

Registered number 445087

ESCHER GROUP (IRL) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

ESCHER GROUP (IRL) LIMITED

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ESCHER GROUP (IRL) LIMITED

COMPANY INFORMATION

Director	S Hughes
Company secretary	A Kumar
Registered number	445087
Registered office	The Greenway Ardilaun Court 112-114 St. Stephen's Green Dublin 2 D02 TD28
Independent auditor	KPMG Chartered Accountants, Statutory Audit Firm 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
Bankers	Bank of Ireland 88 Lower Camden Street Dublin 2 Ireland
Solicitors	Eversheds Sutherland Earlsfort Terrace Dublin 2 Ireland

ESCHER GROUP (IRL) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Director presents their annual report and the audited financial statements for the year ended 31 December 2024.

Principal activities

The principal activity of Escher Group (Irl) Limited ("the Company") is the development, sale and support of enterprise-wide software applications for post office counter automation and distributed network communication. The Company's principal customers are international postal services.

Review of the business

The Company uses a range of measures to monitor and manage the performance of the business, with the level of new business sales, and customer contract renewals being key operational performance indicators, alongside the financial results of the business which are reviewed monthly. The business prepares regular forecasts for its future targets and resource requirements. The key financial performance indicators include turnover and EBITDA.

Demand for Escher's market leading technology, including ongoing maintenance and support services, saw total revenue in the year increase by 17.5% to \$20.8m (2023 (restated): \$17.7m). In 2024, Escher commenced major systems implementations for 3 customers, an increase from 2023 (1 customer implementation started).

The Company maintained a strong balance sheet with adequate liquidity to meet its obligations as they fell due. The Company has net liabilities of \$8,135k (2023: (restated): \$7,673k) and net current liabilities of \$13,539k (2023: (restated): \$15,596k). No significant impairments to investments in subsidiaries were identified. Intercompany balances remain recoverable based on current and projected subsidiary performance. At the year end, the Company held cash and cash equivalents of \$3,864k (2023: \$1,194k).

Operating profit increased by 14% to \$7.3m (2023 (restated): \$6.4m).

Results and dividends

The loss of the Company for the year after taxation amounted to \$462k (2023 (restated): \$4,474k).

There were no dividends paid, recommended or declared during the current of previous financial year.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements was as follows:

T O'Beirne	(Resigned 12 July 2024)
J DiBari	(Resigned 20 September 2024)
N Stone	(Appointed 20 September 2024 and resigned 11 November 2024)
S Hughes	(Appointed 12 July 2024)

The Company Secretary who served throughout the financial year was A Kumar.

Director's and secretary's interests

The Director and Company Secretary had no disclosable interest in the shares of the Company or any group company at the beginning or end of the financial year.

ESCHER GROUP (IRL) LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Principal risks and uncertainties

Risk management is a high priority. Processes are designed to identify, mitigate and manage risk. The Board of Directors are ultimately responsible for risk management. The principal risk factors that could materially and adversely affect the Company's future operating profits or financial position, and the controls in place to mitigate these risks, are as follows:

Dependence on key executives and personnel

The Company has and will continue to invest in applicable resources, systems and processes to ensure the success of both recruitment and onboarding of employees and subsequent training.

Competitive risk

The Company continues to dedicate significant research and development resource to the constant enhancement of technology solutions and protects this intellectual property by securing patents where possible, thereby maintaining a competitive edge.

Credit risk

The Company's primary financial assets are bank balances, trade and other receivables. Bank balances are lodged with a sponsoring bank which carries a high credit rating. Trade and other receivables are shown net of expected credit losses.

Contract renewal and award

As the Company rapidly expands, we will invest in client relationship management, and we do not foresee any strain on the quality of these services. As part of its current recruitment plan, the Company continues to add skilled resources focused on customer engagements for new and existing customer relationships. It also continues to invest in the services, product and research development teams, to ensure the quality of deliverables remain high, further supporting the Company's market leading role in the sector.

Product risks

The Company continues to invest in both people and quality control processes within its research and development team to ensure high quality products remain at the forefront of technology for their clients. Additionally, there is continued investment in resources within its service delivery team to ensure the quality-of-service delivery, with a focus on mitigating implementation risk.

Economic conditions and current economic weakness

The markets in which the Company offers its products and services are directly affected by many local and international factors that are beyond the Company's control. The Company continuously reviews opportunities to diversify and broaden its product base in order to appeal to a wider clientele in a larger range of industries with an increased geographical diversity.

