



RS2 p.l.c.
COMPANY ANNOUNCEMENT

The following is a company announcement issued by RS2 p.l.c. (the "Company") pursuant to the Capital Market Rules as issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta) as they may be amended from time to time.

Quote

During the meeting held on the 28th of August, 2024, the Board of Directors of the Company approved the attached Condensed Interim Consolidated Financial Statements, for the six-month period commencing on the 1st January 2024 to the 30th June 2024.

With reference to the Company Announcement RS2190 published on the 12th January 2024, the Board would like to draw attention to the update being provided on page 5 of the Directors' Report.

The Board of Directors has authorised the publication of the Condensed Interim Consolidated Financial Statements, which are available for viewing on the Company's website at <http://www.rs2.com/financial-news/#financials>.

Unquote

A handwritten signature in blue ink, appearing to read "Ivan Gatt", written in a cursive style.

Dr. Ivan Gatt
Company Secretary
28th August 2024

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RS2.COM



Interim Consolidated Financial Statements

For the period ended
30 June 2024

Company Registration Number: C 25829

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Directors' Report

For the period ended 30 June 2024

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 2024 and its comparative period in 2023. The comparative statements of financial position have been extracted from the audited financial statements as at 31 December 2023. 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 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 continues to expand its client base and increase its product offering in different markets throughout Europe, Middle East, North America, Latin America (LATAM) and Asia Pacific (APAC), based on the strategy which was set by the Group in previous years. This is reflected in the growth of the Processing Solutions and Merchant Solution business lines, while the Group maintains its selective licensing business offered to tier one clients or to enter strategic markets.

As a payment technology provider our team continues to enhance and develop our products' features, adding more strength to our platform therefore enabling our clients to differentiate themselves from their competitors by offering tailor-made products based on their clients' needs. We are also simultaneously providing our clients with digital products that help them to offer seamless services to their clients.

Our AI and robotics team has made great progress in developing automation tools and robots as well as internal chatbots, increasing efficiency by eliminating routine processes allowing the team to focus on new deliverables and other client related services.

Moreover, our cloud infrastructure combined with microservices technology, is providing a fully secure and robust payment platform catering to any unexpected increase of volumes and services while continuing to run a cost-effective operation. This allows us to offer attractive pricing models that help our partners and clients to continue to be profitable in a very challenging economic climate and in competitive markets.

The Group continues to build on its global presence 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 PayFacs (Payment Facilitators) and ISVs (Independent Software Vendors) 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 to enable the Group to accelerate its profitability growth.

The Group announced during the first half of 2024 that it has partnered with ACI Worldwide, a global leader in mission critical, real-time payments software. RS2 and ACI will combine the best of their offerings for real time payments, fraud management, acquiring and issuing into one solution to be marketed to financial institutions, integrated software vendors, payment facilitators, independent sales organisations, retailers and payments processors. The initial focus will be in the LATAM region, with plans of further expansion in the future. A number of solid potentials have already been identified and discussions are ongoing.

Directors' Report (continued)

Business review and future developments (continued)

Subsidiaries Update

RS2 Smart Processing

RS2 Smart Processing Limited is committed to delivering cutting-edge payment solutions and top tier services to our global customers and partners, tailored to their ever-changing market needs within the dynamic payment landscape. Through strategic investments in robust and scalable cloud infrastructure, we ensure seamless integration via one single API while ensuring comprehensive security measures to safeguard sensitive payment data.

From a business perspective, RS2 Smart Processing has experienced substantial growth in new markets, customer base and transaction volumes over the past years. RS2 Smart Processing contracts assure the company a steady stream of revenue by charging contractually agreed minimum fees, independent of the volume of transactions. Beyond this level RS2 Smart Processing charges clients per service. These services include card transactions (authorisation, settlement, clearing, producing statements, etc) as well as the tools such as the Merchant Portal, the Cardholder Portal and the Reconciliation Portal.

A number of its contracts are currently within minimum fee levels, however the increase in transaction volumes indicates that corresponding revenue increases are expected to materialise. This is attributed to strong relationships with our existing clients and expanded services, enabling rapid merchant and cardholder onboarding and market expansion.

Additionally, the company is set to provide state-of-the-art issuing services to payment service providers (PSPs) and independent sales vendors (ISVs), leveraging our platform's capabilities for loans, funding, purchasing, and business to business (B2B) transactions. Implementations are underway in Europe, Asia Pacific and Latin America, while also negotiating further processing agreements with four new customers in Europe and LATAM.

Continuing on our commitment for innovation, we continue to enhance reporting tools to empower clients in making informed decisions and optimising payment processes based on data-driven insights. With a focus on continuous innovation, reliability, customer-centricity, and compliance, we position ourselves as a leading technology payment processor, driving growth and success for our clients and our business alike.

RS2 Smart Processing recorded revenue of €6.7m (2023: €6.8m) and an EBITDA of €0.9m (2023: €0.8m).

