

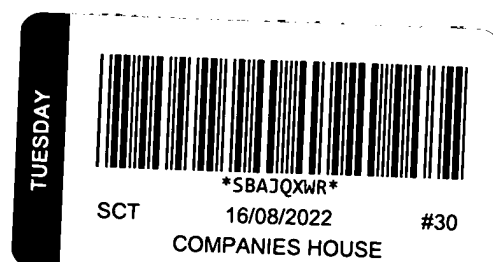
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Korala Associates Limited

Registered number: SC119617

Annual report

For the year ended 30 June 2021



KORALA ASSOCIATES LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | Dr A S Athukorala C R Logan M A McKibbin |
| Company secretary | Brodies Secretarial Services Limited |
| Registered number | SC119617 |
| Registered office | 5 Logie Mill Beaverbank Business Park Edinburgh EH7 4HG |
| Independent auditor | Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD |
| Bankers | HSBC Bank Plc 76 Hanover Street Edinburgh EH2 1EL |
| Solicitors | Pinsent Masons LLP Princes Exchange 1 Earl Grey Street Edinburgh EH3 9AQ |

KORALA ASSOCIATES LIMITED

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KORALA ASSOCIATES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Introduction

The Directors present their report for Korala Associates Limited ("KAL") for the year ended 30 June 2021.

Strategy

KAL's software transforms bank's ATM networks using innovative new technology that delivers new capabilities as well as reduces bank's operating costs. We are a global market leader in multivendor ATM software. We need to continue to attract talent to join our team, guarantee our products embrace global regulatory requirements, and stay at the forefront of technology through our continuing investment in R&D.

Results and performance

KAL has changed its presentational currency to Euros for the current year and restated its prior year to reflect this change. This will be the Group's presentational currency going forward.

As KAL invests a large number of resources each year to ensure our software is continually developed and enhanced, KAL has decided to capitalise its development expenditure. The prior year has also been restated to reflect this change.

The results of the Group for the year, are set out on pages 10 to 11 and show a profit after taxation of €3.3m (2020 - €3.6m) and shareholders' funds of €10.1m (2020 - €6.9m). During the year, KAL experienced some delays in ongoing projects from our customers due to the Coronavirus and as a result turnover for the year decreased by 4% compared to 2021 to €12.4m (2020 - €12.9m).

Principal risks and uncertainties

KAL monitors risks and uncertainties on an ongoing basis. The principal risks and uncertainties facing KAL are as follows:-

Competition - KAL operates globally in a highly competitive environment. Technological developments have the ability to create new forms of quickly evolving competition.

Regulatory change – KAL software operates in over 100 countries and therefore needs to comply with the regulations applicable to each country as well as with international regulations such as PCI.

Fluctuations in exchange rate – as KAL operates in a global market it is exposed to movements in the currency exchange rates.

People – the people at KAL are critical to KAL's ability to meet the needs of its various research and development projects.

Coronavirus - since early January 2020, the Coronavirus outbreak has spread, causing disruption to business and economic activity. As soon as the pandemic was known to KAL in January 2020, we invoked our disaster management processes. We asked all employees to work from home in March. The economic impact of the virus on KAL has so far been muted and KAL expects to remain profitable this year. The Board however is continuing to actively monitor the outbreak, its economic impact and the effect this may have on the group in the long term and although some smaller project delays have been experienced, at the moment we have yet to see any substantial delays in existing projects from our clients.

KORALA ASSOCIATES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Financial key performance indicators


The financial and other key performance indicators during the year were as follows:-

| | 2021 | 2020 |
|--------------------|------------|------------|
| | € | € |
| Turnover | 12,366,967 | 12,912,052 |
| Gross profit | 88% | 87% |
| Operating profit | 3,047,175 | 3,329,977 |
| Results before tax | 3,037,397 | 3,283,494 |

The group also monitors EBITDA results each year (whereby the taxation adjustment does not include R&D tax credits):

| | 2021 | 2020 |
|--------|-----------|-----------|
| | € | € |
| EBITDA | 4,482,699 | 3,733,750 |

This report was approved by the board and signed on its behalf.



Dr A S Athukorala
Director

Date: Aug 11, 2022

KORALA ASSOCIATES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Directors present their report and the financial statements for the year ended 30 June 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The Group's principal activity is the supply of multivendor ATM software. The parent Company's principal activity is that of a holding company.

Results and dividends

The profit for the year, after taxation, amounted to €3,308,936 (2020 - €3,608,100).

Dividends paid in the year are disclosed in note 14 of the financial statements.

Directors

The Directors who served during the year were:

Dr A S Athukorala
C R Logan
M A McKibbin

KORALA ASSOCIATES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Overseas branches

The parent Company, Korala Associates Limited, has one overseas establishment, a Representative Office in Beijing, China. During the year, the parent company sold its Australian branch to a newly incorporated Australian subsidiary, KAL Software PTY Limited.

KAL ATM Software GmbH, the German subsidiary of Korala Associates Limited, operates a UK branch.

Future developments

Our key objective is to be the global market leader in multivendor ATM software. We therefore need to continue to attract talent to join our team, guarantee our products embrace global regulatory requirements, and stay at the forefront of technology through our continuing investment in R&D.