The Board will continue to review and monitor the following:

- Interest rate policy changes of the The U.S. Federal Reserve and European Bank.
- Inflation rates in major markets which may have an impact on the Group operations.
- Geopolitical risks that may arise which may have an impact on the Group operations.

We closely monitor geopolitical and economic developments in key markets and sectors and undertake scenario analysis where appropriate. This helps us to take actions to manage our costs where necessary, including through enhanced monitoring, amending our risk appetite and/or reducing limits and exposures.

We regularly review key customers to help ensure that individual customers risks are understood and that our ability to manage the level of product and services offered through any downturn is appropriate.

We have taken steps, where necessary, to ensure that our staff are not in a position to be impacted by any geopolitical risks or terrorism.

ESCHER GROUP (IRL) LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Currency risk

Whilst the Company has a reporting currency of US Dollars, it retains significant Euro denominated revenues and Euro cost bases from its Irish workforce. Significant changes to Euro exchange rates against the US Dollar could impact on the Company's results. The Company also has revenues and costs in other currencies. The Company does not utilise financial instruments to mitigate the potential effects of currency fluctuations but has access to such instruments should it decide to utilise them in the future.

Liquidity risk

The Company maintains and monitors cash and bank balances to ensure it has sufficient available liquid resources for it to operate.

Research and development

The Company performed research and development in relation to Riposte TreX and Riposte during the financial year. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets in accordance with the accounting policy. During the year \$1,637k was capitalized (2023 (restated): \$5,983k).

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2023: \$nil).

Going concern

The Company has net liabilities of \$8,135k (2023 (restated): \$7,673k) and made a loss for the year of \$462k (2023 (restated): \$4,474k). The Directors have obtained written confirmation from the parent undertaking that it will continue to provide financial support to enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Post reporting date events

Details of important events affecting the Company which have taken place since the end of the financial year are given in note 22 of the financial statements.

Future developments

There are no future material changes anticipated in the business of the Company at this time.

Directors' compliance statement

The Director, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and tax laws ("relevant obligations"). The Director confirms that:

- a compliance policy statement has been drawn up setting out the Company's policies that in their opinion are appropriate with regard to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review has been conducted, during the financial year, of those arrangements and structures.

Relevant audit information

The Director believes that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditor is aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditor is uninformed of.

ESCHER GROUP (IRL) LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Accounting records

The Director acknowledges that during the current financial reporting period, they identified certain matters relating to the maintenance of the Company's records which resulted in the accounting records being inaccurate in some respects (see note 4). The Director believes that having dealt with these matters, they are now in compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 regarding maintaining adequate accounting records by employing accounting personnel with the necessary expertise and by providing adequate resources to the financial function. The accounting records of the Company and Group are maintained at 112-114 St. Stephen's Green, Dublin 2, D02 TD28.

Auditor

Pursuant to Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

Approved by the Board of Directors and signed by order of the Board

DocuSigned by:

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S Hughes

Director

Date: 26-Mar-26



Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the 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 they have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework.

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 assets, liabilities and financial position of the Company and of its profit or loss for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements are prepared in accordance with the applicable accounting framework and comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board

[Director] 98A697FCF0CD4F1...

[Director]

[Date] 26-Mar-26



KPMG

Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent Auditor's Report to the Members of Escher Group (Irl) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Escher Group (Irl) Limited ('the Company') for the year ended 31 December 2024 set out on pages 10 to 34, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 2.

The financial reporting framework that has been applied in their preparation is Irish Law and FRS 101 Reduced Disclosure Framework issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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 Company's ability to continue as a going concern for a period of at least twelve months from the date 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.



Independent Auditor's Report to the Members of Escher Group (Irl) Limited (continued)

Report on the audit of the financial statements (continued)

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report to the Members of Escher Group (Irl) Limited
(continued)

Respective responsibilities and restrictions on use (continued)

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 (Ireland) 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.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Emma O'Driscoll

27 March 2026

Emma O'Driscoll
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03

ESCHER GROUP (IRL) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	Notes	\$'000	as restated \$'000
Revenue	6	20,848	17,690
Administrative expenses		(13,592)	(11,312)
		<u>7,256</u>	<u>6,378</u>
Operating profit before exceptional items, depreciation and amortisation		7,256	6,378
Depreciation and amortisation	7	(6,312)	(5,075)
Exceptional items	8	(600)	(5,205)
		<u>344</u>	<u>(3,902)</u>
Operating profit/(loss)	7	344	(3,902)
Finance costs	9	(37)	(41)
		<u>307</u>	<u>(3,943)</u>
Profit/(loss) before taxation		307	(3,943)
Taxation charge	10	(769)	(531)
		<u>(462)</u>	<u>(4,474)</u>
Loss for the year		<u><u>(462)</u></u>	<u><u>(4,474)</u></u>

The notes on pages 14 to 34 form part of these financial statements.