Directors' Report (continued)

Business review and future developments (continued)

Subsidiaries Update (continued)

RS2 Software Inc

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

- Acquiring Processing for Independent Sales Vendors (ISVs), Payment Facilitators (PayFacs) and Independent Sales Organisations (ISOs)

RS2 Software Inc has closed two new processing deals this year with ISVs and Payfacs and is currently negotiating a further four deals which are expected to be concluded by the end of the year.

This business line will operate under two models:

BYOB – Bring Your Own Bank. In this model, RS2 INC serves as a processor. The business, agreements, integration/implementation, pricing, profitability and operations – is comparable to RS2 Smart Processing. Under this model, clients would bring their own bank/acquiring license or BIN, and as such, RS2 INC acts as a technical service provider. This model has launched earlier this year and is expected to generate revenues in Q4 2024.

RBYB - RS2 brings your Bank. In this model, RS2 acts as a key facilitator between its customers and partner banks. RS2 delivers a comprehensive service package to ISOs, PayFacs, and ISVs, covering everything from KYC and AML processes to terminal provisioning, e-commerce gateway solutions, and extending to settlement, funding services, statement generation, and reconciliation. This model is expected to launch in Q4 2024.

- Enterprise managed services for tier one Financial Institutions

Within this model the company services tier one financial institutions which involves building an entire processing infrastructure on the cloud and overseeing daily operations, from merchant onboarding to clearing and settlement, up to merchant statementing.

As part of this model, in January 2024 it was announced that RS2 Inc had signed a major processing outsourcing agreement with one of the largest acquirers in the United States. Due to circumstances outside of the Group's control, this project is currently on hold by the client. At this time, we have no visibility on whether the project may re-start as the decision rests entirely within the client's discretion. The Group has not experienced any credit losses from this project and has received all payments for works carried out. Notwithstanding this event, the Group has been negotiating similar agreements with potential enterprise clients in various regions.

Directors' Report (continued)

Business review and future developments (continued)

Subsidiaries Update (continued)

- Issuing processing

Having completed the development of its service offering and product portfolio, RS2 Software Inc has partnered with a regional technology provider offering core banking services to community banks.

The company recorded revenue of €8.3m (2023: €6.1m) and an EBITDA of €1.5m (2023: EBITDA of -€1.2m).

RS2 Financial Services:

RS2 Financial Services GmbH, a licensed financial entity regulated by the German authority, is now operating under <https://www.beyondbyrs2.com/> providing services directly to merchants and will shortly start its consumers' business, through its issuing program to provide corporate cards and wallets to businesses and individual consumers.

The e-money license allows the Group to acquire merchants across all EU member states and the company has now also received the approval to start cross-border activities in Switzerland.

To facilitate business scalability, the company has continued to enter into distribution agreements with various ISOs in Germany that cater for small and medium-sized merchants, while its sales team focuses on larger merchant enterprises. This symbiotic partnership allows partners to concentrate on merchant sales and service, while RS2 Financial Services GmbH provides acquiring licences and processing services.

In a bid to offer comprehensive services, the company continues to collaborate with various providers to furnish additional offerings such as cashier systems, point-of-sale (POS) machines, soft-POS solutions, and loyalty and reward programs tailored to small and medium-sized merchants.

Embracing a digital approach, RS2 Financial Services GmbH provides APIs for partners to seamlessly onboard and service their merchant base. This streamlined process has attracted over fifty partners, enabling rapid onboarding of merchants within hours. Moreover, large European and multinational merchants are targeted and serviced through the company's dedicated key account management team.

As RS2 Financial Services GmbH embarks on its growth journey, the diligent execution of its business strategy is poised to establish the company as a prominent leader in the European issuing and acquiring market.

Directors' Report (continued)

Business review and future developments (continued)

Subsidiaries Update (continued)

The company recorded revenue of €0.7m (2023: €0.3m) and an EBITDA of -€0.7m (2023: EBITDA of -€0.8m).

RS2 Software APAC Inc.

RS2 Software APAC Inc. continues to play a crucial role in supporting the development and operations of the Group, serving as an extension of the global team. Concurrently, it oversees client relationships and support within the Asia Pacific market. In anticipation of emerging payment trends in Asia, the company has also pioneered the development of a payment application for InstaPay, a real-time alternative payment method in the region. This application enables consumers to make payments using digital cards stored within the app, facilitating bill payments, account-to-account transfers, and other financial services. To date, the company has secured letters of intent to provide this platform to small and medium-sized banks as a white-label solution for their customers. Additionally, the company is actively exploring outsourcing opportunities with banks in the Philippines.

RS2 Germany GmbH

RS2 Germany GmbH's Product team remains dedicated to pioneering solutions that optimise operational efficiency for both our Group and its clients. Our primary objective is to ensure merchants and cardholders enjoy an exceptional user experience, cultivating loyalty and satisfaction.

