b>434,943</b>	<b>434,943</b>

	Land and buildings	Total
	Unaudited	Unaudited
	€	€
Balance at 1 January 2023	434,943	434,943
Accretion of interest	6,082	6,082
Payments	(28,409)	(28,409)
Balance at 30 June 2023	<b>412,616</b>	<b>412,616</b>

	THE GROUP		THE COMPANY	
	30.06.23	31.12.2022	30.06.23	31.12.2022
	Unaudited	Audited	Unaudited	Audited
	€	€	€	€
Current	500,273	472,293	19,383	16,329
Non-current	2,002,557	1,940,681	393,233	418,614

**9 Leases** (continued)**9.1 The Group as a lessee** (continued)

The following are the amounts recognised in profit or loss:

	THE GROUP		THE COMPANY	
	30.06.23 Unaudited €	30.06.22 Unaudited €	30.06.23 Unaudited €	30.06.22 Unaudited €
Depreciation expense	258,541	240,379	12,401	12,401
Interest expense on lease liabilities	30,124	29,098	6,082	6,309
Expenses relating to short-term leases	44,032	58,689	-	-
Total amount recognised in profit or loss	<b>332,697</b>	328,166	<b>18,483</b>	18,710



**9 Leases (continued)****9.2 The Group as a Lessor****9.2.1 Operating lease arrangements**

Operating leases, in which the Group is the lessor, relate to POS terminals held in Germany, as disclosed within the Group's consolidated financial statements as at and for the year ended 31 December 2022.

No variable lease payments exist as at 30 June 2023 and 2022 with respect to the leases held by the Group and the Company.

No residual value guarantees apply with respect to the leases held by the Group and the Company as at 30 June 2023 and 2022.

The following table illustrates the maturity analysis of operating lease receipts:

THE GROUP	30.06.23 Unaudited	30.06.22 Unaudited
	€	€
Within 1 year	5,513	5,119
Between 1 and 2 years	1,453	1,557
<b>Total</b>	<b>6,966</b>	<b>6,676</b>

THE GROUP	30.06.23 Unaudited	31.12.22 Audited
	€	€
As at 1 January	242,452	154,142
Additions during the period / year	57,326	159,789
Release of receivables during the period / year	(67,002)	(105,454)
Unwinding of interest	18,754	33,975
<b>Balance at period end / year end</b>	<b>251,530</b>	<b>212,452</b>

## 9 Leases (continued)

## 9.2 The Group as a lessor (continued)

## 9.2.2 Finance lease receivables

THE GROUP	30.06.23 Unaudited	31.12.22 Audited
	€	€
<b>Amounts receivable under finance leases:</b>		
Within 1 year	122,004	120,469
Between 1 and 2 years	98,362	94,365
Between 2 and 3 years	63,998	65,140
Between 3 and 4 years	24,322	26,716
More than 4 years	2,460	401
<b>Undiscounted lease payments</b>	<b>311,146</b>	307,091
Less unearned finance income	(59,616)	(64,639)
<b>Present value of lease payments receivable</b>	<b>251,530</b>	242,452
Impairment loss allowance	-	-
<b>Net investment in the lease</b>	<b>251,530</b>	242,452
<b>Undiscounted lease payments analysed as:</b>		
Recoverable within 12 months	122,004	120,469
Recoverable after 12 months	189,142	186,622
	<b>311,146</b>	307,091
<b>Net investment in the lease analysed as:</b>		
Recoverable within 12 months	46,307	83,619
Recoverable after 12 months	205,223	158,833
	<b>251,530</b>	242,452

The following table presents the amounts included in profit or loss:

THE GROUP	30.06.23 Unaudited	30.06.22 Unaudited
	€	€
Finance income on the net investment in finance leases	18,754	14,698

## 9 Leases (continued)

### 9.2 The Group as a lessor (continued)

#### 9.2.2 Finance lease receivables

The Group's finance lease arrangements do not include variable payments.

None of the finance lease receivables at the end of the reporting period are deemed past due. Considering the historical default experience and the future prospects of the industries in which the lessees operate, management do not deem any finance lease receivable as impaired.

## 10 Intangible assets and goodwill

During the period ended 30 June 2023, the Group and Company capitalised expenditure on the development of computer software amounting to €1.5m and €1.8m respectively (30 June 2022: €2.0m and €1.6m respectively).

Intangible assets as at 30 June 2023 also include goodwill amounting to €1.4m (31 December 2022: €1.3m).

## 11 Financial instruments – fair values and risk management

### 11.1 Measurement of fair values

#### Loans receivable

The fair value of loans receivable is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes and is categorised as Level 2 of the fair value hierarchy.

#### Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Such non-derivative financial liabilities are made up of bank borrowings, which have been categorised as Level 2 of the fair value hierarchy.

#### Share-based payment transactions

The fair value of employee share options or awards is measured using inputs that include the share price at measurement date, the exercise price of the instrument, if any, expected volatility (based on an evaluation of the Company's historic volatility) where appropriate, the life of the instrument, expected dividends to the extent applicable, and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not considered in determining fair value.