Matters covered in the Group Strategic Report

The Directors have included the business review and consideration of the principal risks and uncertainties and the financial key performance indicators within the Group Strategic Report on pages 1 and 2.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

In August 2021, RTM Cash Holdings GmbH, a subsidiary undertaking of the Group, was dissolved

In January 2022, ownership of Possavi UK Ltd, a subsidiary undertaking of the Group, was transferred from KAL ATM Software GmbH to Fonach Holdings B.V.

In January 2022, a new subsidiary undertaking was incorporated: KAL Software Vietnam Company Limited, a company registered in Vietnam which is 100% owned by KAL ATM Software GmbH.

The KAL Group has an ongoing facility with a provider of invoice financing and on 28th April 2022 and 29th July 2022 withdrew €504k and €622k respectively to aid in the investment in the Possavi subsidiaries.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

KORALA ASSOCIATES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

This report was approved by the board and signed on its behalf.



Dr A S Athukorala
Director

Date: Aug 11, 2022

KORALA ASSOCIATES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KORALA ASSOCIATES LIMITED

Opinion

We have audited the financial statements of Korala Associates Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Positions, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

KORALA ASSOCIATES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KORALA ASSOCIATES LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KORALA ASSOCIATES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KORALA ASSOCIATES LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors intend either to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the parent company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the parent Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

KORALA ASSOCIATES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KORALA ASSOCIATES LIMITED

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the capitalisation and carrying value of intangible fixed assets relating to development costs, revenue recognition (which we pinpointed to the valuation of accrued income and the valuation and completeness of deferred income) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Anna Campbell

Anna Campbell (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: 12/8/22

KORALA ASSOCIATES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

| | Note | 2021 € | Restated 2020 € |
|---|------|-------------------------|-------------------------|
| Turnover | 4 | 12,366,967 | 12,912,052 |
| Cost of sales | | (1,499,721) | (1,644,012) |
| Gross profit | | <u>10,867,246</u> | <u>11,268,040</u> |
| Distribution costs | | (8,864) | (6,563) |
| Profit on sale of tangible fixed assets | | - | 961,098 |
| Administrative expenses | | (7,978,547) | (8,670,612) |
| Consultancy costs | | - | (254,340) |
| Other operating income | 5 | 167,340 | 32,354 |
| Operating profit | 6 | <u>3,047,175</u> | <u>3,329,977</u> |
| Interest receivable and similar income | 11 | 341 | 77 |
| Interest payable and similar expenses | 12 | (10,119) | (46,560) |
| Profit before taxation | | <u>3,037,397</u> | <u>3,283,494</u> |
| Tax on profit | 13 | 271,539 | 324,606 |
| Profit for the financial year | | <u><u>3,308,936</u></u> | <u><u>3,608,100</u></u> |
| Foreign exchange translation differences | | (25,245) | (46,338) |
| Other comprehensive loss for the year | | <u>(25,245)</u> | <u>(46,338)</u> |
| Total comprehensive income for the year | | <u><u>3,283,691</u></u> | <u><u>3,561,762</u></u> |
| Profit for the year attributable to: | | | |
| Owners of the parent Company | | <u>3,308,936</u> | <u>3,608,100</u> |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the parent Company | | <u><u>3,283,691</u></u> | <u><u>3,561,762</u></u> |

The notes on pages 19 to 42 form part of these financial statements.

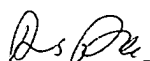
KORALA ASSOCIATES LIMITED
REGISTERED NUMBER: SC119617

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Note | 2021 € | Restated 2020 € |
|--|------|--------------------------|-------------------------|
| Fixed assets | | | |
| Intangible fixed assets | 16 | 6,250,058 | 3,396,564 |
| Tangible fixed assets | 17 | 543,030 | 803,530 |
| | | <u>6,793,088</u> | <u>4,200,094</u> |
| Current assets | | | |
| Stocks | 19 | 168,538 | 81,297 |
| Debtors: amounts falling due within one year | 20 | 5,260,975 | 4,546,876 |
| Cash and cash equivalents | 21 | 2,651,161 | 2,882,636 |
| | | <u>8,080,674</u> | <u>7,510,809</u> |
| Creditors: amounts falling due within one year | 22 | (4,768,651) | (4,745,655) |
| Net current assets | | <u>3,312,023</u> | <u>2,765,154</u> |
| Total assets less current liabilities | | <u>10,105,111</u> | <u>6,965,248</u> |
| Creditors: amounts falling due after more than one year | 23 | - | (49,162) |
| Provisions for liabilities | | | |
| Net assets | | <u><u>10,105,111</u></u> | <u><u>6,916,086</u></u> |
| Capital and reserves | | | |
| Called up share capital | 26 | 15,507 | 15,507 |
| Share premium account | 27 | 833,000 | 833,000 |
| Foreign exchange reserve | 27 | 239,940 | 265,185 |
| Profit and loss account | 27 | 9,016,664 | 5,802,394 |
| Equity attributable to owners of the parent Company | | <u><u>10,105,111</u></u> | <u><u>6,916,086</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Aug 11, 2022



Dr A S Athukorala
Director

The notes on pages 19 to 42 form part of these financial statements.