One notable accomplishment is the creation of a Reconciliation Portal, effectively streamlining the laborious manual processes involved in reconciling acquiring and issuing business. Moreover, we have fully digitalised our customer offering by providing merchants with a state-of-the-art Merchant Portal allowing them to access all their information in real-time. The Portal provides access to transaction, authorisation, reporting and financial data, as well as a ticketing system furnished with a 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 compliant 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 allowing them to take the necessary measures to retain them.

Directors' Report (continued)

Business review and future developments (continued)

Subsidiaries Update (continued)

The Product team is currently focused on developing new open banking products and services. These offerings will be available to all our clients across various business lines, including processing within RS2 Smart Processing, as well as for issuing and acquiring through RS2 Financial Services GmbH. Additionally, these innovations will extend to our licenced clients within RS2 plc.

During the period under review, on consolidating all of its activities, the Group generated revenue of €19.1m (2023: €17.6m) and registered an EBITDA of €1.3m (2023: EBITDA of -€1m). At 30 June 2024, the Group's total assets amounted to €46.8m (2023: €48.9m), whereas its current liabilities exceeded its current assets by €1.4m (2023: current assets exceeded current liabilities by €0.04m).

Despite the market conditions in the past few years as a result of the pandemic and the Russian invasion of Ukraine, the Group has sustained stable growth and continues to take necessary actions to further strengthen its position for further growth. The Group is taking steps to refocus its energy where it has the more significant growth opportunities, particularly in LATAM by expanding with its customer base and working with various partners in the region, and in Germany through its acquiring business, whereby the Group will be investing in its startup to expand and grow the business throughout Europe and internationally. In the US, the Group launched its first live ISO client. The volumes are currently ramping up and the intention is to continue to add more customers. In addition, it will also launch its acquiring enablement business in the latter part of the year. The Group will be tapping into its experience of the German market for the US operations and applying economies of scale where possible by consolidating its international team to manage the Group's growth plan.

Based on the success and efficiency RS2 Financial Services, gained through the automation of Merchant Know-Your-Customer (KYC), Anti-Money Laundering (AML) and related services, coupled with the digitisation of its acquiring business introducing robotics and internal chatbots, the Group is currently conducting an exercise to restructure its global operations towards a leaner and more cost-effective staff complement.

Several opportunities are currently in discussion, which could be significant once they materialise, these are expected to be concluded in the coming six to twelve months, therefore realistically no revenue from these potentials may realise in 2024, and thus we are remaining cautious on our revenue and profitability forecasts for the current financial year.

Directors' Report (continued)

Business review and future developments (continued)

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.

Going Concern

Management has prepared a going concern assessment for RS2 Group, based on the 2023 audited financial statements whilst also taking into consideration approved budgets covering periods 2024 to 2026.

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.

Notwithstanding the above, with the onboarding of new clients and growth of existing customers, RS2 has processed more than 1.6 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.

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.

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 in assessing any impact on the Financial Statements.

Directors' Report (continued)

Going Concern (continued)

From a liquidity perspective, RS2 Group has a stable cash position. RS2 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.

In this respect, the Board of Directors is confident that the Group can continue to operate as a going concern for at least 12 months from the date of approval of these Interim Financial Statements.

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 2023, 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 Group's strategic focus is on becoming the solution of choice in the global payments industry and towards this end, requires further investment in infrastructure and business development. For this reason, the Board is not declaring an interim dividend (2023: Scrip Issue of €3,001,070).

Reserves

Retained earnings amounting to €21.5m (2023: €22.4m) for the Company and retained losses of €1.9m (2023: €0.9m) for the Group are being carried forward.

Directors' Report (continued)

Key Events during the period

Chief Commercial Officer no longer engaged by the Company

On 12th January 2024, the Company announced that the Chief Commercial Officer is no longer engaged by the company.

Approved by the Board of Directors on 28 August 2024 and signed on its behalf by:



Mr. Mario Schembri
Chairman



Mr. Radi Abd El Haj
Director

Statements of Financial Position

	Note	THE GROUP		THE COMPANY	
		30.06.2024	31.12.2023	30.06.2024	31.12.2023
		Unaudited €	Audited €	Unaudited €	Audited €
ASSETS					
Property, plant and equipment	8	7,810,958	7,958,123	7,280,277	7,371,119
Right-of-use assets	9	2,654,775	2,196,700	389,990	380,279
Intangible assets and goodwill	10	22,707,546	22,025,380	16,449,774	15,719,363
Investments in subsidiaries		-	-	20,700,926	20,770,982
Loans receivable		-	-	61,330	58,690
Finance lease receivable	9	240,169	190,324	-	-
Total non-current assets		33,413,448	32,370,527	44,882,297	44,300,433
Trade and other receivables		6,986,407	7,527,306	19,671,804	22,036,471
Finance lease receivable	9	51,449	99,890	-	-
Loans receivable		2,032	2,107	2,032,961	2,065,161
Prepayments		1,448,173	1,636,853	486,729	751,963
Accrued income and contract assets		1,919,142	3,846,197	286,582	277,900
Inventory		221,761	282,393	-	-
Cash at bank and in hand		2,710,220	3,674,167	67,870	1,605,388
Total current assets		13,339,184	17,068,913	22,545,946	26,736,883
Total assets		46,752,632	49,439,440	67,428,243	71,037,316