All activity in both the current and prior year relates to continuing operations.

There are no items of other comprehensive income in the current or preceding financial year other than those dealt with in the profit or loss account.

ESCHER GROUP (IRL) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		2024	2023
	Notes	\$'000	as restated \$'000
Non-current assets			
Intangible assets	11	8,984	10,638
Property, plant and equipment	12	227	549
		<u>9,211</u>	<u>11,187</u>
Current assets			
Trade and other receivables	13	42,588	27,322
Current tax recoverable	13	833	709
Cash and cash equivalents		3,864	1,194
		<u>47,285</u>	<u>29,225</u>
Total assets		<u>56,496</u>	<u>40,412</u>
Current liabilities			
Trade and other payables	14	(59,591)	(43,776)
Lease liabilities	15	(125)	(287)
Provisions	17	(1,126)	(758)
		<u>(60,842)</u>	<u>(44,821)</u>
Non-current liabilities			
Trade and other payables	14	(1,716)	(404)
Lease liabilities	15	-	(194)
Deferred tax liabilities	16	(250)	-
Provisions	17	(1,823)	(2,666)
		<u>(3,789)</u>	<u>(3,264)</u>
Total liabilities		<u>(64,631)</u>	<u>(48,085)</u>
Net liabilities		<u>(8,135)</u>	<u>(7,673)</u>
Equity			
Share capital	18	-	-
Capital contribution reserve	19	2,098	2,098
Retained losses	19	(10,233)	(9,771)
Total equity		<u>(8,135)</u>	<u>(7,673)</u>

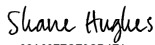
The notes on pages 14 to 34 form part of these financial statements.

ESCHER GROUP (IRL) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2024

The financial statements were approved by the Board of Directors and authorised for issue on 26-Mar-26 and are signed on its behalf by:

DocuSigned by:

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S Hughes
Director

Registered number 445087

ESCHER GROUP (IRL) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share capital contribution reserve \$'000	Capital contribution reserve \$'000	Retained losses \$'000	Total equity \$'000
Balance at 1 January 2023 (as previously reported)		-	2,098	(3,655)	(1,557)
Adjustment on correction of error	4	-	-	(1,642)	(1,642)
Restated balance at 1 January 2023		-	2,098	(5,297)	(3,199)
Year ended 31 December 2023:					
Loss and total comprehensive loss (restated)		-	-	(4,474)	(4,474)
Restated balance at 31 December 2023		-	2,098	(9,771)	(7,673)
Year ended 31 December 2024:					
Loss and total comprehensive income		-	-	(462)	(462)
Balance at 31 December 2024		-	2,098	(10,233)	(8,135)

The notes on pages 14 to 34 form part of these financial statements.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1 General information

Escher Group (Irl) Limited (the "Company") is a private company limited by shares and is registered and incorporated in the Republic of Ireland (registered number 445087). The registered office is The Greenway, Ardilaun Court, 112-114 St. Stephen's Green, Dublin, D02 TD28.

The principal activity of the Company, a subsidiary of Escher Group Holdings Limited, is the development, sale and support of enterprise-wide software applications for post office counter automation and distributed network communication. The Company's principal customers are international postal services.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared and approved by the Director in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and the Companies Act 2014. There have been no material departures from the Standards.

The financial statements have been prepared on a historical cost basis as explained in the accounting policies below. Historical cost is generally based on the fair value on transaction date of the consideration given in exchange for assets. The financial statements are presented in United States Dollar ("USD"). Monetary amounts in these financial statements are rounded to the nearest \$1,000.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies, the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 Disclosure exemptions adopted

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the consolidated financial statements of the group into which this entity consolidates, in accordance with FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows and related notes
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting, Estimates and Errors
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'
- the requirements of paragraphs 52, and 58 of IFRS 16 'Leases'
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 88C and 88D of IAS 12 Income Taxes

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting policies

(Continued)

2.3 Going concern

The Company has net liabilities of \$8,135k (2023 (restated): \$7,673k) and made a loss for the year of \$462k (2023 (restated): \$4,474k). The Directors have obtained written confirmation from the parent undertaking that it will continue to provide financial support to enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Revenue

The Company has multiple distinct revenue streams which include licenses, maintenance and professional services. These are being recognised when the identified performance obligations below are satisfied under IFRS 15.

Licenses, maintenance and warranty revenue is recognised together over time in equal monthly proportion over the life of the contract.