KORALA ASSOCIATES LIMITED
REGISTERED NUMBER: SC119617

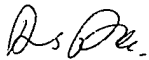
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Note | 2021 € | 2020 € |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible fixed assets | 16 | 49,707 | 98,019 |
| Tangible fixed assets | 17 | 1,819 | 14,456 |
| Investments | 18 | 346,098 | 46,369 |
| | | <u>397,624</u> | <u>158,844</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 20 | 6,819,213 | 3,544,820 |
| Cash and cash equivalents | 21 | 725,052 | 712,615 |
| | | <u>7,544,265</u> | <u>4,257,435</u> |
| Creditors: amounts falling due within one year | 22 | (5,892,617) | (2,234,420) |
| Net current assets | | <u>1,651,648</u> | <u>2,023,015</u> |
| Total assets less current liabilities | | <u>2,049,272</u> | <u>2,181,859</u> |
| Creditors: amounts falling due after more than one year | 23 | - | (49,162) |
| Net assets | | <u><u>2,049,272</u></u> | <u><u>2,132,697</u></u> |
| Capital and reserves | | | |
| Called up share capital | 26 | 15,507 | 15,507 |
| Share premium account | 27 | 833,000 | 833,000 |
| Foreign exchange reserve | 27 | 406,225 | 296,257 |
| Profit and loss account brought forward | | 987,933 | 983,389 |
| (Loss)/profit for the year | | (98,727) | 93,874 |
| Other changes in the profit and loss account | | (94,666) | (89,330) |
| | | <u>794,540</u> | <u>987,933</u> |
| Profit and loss account carried forward | | <u><u>2,049,272</u></u> | <u><u>2,132,697</u></u> |

KORALA ASSOCIATES LIMITED
REGISTERED NUMBER: SC119617

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
Aug 11, 2022



Dr A S Athukorala
Director

The notes on pages 19 to 42 form part of these financial statements.

KORALA ASSOCIATES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

| | Called up share capital | Share premium account | Foreign exchange reserve | Profit and loss account | Total equity |
|---------------------------------|------------------------------------|--------------------------------------|---|------------------------------------|---------------------|
| | € | € | € | € | € |
| At 1 July 2020 | 15,507 | 833,000 | 265,185 | 2,578,246 | 3,691,938 |
| Prior year adjustment | - | - | - | 3,224,148 | 3,224,148 |
| At 1 July 2020 (as restated) | 15,507 | 833,000 | 265,185 | 5,802,394 | 6,916,086 |
| Profit for the year | - | - | - | 3,308,936 | 3,308,936 |
| Exchange differences | - | - | (25,245) | - | (25,245) |
| Transactions with owners | | | | | |
| Dividends: Equity capital | - | - | - | (94,666) | (94,666) |
| At 30 June 2021 | 15,507 | 833,000 | 239,940 | 9,016,664 | 10,105,111 |

The notes on pages 19 to 42 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | Called up share capital | Share premium account | Foreign exchange reserve | Profit and loss account | Total equity |
|-----------------------------------|------------------------------------|--------------------------------------|---|------------------------------------|---------------------|
| | € | € | € | € | € |
| At 1 July 2019 | 15,507 | 833,000 | 311,523 | 2,283,624 | 3,443,654 |
| Profit for the year (restated) | - | - | - | 3,608,100 | 3,608,100 |
| Exchange differences | - | - | (46,338) | - | (46,338) |
| Transactions with owners | | | | | |
| Dividends: Equity capital | - | - | - | (89,330) | (89,330) |
| At 30 June 2020 (restated) | 15,507 | 833,000 | 265,185 | 5,802,394 | 6,916,086 |

The notes on pages 19 to 42 form part of these financial statements.

KORALA ASSOCIATES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

| | Called up share capital | Share premium account | Foreign exchange reserve | Profit and loss account | Total equity |
|---------------------------------|------------------------------------|--------------------------------------|---|------------------------------------|---------------------|
| | € | € | € | € | € |
| At 1 July 2020 | 15,507 | 833,000 | 296,257 | 987,933 | 2,132,697 |
| Loss for the year | - | - | - | (98,727) | (98,727) |
| Exchange differences | - | - | 109,968 | - | 109,968 |
| Transactions with owners | | | | | |
| Dividends: Equity capital | - | - | - | (94,666) | (94,666) |
| At 30 June 2021 | 15,507 | 833,000 | 406,225 | 794,540 | 2,049,272 |

The notes on pages 19 to 42 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | Called up share capital | Share premium account | Foreign exchange reserve | Profit and loss account | Total equity |
|---------------------------------|------------------------------------|--------------------------------------|---|------------------------------------|---------------------|
| | € | € | € | € | € |
| At 1 July 2019 | 15,507 | 833,000 | 343,138 | 983,389 | 2,175,034 |
| Profit for the year | - | - | - | 93,874 | 93,874 |
| Exchange differences | - | - | (46,881) | - | (46,881) |
| Transactions with owners | | | | | |
| Dividends: Equity capital | - | - | - | (89,330) | (89,330) |
| At 30 June 2020 | 15,507 | 833,000 | 296,257 | 987,933 | 2,132,697 |

The notes on pages 19 to 42 form part of these financial statements.