Statements of Financial Position (continued)

		THE GROUP		THE COMPANY	
		30.06.2024	31.12.2023	30.06.2024	31.12.2023
		Unaudited	Audited	Unaudited	Audited
	Note	€	€	€	€
EQUITY					
Ordinary Share Capital		13,104,222	13,104,222	13,104,222	13,104,222
Preference Share Capital		608,499	608,499	608,499	608,499
Reserves		13,356,959	13,392,447	13,767,757	13,604,356
Retained (losses)/earnings		(1,926,440)	(911,757)	21,538,817	22,414,540
Total equity attributable to equity holders of the Company					
		25,143,240	26,193,411	49,019,295	49,731,617
Non-controlling interest		(2,808,222)	(3,078,949)	-	-
Total equity		22,335,018	23,114,462	49,019,295	49,731,617
LIABILITIES					
Bank borrowings		-	187,110	-	187,110
Lease liabilities	9	2,249,096	1,860,806	394,656	398,949
Employee benefits		3,320,821	3,464,180	2,911,104	3,036,968
Deferred tax liability		4,089,995	3,785,080	2,780,810	2,622,818
Total non-current liabilities		9,659,912	9,297,176	6,086,570	6,245,845
Bank borrowings		5,156,278	6,934,572	5,156,278	6,934,572
Trade and other payables		1,948,715	3,595,720	3,303,599	5,239,822
Lease liabilities	9	473,474	407,493	19,383	19,665
Current tax payable		1,935,329	1,879,001	608,444	608,444
Accruals		2,819,378	2,630,674	1,554,274	1,114,290
Provisions		879	897	-	-
Employee benefits		282,801	624,567	-	-
Deferred income		2,140,848	954,878	1,680,400	1,143,061
Total current liabilities		14,757,702	17,027,802	12,322,378	15,059,854
Total liabilities		24,417,614	26,324,978	18,408,948	21,305,699
Total equity and liabilities		46,752,632	49,439,440	67,428,243	71,037,316

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

Approved and authorised for issue by the Board of Directors on 28 August 2024 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	
		30.06.2024 Unaudited €	30.06.2023 Unaudited €	30.06.2024 Unaudited €	30.06.2023 Unaudited €
Revenue	7	19,111,647	17,626,436	8,535,517	9,216,430
Cost of sales		(13,659,195)	(13,222,939)	(7,597,877)	(6,797,665)
Gross profit		5,452,452	4,403,497	937,640	2,418,765
Other income		65,863	15,172	31,834	3,631
Marketing and promotional expenses		(919,609)	(1,148,820)	(93,878)	(275,816)
Administrative expenses		(4,943,439)	(4,975,470)	(1,403,294)	(1,496,912)
Other expenses		(7,917)	(68,338)	-	(5,029)
Exchange gain/(loss) on operating activities		610,824	(345,470)	331,496	(261,800)
Impairment (loss)/gain on trade receivables and contract assets		(336,531)	3,928	(344,976)	(104,428)
Results from operating activities		(78,357)	(2,115,501)	(541,178)	278,411
Finance income		23,180	21,393	65,942	53,928
Finance costs		(239,754)	(157,547)	(242,495)	(132,460)
Net finance costs		(216,574)	(136,154)	(176,553)	(78,532)
(Loss)/Profit before income tax		(294,931)	(2,251,655)	(717,731)	199,879
Income tax expense		(391,478)	(358,505)	(157,992)	(174,301)
(Loss)/Profit for the period		(686,409)	(2,610,160)	(875,723)	25,578

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

Statements of Comprehensive Income

For the period ended 30 June

	THE GROUP		THE COMPANY	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	€	€	€	€
(Loss)/Profit for the period	(686,409)	(2,610,160)	(875,723)	25,578
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences on foreign operations	(277,621)	150,794	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement in net defined benefit liability	184,586	196,485	163,401	178,125
Total comprehensive (loss)/income	(779,444)	(2,262,881)	(712,322)	203,703
(Loss)/Profit attributable to:				
Owners of the Company	(1,014,683)	(2,199,792)	(875,723)	25,578
Non-controlling interest	328,274	(410,368)	-	-
(Loss)/Profit for the period	(686,409)	(2,610,160)	(875,723)	25,578
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(1,107,718)	(1,852,804)	(712,322)	203,703
Non-controlling interest	328,274	(410,077)	-	-
Total comprehensive (loss)/income for the period	(779,444)	(2,262,881)	(712,322)	203,703
(Loss)/Earnings per ordinary share	-€0.004	-€0.010	-€0.004	€0.000
(Loss)/Earnings per preference share	-€0.005	-€0.011	-€0.004	€0.000