Managed Service revenue is recognised over time in equal monthly proportion over the life of the contract.

Professional services include implementation, training and support services. Support services are recognised over the support term in proportion to the effort required to deliver the support services each month. Implementation (which includes customisation) and training are recognised over time on a percentage completion basis, based on the input method of time required on the project.

Change requests which do not have a defined scope are recognised over time in equal monthly proportion over the period. Change requests with a defined scope are recognised the same as implementation.

There is a small element of hardware revenue which is recognised at a point in time on delivery.

Allocation of the transaction price amongst the performance obligations is based on the stand along selling price of each performance obligation, net of any discount the customer receives on the contract as a whole and any significant financing component.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established the Company recognises any impairment loss on the assets associated with the contract.

2.5 Finance income and costs

Finance income and costs are recognised using the effective interest rate method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting policies

(Continued)

2.6 Foreign exchange

The financial statements are prepared under the functional currency of US Dollar due to the majority of contractual agreements and daily transactions within the Company being denominated in US Dollar, such that the US Dollar is considered to be the primary economic environment impacting the Company.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

2.7 Exceptional costs

Exceptional costs are those that are separately disclosed by virtue of their nature, or amount, in order to highlight such items within the Statement of Comprehensive Income and results for the year. Examples of such costs include board and advisory fees, reorganisation programmes, significant impairment of assets, transaction and integration costs related to acquisition and disposal activity, project related professional and consulting fees and other non-recurring material costs such as litigation costs and settlements. Management exercises judgement in assessing each particular cost which, by virtue of its scale or nature, should be highlighted and disclosed in the Statement of Comprehensive Income and notes to the financial statements as exceptional costs. Exceptional costs are included within the Statement of Comprehensive Income caption to which they relate and are separately disclosed in the notes to the financial statements.

2.8 Intangible assets other than goodwill

Expenditure on software development activities is capitalised if the product or process is technically feasible, commercially marketable, the costs are separately identifiable and reliably measurable and the Group intends to, and has sufficient resources to, complete development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria above. Where no internally generated intangible asset can be recognised, development expenditure is charged to administrative expenses in the Statement of Comprehensive Income in the year in which it is incurred. Amortisation is recorded once the asset is brought into use.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. The asset is then subsequently amortised on an individual basis. Amortisation is charged to the Statement of Comprehensive Income in the year in which it is incurred. Current assets held have a life between 3-5 years.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting policies

(Continued)

2.9 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which the cost is incurred.

Right to use assets are included within property, plant and equipment. Please refer to note 2.20 for further information regarding these.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment on a straight-line basis over their estimated useful lives, having regard to residual value. The estimated useful lives are as follows:

Leasehold improvements	over the term of the lease
Fixtures, fittings and equipment	five years
Computer equipment	three years

A de minimis is set, whereby items with an original cost of less than \$2k are expensed to the Statement of Comprehensive Income. The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive Income.

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

2.13 Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting policies

(Continued)

2.14 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.15 Provisions

Provisions are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount has been reliably estimated

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Comprehensive Income.

2.16 Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting policies

(Continued)

2.18 Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an asset, the Company assesses whether:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any initial lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's most recent incremental borrowing rate at the time of the creation of the asset.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.

The Company presents right-of-use assets within property, plant and equipment and lease liabilities are separately disclosed in the Statement of Financial Position.

Short term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of less than 12 months unless not recognising the lease would result in a misstatement to the financial statements of the Company. The Company recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

2.19 Adoption of new and revised standards and changes in accounting policies

The following amendments to standards were issued and adopted in the year, with no material impact on the financial statements (all effective for annual periods beginning on or after 1 January 2024):

- Amendment to IFRS 16 Leases – Leases on sale and leaseback
- Amendment to IAS 1 Presentation of Financial Statements – Non-current liabilities with covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier finance

There were no other new accounting standards issued that have been adopted in the year.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Management have not made any significant judgements or estimates in applying the Company's accounting policies.

4 Prior year adjustment

The Company has identified a number of prior period errors which they consider material to the comparative financial information. These errors, along with the correcting adjustments, are detailed below:

Onerous contract (Adj 1)

The Company entered into a customer contract prior to 2023 that had to be amended for reasons outside the Company's control (including key dates and stages in the contract's performance obligations), which was not updated in the company's revenue recognition process and resulted in an over recognition of revenue in 2022 amounting to \$1.9m.

The contracts were amended again during 2023 (including key dates and stages in the contract's performance obligations) but were not updated in the Company's revenue recognition process and resulted in an over recognition of revenue in 2023 amounting to \$2m. The Company then deemed the contract to be onerous in December 2023, but this was not recognised resulting in an unrecognition of onerous liability amounting to \$3.4m.