KORALA ASSOCIATES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

| | 2021 | Restated |
|---|--------------------|--------------------|
| | € | 2020 |
| | | € |
| Cash flows from operating activities | | |
| Profit for the financial year | 3,308,936 | 3,608,100 |
| Adjustments for: | | |
| Amortisation of intangible fixed assets | 570,935 | 219,072 |
| Depreciation of tangible fixed assets | 467,205 | 492,741 |
| Gain on disposal of tangible fixed assets | (12,931) | (961,043) |
| Interest paid | 10,119 | 46,560 |
| Interest received | (341) | (77) |
| Taxation credit | (271,539) | (324,606) |
| (Increase)/decrease in stocks | (87,241) | 1,249 |
| (Increase)/decrease in debtors | (649,900) | 892,250 |
| Increase in creditors | 30,212 | 1,149,275 |
| Corporation tax received | 195,052 | 528,339 |
| Exchange differences | (25,245) | (46,338) |
| Net cash generated from operating activities | 3,535,262 | 5,605,522 |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (3,424,429) | (3,534,987) |
| Purchase of tangible fixed assets | (209,231) | (141,164) |
| Sale of tangible fixed assets | 15,457 | 2,508,917 |
| Interest received | 341 | 77 |
| Net cash used in investing activities | (3,617,862) | (1,167,157) |
| Cash flows from financing activities | | |
| Repayment of finance leases | (44,090) | 96,180 |
| Repayment of bank loans | - | (1,736,546) |
| Dividends paid | (94,666) | (89,330) |
| Interest paid | (10,119) | (46,560) |
| Net cash used in financing activities | (148,875) | (1,776,256) |
| Net (decrease)/increase in cash and cash equivalents | (231,475) | 2,662,109 |
| Cash and cash equivalents at beginning of year | 2,882,636 | 220,527 |
| Cash and cash equivalents at the end of year | 2,651,161 | 2,882,636 |

KORALA ASSOCIATES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

| | 2021 | 2020 |
|---|------------------|------------------|
| | € | € |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | <u>2,651,161</u> | <u>2,882,636</u> |

The notes on pages 19 to 42 form part of these financial statements.

KORALA ASSOCIATES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

(i) Analysis of net debt

| | At 1 July 2020 € | Cash flows € | At 30 June 2021 € |
|--------------------------|------------------------|------------------|-------------------------|
| Cash at bank and in hand | 2,882,636 | (231,475) | 2,651,161 |
| Finance leases | (96,180) | 44,090 | (52,090) |
| | <u>2,786,456</u> | <u>(187,385)</u> | <u>2,599,071</u> |

The notes on pages 19 to 42 form part of these financial statements.

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

Korala Associates Limited is a private company, limited by shares, incorporated in the United Kingdom and registered in Scotland. The registered office and principal place of business is 5 Logie Mill, Beaverbank Business Park, Edinburgh, EH7 4HG. The Company's registered number is SC119617.

The Group's principal activity is the supply of multivendor ATM software. The parent Company's principal activity is that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements are prepared on a going concern basis. The Coronavirus pandemic has had significant implications for the global economy as whole. In making their assessment, the Directors have considered and utilised as appropriate the various Government schemes available to mitigate the impact of the Coronavirus pandemic, as well as preparing and reviewing revised budgets and cash flow forecasts. The Group has strong cash reserves of €2,651,161 as at 30 June 2021. The Directors consider that the Group and the parent company have sufficient resources to continue to trade and meet liabilities as they fall due for a period of at least twelve months from the date the financial statements are signed, taking into account their latest assessment of the disruption to business and economic activity that is being caused by the Coronavirus pandemic.

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's undertakings are measured using the currency of the primary economic environment in which each undertaking operates (the functional currency). The consolidated financial statements are presented in Euros which is the Group and Parent Company's presentational currency.

The prior year accounts were presented in Pounds Sterling and comparatives have been retranslated as a result.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessor

Rental income from operating leases is credited to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

2.8 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Sale and leaseback

In the prior year, the parent company's heritable properties were sold under an operating lease sale and leaseback arrangement. When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.10 Research and development

Expenditure incurred on research activities is expensed in the year it is incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets provided the development costs can be measured reliably, the project is technically and commercially feasible and the development will generate probable future economic benefits.

2.11 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.12 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.13 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.15 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.17 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Capitalised development expenditure is amortised on a straight line basis at a rate of 10% per annum whilst software licences are amortised on a straight line basis at a rate of 33% per annum. The amortisation is included within administrative expenses.

2.18 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|-----------------------|---|-----|
| Fixtures and fittings | - | 25% |
| Office equipment | - | 25% |
| Computer equipment | - | 25% |
| Computer software | - | 33% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.19 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.20 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.21 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.22 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.23 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.24 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.24 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.25 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amount of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Carrying amount of trade and other debtors

The Directors have made judgements and assumptions regarding the recoverability of certain aged trade debtors and other debtors relating to accrued income. The Directors have reviewed the carrying amount of these trade and other debtors at the reporting date and, taking into account all available information, made provision in the financial statements where appropriate. Judgements relating to accrued income have also been made by the Directors in calculating the percentage completion at the reporting date for certain projects.

Impairment of intangible assets

Management regularly reviews intangible assets held for impairment to ensure the carrying value is reasonable. Capitalised costs are reviewed by management to ensure they relate to the development phase of on-going projects.

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

4. Turnover

The whole of the turnover is attributable to the principal activity of the group which is the provision of software development services and the sale of software licences.