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

Statements of Changes in Equity

For the period ended 30 June

THE GROUP	Attributable to equity holders of the Company								
	Ordinary Share Capital €	Preference Share Capital €	Share Premium €	Translation Reserve €	Employee Benefits Reserve €	Retained Earnings €	Total €	Non- Controlling Interest €	Total Equity €
Balance at 1 January 2024	13,104,222	608,499	14,763,347	(313,971)	(1,056,929)	(911,757)	26,193,411	(3,078,949)	23,114,462
Comprehensive (loss)/income for the period									
(Loss)/Profit for the period	-	-	-	-	-	(1,014,683)	(1,014,683)	328,274	(686,409)
Other comprehensive (loss)/income									
Foreign currency translation differences	-	-	-	(220,074)	-	-	(220,074)	(57,547)	(277,621)
Remeasurement in net defined benefit liability	-	-	-	-	184,586	-	184,586	-	184,586
Total other comprehensive (loss)/income for the period	-	-	-	(220,074)	184,586	-	(35,488)	(57,547)	(93,035)
Total comprehensive (loss)/ income for the period	-	-	-	(220,074)	184,586	(1,014,683)	(1,050,171)	270,727	(779,444)
Balance at 30 June 2024	13,104,222	608,499	14,763,347	(534,045)	(872,343)	(1,926,440)	25,143,240	(2,808,222)	22,335,018

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

Statements of Changes in Equity (continued)

For the period ended 30 June

THE GROUP	Attributable to equity holders of the Company								
	Ordinary Share Capital €	Preference Share Capital €	Share Premium €	Translation Reserve €	Employee Benefits Reserve €	Retained Earnings €	Total €	Non- Controlling Interest €	Total Equity €
Balance at 1 January 2023	13,025,383	606,800	13,187,198	(453,418)	(1,094,150)	2,603,082	27,874,895	(3,724,251)	24,150,644
Comprehensive income for the period									
Loss for the period	-	-	-	-	-	(2,199,792)	(2,199,792)	(410,368)	(2,610,160)
Other comprehensive income									
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)
Balance at 30 June 2023	13,025,383	606,800	13,187,198	(376,738)	(897,665)	403,290	25,948,268	(4,060,505)	21,887,763

The accompanying Notes on pages 22 to 41 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 €
Balance at 1 January 2024	13,104,222	608,499	14,763,347	(1,158,991)	22,414,540	49,731,617
Comprehensive loss for the period						
Loss for the period	-	-	-	-	(875,723)	(875,723)
Other comprehensive income/(loss)						
Remeasurement in net defined benefit liability	-	-	-	163,401	-	163,401
Total other comprehensive income for the year	-	-	-	163,401	-	163,401
Total comprehensive income/(loss) for the year	-	-	-	163,401	(875,723)	(712,322)
Balance at 30 June 2024	13,104,222	608,499	14,763,347	(995,590)	21,538,817	49,019,295

The accompanying Notes on pages 22 to 41 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 €
Balance at 1 January 2023	13,025,383	606,800	13,187,198	(1,191,501)	24,036,138	49,664,018
Comprehensive income for the period						
Profit for the period	-	-	-	-	25,578	25,578
Other comprehensive income						
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
Balance at 30 June 2023	13,025,383	606,800	13,187,198	(1,013,376)	24,061,716	49,867,721

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

Statements of Cash Flows

For the period ended 30 June

	THE GROUP		THE COMPANY	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	€	€	€	€
Cash flows from operating activities				
(Loss)/Profit for the period	(686,409)	(2,610,160)	(875,723)	25,578
Adjustments for:				
Depreciation	477,829	501,890	130,871	133,030
Amortisation of intangible assets	897,357	662,846	771,674	618,194
Provision for impairment loss on receivables	336,531	(3,928)	344,976	104,428
Interest payable	271,178	157,297	243,212	133,256
Interest receivable	(23,180)	(21,393)	(65,942)	(53,928)
Unwinding of discount on post-employment benefits	42,210	45,297	37,536	40,275
Employee share benefits	(365,066)	(51,572)	-	-
Gain on sale of property, plant and equipment	286	-	-	-
Income tax	391,478	358,505	157,992	174,301
Provision for exchange fluctuations	(622,954)	270,946	(318,503)	190,724
Write-off	181	-	-	-
	719,441	(690,272)	426,093	1,365,858
Changes in trade and other receivables	1,878,223	2,213,454	(357,923)	55,328
Changes in trade and other payables	(2,096,251)	(45,346)	(2,508,041)	(286,642)
Change in other related parties'				
Balances	678,938	71,896	2,786,418	1,445,798
Inventories	2,212	56,767	-	-
Cash generated from operating Activities	1,182,563	1,606,499	346,547	2,580,342
Interest paid	(239,392)	(127,173)	(239,382)	(127,174)
Interest paid on lease liabilities	(33,927)	(30,124)	(5,968)	(6,082)
Interest received	574	496	97,767	47,368
Income taxes paid	(16,420)	(1,884,346)	-	(1,488,782)
Net cash generated from/(used in) operating activities	893,398	(434,648)	198,964	1,005,672