Amortisation of internally generated intangible assets (Adj 2)

The Company frequently releases newly developed software products to its customers. The costs incurred on this development are capitalised as internally generated intangible assets which should then be amortised over the useful life of the software once the product is available for use, as required by IAS 38. The Company did not charge any amortisation on the costs incurred on developed software products that were released during the prior period. This has been corrected by "Adj 2" in the extracts below.

Revenue recognition (Adj 3)

Upon review of some of the Company's other contracts with customers, a contract identified where revenue had been over recognised in the prior year. The support revenue commenced recognition on signing in 2023 and was to be spread over time from the date the license was provided. However, the services could not be supplied as the implementation was still ongoing and the customised code had not been created. Therefore, the performance obligation was not satisfied and no revenue should have been recognised during 2023. This error has been corrected by "Adj 3" in the extracts below.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

4 Prior year adjustment

(Continued)

Other material prior period errors (Adj 4)

Upon review of the Company's Statement of Financial Position at 31 December 2023, the Company has identified various prior period errors that they consider material and should be adjusted. These errors include the reclassification of exceptional costs to administrative expenses as it was determined upon review of the Company's exceptional costs policy, there was several costs included as exceptional costs in the prior year which are now deemed to be recurring in nature and were incorrectly treated as exceptional costs. Other contract costs which were capitalised on obtaining new contracts in the prior year were not correctly amortised in line with the contract start dates. A contract asset had been recognised on a signed contract which work had started but was ultimately deemed irrecoverable. There were some mis-postings related to payroll tax, current tax and deferred tax which were corrected. There was also some immaterial foreign exchange differences corrected in the Statement of Financial Position. Finally, the presentation of the Statement of Financial Position was updated for the reclassing of deferred revenue \$404k between current liabilities and non current liabilities based on whether due within 12 months or greater and for the reclassing of kiosk hardware costs from Inventory to trade and other receivables to better align the nature of the balance.

Adjustments were required to the opening position at 1 January 2023 and further adjustments were required at the closing position of 31 December 2023. The impact of these adjustments is summarised by "Adj 4" in the extracts below.

Statement of Comprehensive Income

	As previously reported	Adj 1	Adj 2	Adj 3	Adj 4	As restated
YE 31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	19,906	(2,004)	-	(212)	-	17,690
Administrative expenses	(12,290)	1,206	-	-	(228)	(11,312)
Operating profit before exceptional costs, depreciation and amortisation	7,616	(798)	-	(212)	(228)	6,378
Exceptional costs	(666)	(4,631)	-	-	92	(5,205)
Depreciation and amortisation	(4,487)	-	(588)	-	-	(5,075)
Operating profit/(loss)	2,463	(5,429)	(588)	(212)	(136)	(3,902)
Profit/(loss) before tax	2,422	(5,429)	(588)	(212)	(136)	(3,943)
Taxation charge	(924)	-	-	-	393	(531)
Profit/(loss for the year)	1,498	(5,429)	(588)	(212)	257	(4,474)

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

4 Prior year adjustment

(Continued)

Statement of Financial Position

	As previously reported \$'000	Adj 1 \$'000	Adj 2 \$'000	Adj 3 \$'000	Adj 4 \$'000	As restated \$'000
As at 31 December 2023						
Non-current assets						
Property, plant and equipment	547	-	-	-	2	549
Intangible assets	11,006	-	(588)	-	220	10,638
Current assets						
Inventory	108	-	-	-	(108)	-
Trade and other receivables	31,354	(3,842)	-	-	(190)	27,322
Current tax recoverable	-	-	-	-	709	709
Total assets	<u>44,209</u>	<u>(3,842)</u>	<u>(588)</u>	<u>-</u>	<u>633</u>	<u>40,412</u>
Current liabilities						
Trade and other payables	(43,798)	(35)	-	(212)	269	(43,776)
Provisions	-	(758)	-	-	-	(758)
Non-current liabilities						
Trade and other payables	-	-	-	-	(404)	(404)
Lease liabilities	(183)	-	-	-	(11)	(194)
Provisions	-	(2,666)	-	-	-	(2,666)
Total liabilities	<u>(44,268)</u>	<u>(3,459)</u>	<u>-</u>	<u>(212)</u>	<u>(146)</u>	<u>(48,085)</u>
Net liabilities	<u>(59)</u>	<u>(7,301)</u>	<u>(588)</u>	<u>(212)</u>	<u>487</u>	<u>(7,673)</u>
Equity						
Retained losses	(2,157)	(7,301)	(588)	(212)	487	(9,771)
Total equity	<u>(59)</u>	<u>(7,301)</u>	<u>(588)</u>	<u>(212)</u>	<u>487</u>	<u>(7,673)</u>