Analysis of turnover by country of destination:

| | 2021 | 2020 |
|-------------------|-------------------|-------------------|
| | € | € |
| United Kingdom | 174,809 | 433,500 |
| Rest of Europe | 5,026,055 | 6,294,531 |
| Rest of the world | 7,166,103 | 6,184,021 |
| | <u>12,366,967</u> | <u>12,912,052</u> |

5. Other operating income

| | 2021 | 2020 |
|------------------------------|----------------|---------------|
| | € | € |
| Net rents receivable | 37,214 | 32,354 |
| Government grants receivable | 130,126 | - |
| | <u>167,340</u> | <u>32,354</u> |

6. Operating profit

The operating profit is stated after charging:

| | 2021 | Restated 2020 |
|---|----------------|--------------------------|
| | € | € |
| Depreciation of tangible fixed assets | 467,205 | 492,741 |
| Amortisation of intangible fixed assets | 570,935 | 219,072 |
| Exchange differences | 77,490 | 18,816 |
| Other operating lease rentals | <u>640,548</u> | <u>567,312</u> |

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

7. Auditor's remuneration

| | 2021 | 2020 |
|--|---------------|---------------|
| | € | € |
| Fees payable to the Group's auditor for the audit of the Group's annual financial statements | <u>23,310</u> | <u>17,600</u> |

8. Employees

Staff costs, including Directors' remuneration, were as follows:

| | 2021 | 2020 |
|-------------------------------------|------------------|------------------|
| | € | € |
| Wages and salaries | 6,613,200 | 6,622,651 |
| Social security costs | 725,136 | 717,200 |
| Cost of defined contribution scheme | 189,211 | 159,759 |
| | <u>7,527,547</u> | <u>7,499,610</u> |

The average monthly number of employees, including the Directors, during the year was as follows:

| | 2021 | 2020 |
|-------------------|-------------|-------------|
| | € | € |
| Engineering | 115 | 115 |
| Sales and support | 71 | 62 |
| | <u>186</u> | <u>177</u> |

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

9. Directors' remuneration

| | 2021 € | 2020 € |
|---|----------------|----------------|
| Directors' emoluments | 311,050 | 568,510 |
| Group contributions to defined contribution pension schemes | 12,334 | 8,991 |
| | <u>323,384</u> | <u>577,501</u> |

During the year retirement benefits were accruing to 3 Directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of €182,402 (2020 - €183,374).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to €7,229 (2020 - €7,285).

10. Key management remuneration

| | 2021 € | 2020 € |
|---|----------------|----------------|
| Emoluments | 837,106 | 909,747 |
| Group contributions to defined contribution pension schemes | 12,334 | 12,811 |
| | <u>849,440</u> | <u>922,558</u> |

11. Interest receivable and similar income

| | 2021 € | 2020 € |
|--------------------------|------------|-----------|
| Bank interest receivable | <u>341</u> | <u>77</u> |

12. Interest payable and similar expenses

| | 2021 € | 2020 € |
|-----------------------|---------------|---------------|
| Bank interest payable | <u>10,119</u> | <u>46,560</u> |

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. Taxation

| | 2021 € | Restated 2020 € |
|--|------------------|-----------------------|
| Corporation tax | | |
| Current tax on profits for the year | (410,315) | (515,930) |
| Adjustments in respect of previous periods | - | (137,073) |
| | <u>(410,315)</u> | <u>(653,003)</u> |
| Foreign tax | | |
| Foreign tax on income for the year | 138,776 | 328,397 |
| | <u>138,776</u> | <u>328,397</u> |
| Total current tax | <u>(271,539)</u> | <u>(324,606)</u> |
| Taxation on profit on ordinary activities | <u>(271,539)</u> | <u>(324,606)</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 € | Restated 2020 € |
|--|------------------|-----------------------|
| Profit on ordinary activities before tax | <u>3,037,397</u> | <u>3,283,494</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | 577,105 | 623,864 |
| Effects of: | | |
| R&D tax credits | (410,315) | (525,409) |
| Foreign taxes paid in the UK | 44,201 | 157,671 |
| Fixed asset differences | (6,629) | 17,571 |
| Expenses not deductible for tax purposes | 7,653 | 18,756 |
| Capitalisation of development costs on consolidation | (539,332) | (612,588) |
| Other differences including losses carried forward | 55,778 | 132,602 |
| Adjustments to tax charge in respect of prior periods | - | (137,073) |
| Total tax charge for the year | <u>(271,539)</u> | <u>(324,606)</u> |

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

13. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

The Group has an unrecognised deferred tax asset of approximately €336,000 (2020 - €166,000) based on a tax rate of 25% (2020 - 19%). The parent company has an unrecognised deferred tax asset of approximately €68,000 (2020 - €Nil) based on a tax rate of 25% (2020 - 19%). The deferred tax assets have not been recognised as it is uncertain as to when the Group will be in a tax paying position to justify its recognition.

14. Dividends

| | 2021 | 2020 |
|---|---------------|---------------|
| | € | € |
| Dividends paid on Ordinary A and B shares | <u>94,666</u> | <u>89,330</u> |

15. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was €98,727 (2020 - profit of €93,874).