Statements of Cash Flows (continued)

For the period ended 30 June

	THE GROUP		THE COMPANY	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	€	€	€	€
Cash flows from investing activities				
Acquisition of property, plant and Equipment	(64,488)	(225,866)	(27,383)	(21,836)
Acquisition of intangible asset	-	(37,132)	-	-
Capitalised development costs	(1,402,279)	(1,533,580)	(1,502,085)	(1,806,476)
Proceeds from sale of asset	10,024	-	-	-
Advances to subsidiaries	-	-	(1,000,000)	(217,495)
Repayment of advances from subsidiaries	-	-	1,070,061	50,000
Finance lease receipts	84,502	-	-	-
Net cash used in investing activities	(1,372,241)	(1,796,578)	(1,459,407)	(1,995,807)
Cash flows from financing activities				
Repayments of bank borrowings	(250,857)	(240,912)	(250,857)	(240,912)
Repayment of lease liabilities	(277,641)	(269,351)	(26,935)	(22,327)
Net cash used in financing activities	(528,498)	(510,263)	(277,792)	(263,239)
Net movement in cash and cash Equivalents	(1,007,341)	(2,741,489)	(1,538,235)	(1,253,374)
Cash and cash equivalents at 1 January	3,674,167	3,493,575	1,605,388	185,543
Effect of exchange rate fluctuations on cash held	43,394	(28,455)	717	796
Cash and cash equivalents at 30 June	2,710,220	723,631	67,870	(1,067,035)

Notes to the financial statements

1 Reporting entity

RS2 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 2024 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 2023.

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 2023. A number of amendments to existing standards are effective from 1 January 2024 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	Processing solutions	Merchant solutions	Total reportable segments
	Unaudited	Unaudited	Unaudited	Unaudited
	€	€	€	€
30 June 2024				
External revenues	5,377,803	12,083,046	1,650,798	19,111,647
Inter-segment revenues	6,148,641	77,385	198,318	6,424,344
Segment revenues	11,526,444	12,160,431	1,849,116	25,535,991
Reportable segment (loss)/profit before income tax	(675,664)	1,836,264	(802,742)	357,858

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
	€	€	€	€
30 June 2023				
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)

6.2 Reconciliation of reportable segment revenue and profit and loss

	30.06.24 Unaudited €	30.06.2023 Unaudited €
External revenues		
Total revenue for reportable segments	25,535,991	23,949,522
Elimination of inter-segment transactions	(6,424,344)	(6,323,086)
Consolidated revenue	19,111,647	17,626,436
Loss before income tax		
Total profit/(loss) before income tax for reportable segments	357,858	(1,349,289)
Elimination of inter-segment transactions	(652,789)	(902,366)
Consolidated reportable segment loss before income tax	(294,931)	(2,251,655)

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, timing of revenue recognition and geographical market. 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
	€	€	€	€
30 June 2024				
Licence fees excluding customisations	2,700,847	-	-	2,700,847
Service fees, transaction processing and customisation	1,399,672	10,211,471	-	11,611,143
Maintenance fees	920,284	52,742	-	973,026
Comprehensive packages	357,000	1,818,833	-	2,175,833
Operating lease revenue	-	-	27,638	27,638
Acquiring Revenue	-	-	1,623,160	1,623,160
Segment revenues	5,377,803	12,083,046	1,650,798	19,111,647

7 Revenue (continued)**7.1 Disaggregation of revenue (continued)**

	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
30 June 2023				
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)***Timing of revenue recognition*

	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
30 June 2024				
At a point in time	-	-	64,792	64,792
Over time	5,377,803	12,083,046	1,586,006	19,046,855
	5,377,803	12,083,046	1,650,798	19,111,647
	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
30 June 2023				
At a point in time	-	-	108,359	108,359
Over time	6,142,945	10,171,736	1,203,396	17,518,077
	6,142,945	10,171,736	1,311,755	17,626,436

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
	€	€	€	€
30 June 2024				
Europe	2,563,321	3,155,582	1,650,798	7,369,701
Middle East	56,476	140,461	-	196,937
North America	2,543,347	5,727,543	-	8,270,890
South America	-	1,084,096	-	1,084,096
Asia	214,659	1,975,364	-	2,190,023
	5,377,803	12,083,046	1,650,798	19,111,647
	Software (Licensing) solutions Unaudited	Processing solutions Unaudited	Merchant solutions Unaudited	Total reportable segments Unaudited
	€	€	€	€
30 June 2023				
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

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	
	30.06.24 Unaudited €	31.12.2023 Audited €	30.06.24 Unaudited €	31.12.23 Audited €
Receivables, which are included in 'Trade and other receivables'	6,986,407	7,527,306	19,671,804	22,036,471
Contract assets	1,919,142	3,846,197	286,582	277,900
Contract liabilities	(2,140,848)	(954,878)	(1,680,400)	(1,143,061)

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. Once the transfer of control to the customer happens, the contract liability is then recognised as revenue.