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

4 Prior year adjustment

(Continued)

Statement of Financial Position

	As previously reported \$'000	Adj 1 \$'000	Adj 4 \$'000	As restated \$'000
As at 1 January 2023				
Non-current assets				
Intangible assets	8,936	-	(107)	8,829
Current assets				
Trade and other receivables	18,067	(1,136)	-	16,931
Total assets	<u>29,077</u>	<u>(1,136)</u>	<u>(107)</u>	<u>27,834</u>
Current liabilities				
Trade and other payables	(29,323)	(736)	337	(29,722)
Total liabilities	<u>(30,634)</u>	<u>(736)</u>	<u>337</u>	<u>(31,033)</u>
Net liabilities	<u>(1,557)</u>	<u>(1,872)</u>	<u>230</u>	<u>(3,199)</u>
Equity				
Retained losses	(3,655)	(1,872)	230	(5,297)
Total equity	<u>(1,557)</u>	<u>(1,872)</u>	<u>230</u>	<u>(3,199)</u>

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

5 Employees

The average monthly number of persons (including Directors) employed by the company during the year was:

	2024	2023
	Number	Restated Number
Delivery and support	19	11
Product development	8	8
Product management	3	2
Sales	2	2
Marketing	2	1
General and administrative	10	12
	<hr/>	<hr/>
Total	44	36
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	2024	2023
	\$'000	Restated \$'000
Wages and salaries	3,472	2,737
Social security costs	502	434
Pension costs	171	144
	<hr/>	<hr/>
	4,145	3,315
	<hr/> <hr/>	<hr/> <hr/>

The above amounts are shown net of capitalised development costs of \$1,637k (2023 (restated): \$1,632k).

Aggregate Directors emoluments paid to the current and past directors in the year was \$403k (2023: \$370k). This amount is an estimated allocation of the emoluments paid or payable to this individual in relation to their executive management role. The allocation is based on an estimate of the qualifying services they provided during the financial year, including management of the affairs of the Company.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

6 Revenue

All of the Company's revenues were generated from the principal activities of the Company. Revenue is disaggregated by class of business as follows:

	2024	2023
	\$'000	Restated \$'000
Revenue analysed by class of business		
Customisation services	7,507	4,378
Maintenance	5,501	4,788
Support	2,411	2,321
Licence	733	1,174
Managed service	4,016	4,292
Other	680	737
	<u>20,848</u>	<u>17,690</u>

Revenue is earned from the sale of software and related services throughout the world. Revenue attributable by market has not been disclosed as the Director believes it to be seriously prejudicial.

The Company has recognised the following assets and liabilities related to contracts with customers:

	2024	2023
	\$'000	Restated \$'000
Receivables - included in trade and other receivables	5,152	4,069
Contract assets	2,552	1,143
Deferred revenue	(8,105)	(5,894)
	<u> </u>	<u> </u>

The contract assets primarily relate to the rights to consideration for work completed but not billed at the reporting date on service contracts. The contract assets are transferred to receivables when the rights become unconditional, this usually occurs when an invoice is issued to a customer.

The deferred revenue primarily relates to the advance consideration received from customers for license, maintenance and support contracts, for which revenue is recognised in a straight line over the life of the license provided or associated contract length for other key services.

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was \$5,490k (2023: \$3,080k).

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

6 Revenue (Continued)

The following table shows the transaction price allocated long-term contracts that are partially or fully unsatisfied at the year-end, along with the expected timing of revenue recognition:

	2024	2023
	\$'000	Restated \$'000
Transaction price allocated long-term contracts that are partiall or fully unsatisfied at the year end	25,387	21,016
<i>Expected timing of revenue recognition:</i>		
Within one year	13,492	16,963
Between one and two years	6,140	2,569
Between two and five years	5,755	1,484
	<u>25,387</u>	<u>21,016</u>

7 Operating profit/(loss)

	2024	2023
	\$'000	Restated \$'000
Operating profit/(loss) for the year is stated after charging:		
Exchange losses	199	37
Audit fees payable to the Company's auditor	106	105
Depreciation of property, plant and equipment	368	574
Amortisation of intangible assets	5,944	4,501
	<u>5,944</u>	<u>4,501</u>

8 Exceptional items

	2024	2023
	\$'000	Restated \$'000
Exceptional costs	600	5,205
	<u>600</u>	<u>5,205</u>

Exceptional costs relate to transaction and integration costs of \$313k (2023: \$186k), non-recurring activity of \$287k (2023: \$4,661k) and office move costs of \$nil (2023: \$358k).