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. Intangible assets

Group

| | Software licences € | Development costs € | Total € |
|---------------------------------------|---------------------------|---------------------------|------------|
| Cost | | | |
| At 1 July 2020 (as previously stated) | 309,575 | - | 309,575 |
| Prior year adjustment | - | 3,393,840 | 3,393,840 |
| At 1 July 2020 (as restated) | 309,575 | 3,393,840 | 3,703,415 |
| Additions | 79,193 | 3,345,236 | 3,424,429 |
| At 30 June 2021 | 388,768 | 6,739,076 | 7,127,844 |
| Amortisation | | | |
| At 1 July 2020 (as previously stated) | 137,159 | - | 137,159 |
| Prior year adjustment | - | 169,692 | 169,692 |
| At 1 July 2020 (as restated) | 137,159 | 169,692 | 306,851 |
| Charge for the year | 64,290 | 506,645 | 570,935 |
| At 30 June 2021 | 201,449 | 676,337 | 877,786 |
| Net book value | | | |
| At 30 June 2021 | 187,319 | 6,062,739 | 6,250,058 |
| At 30 June 2020 (as restated) | 172,416 | 3,224,148 | 3,396,564 |

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. Intangible assets (continued)

Company

| | Software licences € |
|-----------------------|---------------------------|
| Cost | |
| At 1 July 2020 | 141,147 |
| At 30 June 2021 | <u>141,147</u> |
| Amortisation | |
| At 1 July 2020 | 43,128 |
| Charge for the year | 48,312 |
| At 30 June 2021 | <u>91,440</u> |
| Net book value | |
| At 30 June 2021 | <u><u>49,707</u></u> |
| At 30 June 2020 | <u><u>98,019</u></u> |

As at 30 June 2020, Group and parent Company intangible fixed assets with a net book value of €49,707 (2020 - €98,019) were held under finance lease agreements.

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

17. Tangible fixed assets

Group

| | Fixtures and fittings € | Office equipment € | Computer software € | Computer equipment € | Total € |
|-----------------------|--|-----------------------------------|------------------------------------|-------------------------------------|--------------------|
| Cost | | | | | |
| At 1 July 2020 | 957,156 | 283,606 | 35,169 | 1,135,741 | 2,411,672 |
| Additions | 41,510 | 81,179 | - | 86,542 | 209,231 |
| Disposals | - | (2,328) | - | (52,217) | (54,545) |
| At 30 June 2021 | 998,666 | 362,457 | 35,169 | 1,170,066 | 2,566,358 |
| Depreciation | | | | | |
| At 1 July 2020 | 513,998 | 197,102 | 28,878 | 868,164 | 1,608,142 |
| Charge for the year | 246,798 | 47,194 | 2,340 | 170,873 | 467,205 |
| Disposals | - | (2,064) | - | (49,955) | (52,019) |
| At 30 June 2021 | 760,796 | 242,232 | 31,218 | 989,082 | 2,023,328 |
| Net book value | | | | | |
| At 30 June 2021 | 237,870 | 120,225 | 3,951 | 180,984 | 543,030 |
| At 30 June 2020 | 443,158 | 86,504 | 6,291 | 267,577 | 803,530 |

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

17. Tangible fixed assets (continued)

Company

| | Office equipment € | Computer equipment € | Total € |
|-----------------------|--------------------------|----------------------------|------------|
| Cost | | | |
| At 1 July 2020 | 857 | 55,244 | 56,101 |
| Additions | 9,566 | 2,340 | 11,906 |
| Disposals | (9,583) | (56,526) | (66,109) |
| At 30 June 2021 | 840 | 1,058 | 1,898 |
| Depreciation | | | |
| At 1 July 2020 | 702 | 40,943 | 41,645 |
| Charge for the year | 1,372 | 8,540 | 9,912 |
| Disposals | (2,039) | (49,439) | (51,478) |
| At 30 June 2021 | 35 | 44 | 79 |
| Net book value | | | |
| At 30 June 2021 | 805 | 1,014 | 1,819 |
| At 30 June 2020 | 155 | 14,301 | 14,456 |

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

18. Fixed asset investments

Company

| | Investments in subsidiary companies € |
|-----------------|---|
| Cost | |
| At 1 July 2020 | 46,369 |
| Additions | 299,729 |
| At 30 June 2021 | 346,098 |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Class of shares | Holding |
|--|--|-----------------|---------|
| KAL Italy S.R.L | Via Enrico Fermi 4, 37135 Verona, Italy | Ordinary | 100% |
| KAL Software Mexico S.A. de C.V. | Oxford 30, Col. Juarez, Cd. Mexico, CP 06600, Cuauhtemoc, Ciudad De Mexico, Mexico | Ordinary | 100% |
| KAL Software Inc | 4412 Carver Woods Dr., Suite 105, Cincinnati, OH 45242, USA | Ordinary | 100% |
| KAL ATM Software India Private Limited | LG 09, B- Wing Art Guild House, PhoenixMarket City L.B.S Road, Kurla West, Mumbai- 400070, India | Ordinary | 100% |
| KAL ATM Software Ireland Limited | 122 Lower Baggot Street, Dublin, Republic of Ireland | Ordinary | 100% |
| KAL Software Bucharest S.R.L | No.10 Montreal Plaza, 3rd Floor, District 1, Bucharest, Romania | Ordinary | 100% |
| KAL Turkey Yazilim ve Arge Limited Sirketi | Büyükdere Cad. No:102/1, Kapi No:4, Esentepe Mah, Sisli/Istanbul, Turkey | Ordinary | 100% |
| KAL Software Netherlands B.V. | Laarderhogteweg 25, 1101 DL, Amsterdam, Netherlands | Ordinary | 100% |
| KAL Technology (Shenzhen) Co., Ltd. | 704J, 7th Floor, Yusheng Business Center, Dongbin Road, Nanshan District, Shenzhen, China | Ordinary | 100% |
| KAL ATM Software GmbH | Leopoldstraße 244, 808807, Munich, Germany | Ordinary | 100% |
| Fonach Holdings B.V. | Herikerbergweg 238, 1101CM, Amsterdam, Netherlands | Ordinary | 100% |
| KAL Software PTY Limited | Unit 202 Level 2, 14 Lexington Drive, Bella Vista, NSW 2153, Australia | Ordinary | 100% |
| Possavi UK Ltd* | 5 Logie Mill, Beaverbank Business Park, Edinburgh, EH7 4HG, United Kingdom | Ordinary | 100% |