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) as at 30 June 2024.

30 June 2024

	THE GROUP			
	Within one year Unaudited €	After one year Unaudited €	After two years Unaudited €	Total Unaudited €
License fees	-	-	300,000	300,000
Services fees	264,225	93,140	125,000	482,365

	THE COMPANY			
	Within one year Unaudited €	After one year Unaudited €	After two years Unaudited €	Total Unaudited €
License fees	-	-	780,000	780,000
Services fees	-	-	173,000	173,000

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) as 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

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 2024, the Group acquired assets with a cost of €0.06m (2023: €0.2m) and disposed €0.02m (2023: €nil) of assets by the Group in the current reporting financial period.

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 2023.

A new agreement for leased offices in Manila, Philippines. The lease term is for a five-year period, commencing in April 2024 up until July 2029. The renewal of this lease was treated as a new lease in accordance with IFRS 16.

A new agreement for leased offices in Denver, USA. The previous contract was valid until June 2024. An extension was signed commencing in July 2024 valid until September 2027.

Four new agreements for leased cars in Germany. The leases are for a two-year to four-year term, ending between March 2026 and May 2028. These agreements were entered into at different points in time between February 2024 and June 2024.

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

THE GROUP	Land and buildings Audited	Cars Audited	Total Audited
	€	€	€
As at 1 January 2023	2,254,165	91,086	2,345,251
Additions to right-of-use assets	239,331	137,658	376,989
Depreciation charge for the year	(441,337)	(79,581)	(520,918)
Effects of movement in exchange rates	(4,622)	-	(4,622)
As at 31 December 2023	2,047,537	149,163	2,196,700
	Land and buildings Unaudited	Cars Unaudited	Total Unaudited
	€	€	€
As at 1 January 2024	2,047,537	149,163	2,196,700
Additions to right-of-use assets	673,062	66,110	739,172
Depreciation charge for the year	(240,907)	(41,060)	(281,967)
Effects of movement in exchange rates	870	-	870
As at 30 June 2024	2,480,562	174,213	2,654,775

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

THE COMPANY	Land and buildings	Total
	Audited	Audited
	€	€
Balance at 1 January 2023	405,080	405,080
Depreciation charge for the year	(24,801)	(24,801)
Balance at 31 December 2023	380,279	380,279
	Land and buildings	Total
	Unaudited	Unaudited
	€	€
Balance at 1 January 2024	380,279	380,279
Additions to right-of-use assets	22,360	22,360
Depreciation charge for the year	(12,649)	(12,649)
Balance at 30 June 2024	389,990	389,990

The following table presents the carrying amounts of the Group's 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 2023	2,335,368	77,606	2,412,974
Additions	239,331	137,658	376,989
Accretion of interest	54,303	4,099	58,402
Payments	(502,257)	(74,689)	(576,946)
Effects of movement in exchange rates	(3,120)	-	(3,120)
As at 31 December 2023	2,123,625	144,674	2,268,299

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

	Land and buildings	Cars	Total
	Unaudited	Unaudited	Unaudited
	€	€	€
As at 1 January 2024	2,123,625	144,674	2,268,299
Additions	664,033	66,110	730,143
Accretion of interest	31,407	2,520	33,927
Payments	(271,316)	(40,252)	(311,568)
Effects of movement in exchange rates	1,769	-	1,769
As at 30 June 2024	2,549,518	173,052	2,722,570

THE COMPANY	Land and buildings	Total
	Audited	Audited
	€	€
Balance at 1 January 2023	434,943	434,943
Accretion of interest	12,080	12,080
Payments	(28,409)	(28,409)
Balance at 31 December 2023	418,614	418,614

	Land and buildings	Total
	Unaudited	Unaudited
	€	€
Balance at 1 January 2024	418,614	418,614
Additions	22,360	22,360
Accretion of interest	5,968	5,968
Payments	(32,903)	(32,903)
Balance at 30 June 2024	414,039	414,039

	THE GROUP		THE COMPANY	
	30.06.24	31.12.2023	30.06.24	31.12.2023
	Unaudited	Audited	Unaudited	Audited
	€	€	€	€
Non-current	2,249,096	1,860,806	394,656	398,949
Current	473,474	407,493	19,383	19,665

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	
	30.06.24 Unaudited €	30.06.23 Unaudited €	30.06.24 Unaudited €	30.06.23 Unaudited €
Depreciation expense	281,967	258,541	12,649	12,401
Interest expense on lease liabilities	33,924	30,124	5,968	6,082
Expenses relating to short-term leases	35,831	44,032	-	-
Total amount recognised in profit or loss	351,722	332,697	18,617	18,483

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

No variable lease payments exist as at 30 June 2024 and 2023 with respect to the leases held by the Group and the Company.

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 2023.

No residual value guarantees apply with respect to the leases held by the Group and the Company as at 30 June 2024 and 2023.