**11 Financial instruments – fair values and risk management** (continued)**11.1 Measurement of fair values** (continued)**Finance lease receivables**

The fair value of the finance lease receivables are classified as Level 2 and calculated using the discounted cash flow method using an appropriate discount rate.

**Fair values versus carrying amounts**

The reported carrying amounts at the respective reporting dates of the Group and Company's current financial instruments are a reasonable approximation of their fair values in view of their short-term maturities.

The Group and Company's carrying amounts of other financial assets and liabilities, other than the Company's investment in subsidiaries, in the statement of financial position, are a reasonable approximation of their respective fair values.

**11.2 Transfers between levels**

There were no transfers from Level 2 to Level 1 nor from Level 1 to Level 2 during the period ended 30 June 2023 and likewise for 2022.

**11.3 Concentration of credit risk**

The movement in the allowance for impairment in respect of trade receivables and contract assets during the reporting period was as follows:

	THE GROUP Unaudited	THE COMPANY Unaudited
	€	€
Balance at 1 January 2022	456,947	175,416
Net remeasurement of loss allowance	323,606	(51,760)
Balance at 30 June 2022	780,553	123,656
Balance at 1 January 2023	<b>587,603</b>	<b>308,130</b>
Net remeasurement of loss allowance	<b>(3,928)</b>	<b>104,428</b>
Foreign exchange movements	<b>3,393</b>	-
Balance at 30 June 2023	<b>587,068</b>	<b>412,558</b>

The movement in loss allowance is mainly attributable to the total movement in the gross carrying amounts of trade receivables and contract assets. The methodology for the calculation of such loss allowance (Expected Credit Loss, or, ECL) is the same as described in the last audited annual financial statements.

## 12 Related Parties

### 12.1 Related party transactions

Similar to what was reported in the financial statements for the year ended 31 December 2022, the Group and Company had the following transactions with related parties:

	THE GROUP		THE COMPANY	
	30.06.23 Unaudited €	30.06.22 Unaudited €	30.06.23 Unaudited €	30.06.22 Unaudited €
<b>Parent company</b>				
Interest charged to	-	3,704	-	3,704
<b>Subsidiaries</b>				
Support services provided to			5,741,568	6,529,024
Support services provided by			2,328,053	1,958,572
Recharge of overheads to			836,647	305,785
Recharge of salaries by			372,334	341,518
<b>Other related parties</b>				
Depreciation charge on right-of-use asset	113,743	23,119	-	-
Interest expense on lease liability	11,947	3,559	-	-
Legal and administrative services provided by	112,305	117,902	77,510	77,510
Support services provided to	1,777,079	1,852,313	1,777,079	1,852,313
Support services not yet invoiced provided to	530,790	185,827	530,790	185,827

All transactions entered into with related parties have been accounted for at fair and reasonable prices.

**12 Related Parties (continued)****12.2 Related party balances**

	THE GROUP		THE COMPANY	
	30.06.23 Unaudited	31.12.22 Audited	30.06.23 Unaudited	31.12.22 Audited
<b>Assets</b>				
Loans receivable from subsidiary companies (non-current)	-	-	2,059,340	2,110,148
Loans receivable from other related parties (non-current)	1,586	-	-	-
Loans receivable owed by group companies	-	-	28,765	22,205
Loans receivable owed by other related parties	739	195,862	739	462
Trade receivables owed by subsidiary companies	-	-	18,842,046	20,158,085
Trade receivables owed by other related entities	488,594	745,498	488,594	745,498
Contract assets owed by other related parties	334,874	83,095	334,874	83,095
<b>Liabilities</b>				
Trade payables due to subsidiary companies	-	-	1,652,464	1,947,990
Trade payables due to other related parties	24,425	17,373	17,852	17,852
Trade payables due to other related parties	325,500	573,962	529,323	498,264
Contract liabilities owed by subsidiary	-	-	528,000	528,000
Contract assets owed by other related parties	747,527	297,337	747,527	297,337

**13 Comparative Information**

Comparative information disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of compliance with International Financial Reporting Standards, and the requirements of the Maltese Companies Act (Cap. 386).

The Group Statement of Changes in Equity for the comparative period has been restated to reflect what has been presented in last annual financial statements.

## Statement pursuant to Capital Market Rule 5.75.3 issued by the Malta Financial Services Authority

We confirm that to the best of our knowledge:

- the condensed interim financial statements which have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU, for interim financial statements (EU adopted IAS 34 Interim Financial Reporting), give a true and fair view of the financial position of the Group and Company as at 30 June 2023, as well as the financial performance and cash flows for the period ended 30 June 2023; and
- the interim Directors' report includes a fair review of the information required in terms of Capital Market Rules 5.81 to 5.84.



Mr. Mario Schembri  
Chairman



Mr. Radi Abd El Haj  
Director