9 Finance costs

	2024	2023
	\$'000	\$'000
Interest on lease liabilities	9	27
Interest on loans	28	14
	<u>37</u>	<u>41</u>

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

10 Taxation

	2024	2023
	\$'000	Restated \$'000
Current tax		
Tax on profits for the current period	519	531
	<u>519</u>	<u>531</u>
Deferred tax		
Origination and reversal of temporary differences	250	-
	<u>250</u>	<u>-</u>
Total tax charge	769	531
	<u>769</u>	<u>531</u>

The charge for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows:

	2024	2023
	\$'000	Restated \$'000
Profit/(loss) before taxation	307	(3,943)
	<u>307</u>	<u>(3,943)</u>
Expected tax charge/(credit) based on a corporation tax rate of 12.50% (2023: 12.50%)	38	(493)
Expenses not deductible for tax	807	649
Loss relief	-	244
Double treaty relief	(71)	58
Group relief	(16)	-
Research and development tax credit	-	(26)
Capital allowances	(25)	-
Finance lease payments	(43)	(45)
Withholding tax	71	-
Other tax adjustments	8	144
	<u>769</u>	<u>531</u>
Taxation charge for the year	769	531
	<u>769</u>	<u>531</u>

Factors that may affect future current and total tax charges

No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

11 Intangible assets

	Internally generated software \$'000
Cost	
At 1 January 2024 (as previously reported)	22,637
Restatement	220
	<hr/>
At 1 January 2024 (as restated)	22,857
Additions	4,290
	<hr/>
At 31 December 2024	27,147
	<hr/>
Amortisation	
At 1 January 2024 (as previously reported)	11,631
Restatement	588
	<hr/>
At 1 January 2024 (as restated)	12,219
Charge for the year	5,944
	<hr/>
At 31 December 2024	18,163
	<hr/>
Carrying amount	
At 31 December 2024	8,984
	<hr/> <hr/>
At 31 December 2023	10,638
	<hr/> <hr/>

All additions in the year relate to capitalised development costs.

To the extent that any individual products are still in the development phase no amortisation has been recognised.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

12 Property, plant and equipment

	Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Right-of-use assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 January 2024	119	660	1,217	617	2,613
Additions	-	-	46	-	46
At 31 December 2024	119	660	1,263	617	2,659
Accumulated depreciation					
At 1 January 2024	119	660	1,129	156	2,064
Charge for the year	-	-	50	318	368
At 31 December 2024	119	660	1,179	474	2,432
Carrying amount					
At 31 December 2024	-	-	84	143	227
At 31 December 2023	-	-	88	461	549

Right-of-use assets

Right-of-use assets relate to leased properties that do not meet the definition of investment properties and are presented within property, plant & equipment. For more details on the Company's leases, see note 15.

13 Trade and other receivables

	2024	2023
	\$'000	Restated \$'000
Trade receivables	5,152	4,069
Contract assets	2,552	1,143
Corporation taxes receivable	833	709
Amounts owed by fellow group undertakings	33,132	21,605
Other receivables	1,752	505
	43,421	28,031

Amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

Trade receivables are shown net of provision for impairment of \$nil (2023: \$73k).

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

14 Trade and other payables

	Current		Non-current	
	2024	2023 Restated	2024	2023 Restated
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,278	1,505	-	-
Amounts owed to fellow group undertakings	50,717	34,730	-	-
Amounts owed to related parties	-	-	147	-
Social security and other taxation	563	479	-	-
Deferred revenue	6,536	5,490	1,569	404
Accruals and other payables	497	1,572	-	-
	<u>59,591</u>	<u>43,776</u>	<u>1,716</u>	<u>404</u>

Amounts owed to related parties relate to loans from Hanover Active Equity Fund LP, the ultimate controlling party of the Company, and are shown net of loan costs of \$17k (2023: \$nil). The loans are interest free and repayable on demand but the Company has received assurances from Hanover Active Equity Fund LP that they have no intention of calling in these balances within the next 12 months and have classified them as non-current borrowings.

Amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand.

15 Lease liabilities

The Company has a lease over one property, with a remaining lease term of less than 12 months. The Company does not have an option to purchase the leased asset at the expiry of the lease period. Lease liabilities are secured by the related underlying assets.

The Company currently has no intention to cease the lease before the end of the respective agreement. There are no additional potential cash outflows in relation to the lease that the Company is aware of. There are no subleases in place.