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

18. Fixed asset investments (continued)

Subsidiary undertakings (continued)

| Name | Registered office | Class of shares | Holding |
|-------------------------|--|-----------------|---------|
| RTM Cash Holdings GmbH* | LeopoldstraBe 244, 808807, Munich, Germany | Ordinary | 100% |
| RTM Cash LT UAB* | Vilnius, Juozo, Balcikonio str. 9, Lithuania | Ordinary | 100% |

The principal activity of Possavi UK Ltd and RTM Cash LT UAB is that of providing card acquiring services in relation to the provision of POS terminals and processing ATM transactions on behalf of retailers. The principal activity of all other subsidiary undertakings is software development.

*Possavi UK Ltd and RTM Cash Holdings GmbH are indirect subsidiaries which are 100% owned by KAL ATM Software GmbH. RTM Cash LT UAB is an indirect subsidiary which is 100% owned by Fonach Holdings B.V.

In January 2022, a new subsidiary undertaking was incorporated: KAL Software Vietnam Company Limited, a company registered in Vietnam which is 100% owned by KAL ATM Software GmbH.

19. Stocks

| | Group 2021 € | Group 2020 € | Company 2021 € | Company 2020 € |
|-------------------------------|--------------------|--------------------|----------------------|----------------------|
| Raw materials and consumables | 168,538 | 81,297 | - | - |

20. Debtors

| | Group 2021 € | Group 2020 € | Company 2021 € | Company 2020 € |
|--|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 2,526,878 | 2,098,257 | 848,175 | 803,219 |
| Amounts owed by group undertakings (note 32) | - | - | 5,903,463 | 2,585,438 |
| Other debtors | 1,130,785 | 983,941 | 6,244 | 33,841 |
| Prepayments and accrued income | 1,603,312 | 1,464,678 | 61,331 | 122,322 |
| | <u>5,260,975</u> | <u>4,546,876</u> | <u>6,819,213</u> | <u>3,544,820</u> |

Included within amounts owed by subsidiary undertakings is a loan of €1,808,230/£1,551,474 (2020 - €1,706,792/£1,551,474). This loan is unsecured, repayable on demand and interest is charged at a rate of 5.5% per annum. The remaining amounts owed by subsidiary undertakings are unsecured, interest free and repayable on demand.

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

21. Cash and cash equivalents

| | Group 2021 € | Group 2020 € | Company 2021 € | Company 2020 € |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | 2,651,161 | 2,882,636 | 725,052 | 712,615 |

22. Creditors: Amounts falling due within one year

| | Group 2021 € | Group 2020 € | Company 2021 € | Company 2020 € |
|--|--------------------|--------------------|----------------------|----------------------|
| Trade creditors | 275,152 | 223,527 | 15,363 | 95,900 |
| Amounts owed to group undertakings (note 32) | - | - | 5,601,019 | 1,673,345 |
| Corporation tax | 4,608 | 11,120 | - | - |
| Other taxation and social security | 380,764 | 736,319 | 126,985 | 274,126 |
| Obligations under finance leases (note 24) | 52,090 | 47,018 | 52,090 | 47,018 |
| Other creditors | 286,987 | 421,210 | - | 18,331 |
| Accruals and deferred income | 3,769,050 | 3,306,461 | 97,160 | 125,700 |
| | <u>4,768,651</u> | <u>4,745,655</u> | <u>5,892,617</u> | <u>2,234,420</u> |

The amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

23. Creditors: Amounts falling due after more than one year

| | Group 2021 € | Group 2020 € | Company 2021 € | Company 2020 € |
|--|--------------------|--------------------|----------------------|----------------------|
| Obligations under finance leases (note 24) | - | 49,162 | - | 49,162 |

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

24. Finance leases

Minimum lease payments under finance leases fall due as follows:

| | Group 2021 € | Group 2020 € |
|-------------------|--------------------|--------------------|
| Within one year | 52,090 | 47,018 |
| Between 1-5 years | - | 49,162 |
| | <u>52,090</u> | <u>96,180</u> |

25. Financial instruments

| | Group 2021 € | Group 2020 € | Company 2021 € | Company 2020 € |
|---|--------------------|--------------------|----------------------|----------------------|
| Financial assets | | | | |
| Financial assets representing cash and cash equivalents | 2,651,161 | 2,882,636 | 725,052 | 712,615 |
| Financial assets representing debtors | 3,657,663 | 3,082,198 | 6,757,882 | 3,422,498 |
| | <u>6,308,824</u> | <u>5,964,834</u> | <u>7,482,934</u> | <u>4,135,113</u> |
| Financial liabilities | | | | |
| Financial liabilities representing creditors | (614,229) | (740,917) | (5,668,472) | 1,883,756 |

Financial assets representing debtors measured at amortised cost comprise trade debtors, amounts owed by subsidiary undertakings and other debtors.