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

THE GROUP	30.06.24 Unaudited	30.06.23 Unaudited
	€	€
Within 1 year	7,530	5,513
Between 1 and 2 years	875	1,453
Total	8,405	6,966

THE GROUP	30.06.24 Unaudited	31.12.23 Audited
	€	€
As at 1 January	290,214	242,452
Additions during the period / year	64,138	151,104
Release of receivables during the period / year	(84,502)	(141,895)
Unwinding of interest	21,768	38,553
Balance at period end / year end	291,618	290,214

9 Leases (continued)

9.2 The Group as a lessor (continued)

9.2.2 Finance lease receivables

THE GROUP	30.06.24 Unaudited	31.12.23 Audited
	€	€
Amounts receivable under finance leases:		
Within 1 year	156,267	147,187
Between 1 and 2 years	126,742	119,716
Between 2 and 3 years	83,608	80,681
Between 3 and 4 years	34,533	30,518
More than 4 years	6,309	1,067
Undiscounted lease payments	407,459	379,169
Less unearned finance income	(115,841)	(88,955)
Present value of lease payments receivable	291,618	290,214
Impairment loss allowance	-	-
Net investment in the lease	291,618	290,214
 Undiscounted lease payments analysed as:		
Recoverable within 12 months	156,267	147,187
Recoverable after 12 months	251,192	231,982
	407,459	379,169
 Net investment in the lease analysed as:		
Recoverable within 12 months	51,449	99,890
Recoverable after 12 months	240,169	190,324
	291,618	290,214

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

THE GROUP	30.06.24 Unaudited	30.06.23 Unaudited
	€	€
Finance income on the net investment in finance leases	21,769	18,754

9 Leases (continued)**9.2 The Group as a lessor (continued)****9.2.2 Finance lease receivables (continued)**

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 2024, the Group and Company capitalised expenditure on the development of computer software amounting to €1.4m and €1.5m respectively (30 June 2023: €1.5m and €1.8m respectively).

Intangible assets as at 30 June 2024 also include goodwill amounting to €2.0m (31 December 2023: €1.9m).

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 2024 and likewise for 2023.

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 2023	587,603	308,130
Net remeasurement of loss allowance	(3,928)	104,428
Foreign exchange movements	3,393	-
Balance at 30 June 2023	587,068	412,558
Balance at 1 January 2024	704,050	639,071
Net remeasurement of loss allowance	336,531	344,976
Foreign exchange movements	32	2
Balance at 30 June 2024	1,040,613	984,049

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 2023, the Group and Company had the following transactions with related parties:

	THE GROUP		THE COMPANY	
	30.06.24 Unaudited €	30.06.23 Unaudited €	30.06.24 Unaudited €	30.06.23 Unaudited €
Subsidiaries				
Support services provided to	-	-	5,840,061	5,741,568
Support services provided by	-	-	2,034,661	2,328,053
Recharge of overheads to	-	-	734,318	836,647
Recharge of salaries by	-	-	288,988	372,334
Other related parties				
Depreciation charge on right-of-use asset	125,709	113,743	-	-
Interest expense on lease liability	16,065	11,947	-	-
Legal and administrative services provided by	105,968	112,305	77,600	77,510
Support services provided to	1,616,073	1,777,079	1,616,073	1,777,079
Support services not yet invoiced provided to	134,748	530,790	134,748	530,790

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	
	30.06.24 Unaudited	31.12.23 Audited	30.06.24 Unaudited	31.12.23 Audited
Assets				
Loans receivable from subsidiary companies (non-current)	-	-	61,330	58,690
Loans receivable owed by group companies	-	-	2,032,915	2,064,740
Loans receivable owed by other related parties	47	2,107	47	421
Trade receivables owed by subsidiary companies	-	-	18,539,255	21,146,667
Trade receivables owed by other related entities	591,913	413,325	591,913	413,325
Contract assets owed by subsidiary companies	-	-	136,052	-
Contract assets owed by other related parties	60,457	184,818	60,457	184,818
Liabilities				
Trade payables due to subsidiary companies	-	-	2,298,117	3,039,614
Trade payables due to other related parties	30,196	29,895	24,485	29,895
Accrued expenses due to other related parties	558,864	385,707	711,453	352,446
Contract liabilities owed by subsidiary	-	-	528,000	528,000
Contract assets owed by other related parties	782,981	313,234	782,981	313,234

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).

In the Statement of Changes in Equity, under both Group and Company, a negative amount of €491,610 relating to share issuance costs, was reclassified from Preference Share Capital to Share Premium as follows:

GROUP AND COMPANY	Preference Share Capital		Share Premium	
	(restated) €	(as reported) €	(restated) €	(as reported) €
Balance at 1 January 2023	606,800	115,190	13,187,198	13,678,808
Balance at 30 June 2023	606,800	115,190	13,187,198	13,678,808

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 2024, as well as the financial performance and cash flows for the period ended 30 June 2024; 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