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2024	2023 Restated
	\$'000	\$'000
Current liabilities	125	287
Non-current liabilities	-	194
	<u>125</u>	<u>481</u>

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

15 Lease liabilities

(Continued)

Amounts recognised in the Statement of Comprehensive Income include the following:

	2024 \$'000	2023 \$'000
Depreciation expense on right-of-use assets	318	429
Interest expense on lease liabilities	9	27
	<u>327</u>	<u>456</u>

There were no expenses relating to short-term leases and leases of low value recognised in either the current or prior year.

The total cash outflow recognised under cash flows from financing activities with regards to lease liabilities was \$440k (2023: \$365k).

Assets pledged as security

The lease liabilities are effectively secured as the rights of the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Right-of-use assets

For details of the corresponding right-of-use assets see note 12.

16 Deferred taxation

The following are the major deferred tax liabilities recognised by the Company:

	Liabilities 2024 \$'000	Liabilities 2023 \$'000
Temporary differences	250	-
	<u>250</u>	<u>-</u>

Movements in deferred tax during the current and prior reporting period:

	Temporary differences \$'000
Liability at 1 January 2023 and 1 January 2024	-
Deferred tax movements in current year	
Charge to profit or loss	250
	<u>250</u>
Liability at 31 December 2024	<u>250</u>

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

17 Provisions for liabilities

	2024	2023
	\$'000	Restated \$'000
Onerous contract provision	2,949	3,424

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2024	2023
	\$'000	Restated \$'000
Current liabilities	1,126	758
Non-current liabilities	1,823	2,666
	<u>2,949</u>	<u>3,424</u>

Movements on provisions:

	Onerous contract provision \$'000
At 1 January 2024 (restated)	3,424
Additional provisions in the year	283
Utilisation of provision	(758)
At 31 December 2024	<u>2,949</u>

Onerous contract provision

The Company entered into a customer contract prior to 2023 that had to be amended for reasons outside the Company's control (including key dates and stages in the contract's performance obligations), which was not updated in the company's revenue recognition process and resulted in an over recognition of revenue in 2022 amounting to \$1.9m.

The contracts were amended again during 2023 (including key dates and stages in the contract's performance obligations) but were not updated in the Company's revenue recognition process and resulted in an over recognition of revenue in 2023 amounting to \$2m. The Company then deemed the contract to be onerous in December 2023, but this was not recognised resulting in an unrecognition of onerous liability amounting to \$3.4m.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

18 Share capital

	2024	2023	2024	2023
Ordinary share capital	Number	Number	\$'000	\$'000
Authorised				
Ordinary shares of €1 each	1,000,000	1,000,000	1,364	1,364
Issued and fully paid				
Ordinary shares of €1 each	1	1	-	-

Ordinary shares are entitled to one vote each and carry the right to participate in distributions in regard to dividends.

19 Reserves

Capital contribution reserve

This reserve relates to a historic loan from the Company's immediate parent that was waived and converted into a capital contribution.

Retained losses

This reserve relates to movements in the cumulative profits and losses less amounts distributed to shareholders.

20 Contingent liabilities

The Company had no contingent liabilities at the financial year end (2023: \$nil).

21 Capital commitments

The Company had no capital commitments at the financial year end of (2023: \$nil).

22 Events after the reporting date

There were no events after the reporting date which would have a material impact on the Company's financial statements.

23 Related party transactions

The Company has taken the exemption under FRS 101 to not disclose related party transactions entered into between two or more members of the wholly owned group of which it is a member.

Other related party transactions

During the year, a loan of \$164k (2023: \$nil) was received from Hanover Active Equity Fund LP, the Company's ultimate controlling party. At the year end, the full amount was still outstanding and is included in trade and other payables, net of financing costs of \$17k (2023: \$nil), see note 14 for more details.

ESCHER GROUP (IRL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

24 Controlling party

The Company's immediate parent undertaking is Escher Group Holdings Limited, a company incorporated in the Republic of Ireland.

The Company's ultimate parent company is Escher Acquisition (Holding) Limited, a company incorporated and registered in Malta.

Its ultimate controlling party is Hanover Active Equity Fund LP, which is incorporated in the Cayman Islands.

The largest and smallest group in which the results of these financial statements are consolidated is that headed by Escher Acquisition Limited. Copies of which may be obtained from the Company Secretary at The Greenway, Ardilaun Court, 112- 114 St. Stephen's Green, Dublin, D02 TD28.

25 Approval of financial statements

26-Mar-26

The Director approved the financial statements on