Financial liabilities representing creditors measured at amortised cost comprise trade creditors, amounts owed to subsidiary undertakings, obligations under finance leases and other creditors.

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

26. Share capital

| | 2021 € | 2020 € |
|--|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,010,000 (2020 - 1,010,000) Ordinary A shares of £0.01 each | 14,123 | 14,123 |
| 5,108 (2020 - 5,108) Ordinary B shares of £0.01 each | 85 | 85 |
| 77,989 (2020 - 77,989) Ordinary C shares of £0.01 each | 1,299 | 1,299 |
| | <hr/> 15,507 | <hr/> 15,507 |

Ordinary A and Ordinary B shares:

The Ordinary A and Ordinary B shares rank pari passu and in the event of the Company being wound up or sold, the A and the B shareholders will receive the first €1,165,433 (£1,000,000) in proportion to their shareholdings ahead of any D share entitlement.

Ordinary D shares:

The shareholder of the D Ordinary shares is not entitled to dividends or any other distribution and is not entitled to vote in general meetings. In the event of the Company being wound up or sold, the D Ordinary shareholder ranks behind the other shareholders and is entitled to the sum of €697,134 (£598,176). If a flotation is proposed, the Company shall allot and issue to the holder of the D Ordinary shares the number of Ordinary shares such that the percentage of the equity shares held by the holder following completion of the issue equals the percentage of the proceeds that the holder of D Ordinary shares would have received in the event of the Company being wound up or sold, as above.

27. Reserves**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Foreign exchange reserve

This reserve records the translation differences arising on consolidation of the subsidiaries.

Profit and loss account

This reserve includes all current and prior periods retained profits and losses net of dividends paid.

KORALA ASSOCIATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

28. Prior year adjustment

The principal activity of the Group is the development of ATM software. The Group's accounting policy has historically been to expense all costs incurred in undertaking this activity. However, this policy has been reviewed by the Directors and it has been decided that the capitalisation of qualifying development costs would better reflect the financial position of the Group. The Group has a number of contracts and generates commercial revenues which indicates that it is probable that future economic benefit will be derived from the development activities and, as such the recognition criteria of FRS 102 met.

As this is a change in accounting policy choice, the change has been applied at the beginning of the earliest period for which retrospective application is practicable, which was determined to be the prior year. This has resulted in the capitalisation of costs of €3,393,840 which has previously been expensed, an amortisation charge of €169,692 and a corresponding increase in the equity of the Group of €3,224,148.

29. Income under operating leases

At 30 June 2021 the Group and parent company had future minimum lease receipts under noncancellable operating leases as follows:

| | Group 2021 € | Group 2020 € | Company 2021 € | Company 2020 € |
|--|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year | 27,584 | 31,240 | 125,061 | 123,240 |
| Later than 1 year and not later than 5 years | 113,092 | 101,530 | 518,222 | 474,316 |
| Later than 5 years | 22,067 | 52,066 | 992,875 | 1,069,891 |
| | <u>162,743</u> | <u>184,836</u> | <u>1,636,158</u> | <u>1,667,447</u> |

30. Pension commitments

The Group makes payments to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to €189,211 (2020 - €159,759). €15,456 (2020 - €37,014) of outstanding contributions were payable to the fund at the reporting date and are included in other creditors.

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

31. Commitments under operating leases

At 30 June 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2021 € | Group 2020 € | Company 2021 € | Company 2020 € |
|--|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year | 488,214 | 574,462 | 266,501 | 294,053 |
| Later than 1 year and not later than 5 years | 975,857 | 1,104,081 | 848,815 | 850,362 |
| Later than 5 years | 1,909,320 | 2,000,888 | 1,909,320 | 2,000,888 |
| | <u>3,373,391</u> | <u>3,679,431</u> | <u>3,024,636</u> | <u>3,145,303</u> |

32. Related party transactions

The Group has taken advantage of the exemption granted by FRS 102 not to report details of the transactions with entities which are 100% controlled by a common parent undertaking.

Disclosures surrounding directors' remuneration and key management remuneration are provided in notes 9 and 10 of the financial statements.

As part of the Group's Brexit strategy, on 30 January 2020 all of the trade and assets of the parent company (Korala Associates Limited) were transferred to a UK branch of the newly incorporated German subsidiary (KAL ATM Software GmbH). This transfer took place for a consideration of €1,706,792 (£1,551,474), an amount equal to the value of net assets transferred. This has not affected any of the current operations in Edinburgh or the software and services that the Group provide globally.

33. Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

In August 2021, RTM Cash Holdings GmbH, a subsidiary undertaking of the Group, was dissolved.

In January 2022, ownership of Possavi UK Ltd, a subsidiary undertaking of the Group, was transferred from KAL ATM Software GmbH to Fonach Holdings B.V.

In January 2022, a new subsidiary undertaking was incorporated: KAL Software Vietnam Company Limited, a company registered in Vietnam which is 100% owned by KAL ATM Software GmbH.

The KAL Group has an ongoing facility with a provider of invoice financing and on 28th April 2022 and 29th July 2022 withdrew €504k and €622k respectively to aid in the investment in the Possavi subsidiaries.

KORALA ASSOCIATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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34. Controlling party

In the directors' opinion, the company's ultimate controlling party is Dr A S Athukorala by virtue of his majority shareholding in the company.