

# **Worldpay International Group Limited** **(the "Company")** **Annual Report and Accounts 2020**



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# Group strategic report

## Our organisation

The Company and its subsidiaries, together "the Worldpay International Group" or "the Group" operate as subsidiaries within the wider "FIS Group", being Fidelity National Information Services, Inc. ("FIS", the ultimate parent of the Group) and its subsidiaries.

The services provided from the Worldpay International Group are a key part of the FIS Group's 'Merchant' segment.

## Our market

The Worldpay International Group is a leader in global payments, providing a broad range of technology-led solutions to its merchants to allow them to accept payments of almost any type, across multiple channels, nearly anywhere in the world. The Worldpay International Group serves a diverse set of merchants in a variety of end-markets, sizes and geographies.

We believe that the following themes will contribute to the long-term growth in digital payments and influence the future of commerce:

- The recognition of digital payments as a large, global and fast-growing market;
- Changes in technology accelerating demand from merchants for innovative payment solutions;
- Consumers embracing the seamless experience of new payments options and accelerating the pace of change through their increased expectations;
- The proliferation of alternative payment methods; and
- Market obligations increasing merchant requirements around cyber-security, risk and fraud and greater regulatory scrutiny.

In light of these ongoing developments, merchants will need to focus more on payments than ever before with payment acceptance no longer seen as a business utility but as a strategic enabler of growth and differentiation.

The Worldpay International Group will need to keep up with a fast-changing market and the evolving demands of merchants, consumers, regulators and other participants in the payments ecosystem. This may include adopting new technologies, developing new products and services, reconsidering business models, competing against new market entrants and assessing changes in the regulatory environment.

## Our business model

The Worldpay International Group is one of the few global businesses able to offer functionality in most aspects of payment acceptance, whether in-store, online or on a mobile device, by providing access to a global payments network through an agile, integrated, secure, reliable and highly scalable proprietary global payments platform.

We offer a large variety of payment methods in multiple transaction currencies across the globe. We partner with innovative and fast-growing eCommerce businesses including many of the world's most renowned and dynamic online brands. We support a range of clients including large enterprises, domestic corporates and small and medium-sized businesses.

The Worldpay International Group operates in two principal markets within the FIS Group's Merchant segment:

- Global eCom – we are the trusted partner to customers in the global eCommerce market including some of the world's most renowned global and dynamic online brands; and
- Merchant International – predominantly in the UK, we serve international customers ranging from small and medium-sized enterprises (SMEs) to the largest corporate retailers. These transactions are mainly in-store, with physical card present.

Our payments capabilities include our people, our data and insights, our technology, and our network of licences, partnerships and relationships. These mean that we are strongly placed to partner with merchants to enable their growth strategies, and to derive growing, visible and recurring revenues from serving them.

We are committed to helping all our customers to increase sales, reduce costs and reduce risk.

We generate revenue by:

- Collecting fees for the transactions we process, typically based on a small percentage of the value of the transaction;
- Charging fees for other services, such as hardware rental, security and fraud services, and treasury and foreign exchange services;
- Charging fees for access to advanced reporting and analytics; and
- Charging for advisory services for customers.

Our key performance indicators to assist in comparing the Group's financial performance from period to period are:

- Gross transaction values processed: The total value of transactions processed and paid to our merchants;
- Gross transaction volumes processed: The total number of transaction values processed and paid to our merchants; and
- Average transaction value: The gross transactions values processed divided by the gross transaction volumes processed.

## Our strategy

Our strategy is designed to ensure that our business remains successful in a rapidly changing market, creating sustainable value for all our stakeholders. We focus on five main areas:

**1. Customers - we will continue to focus on understanding our customers and addressing their payments needs in core market segments**

We focus on addressing the payments needs of specific groups of customers, predominantly in larger corporates. For our larger corporate customers, many of whom operate internationally, our strategy is to have a deep understanding of their businesses and growth ambitions, and to address the payments complexity that comes from their negotiating multiple payment methods, currencies, channels and regulatory systems. Our SME customers are predominantly domestic and require products and services tailored to their industry. We help them to navigate the increasingly complex world of payments by providing products and services that are easy to use, which integrate into their business processes and maximise their sales opportunities.

**2. Technology and products - we will further develop our technology and products to differentiate us from our competition**

Technology is a fundamental strategic capability for the Worldpay International Group. We have developed our proprietary global technology platform with software created by our own engineering talent and using our in-house intellectual property. Our strategy is to continually invest in technology and products so that we can achieve better business outcomes for our customers. These investments in technology and engineering talent will extend our competitive advantage.

**3. Markets - we will continue to expand in existing markets and enter new ones**

We are a global payments partner to our merchant customers, providing them with integrated payments and value-added services across a broad geographic reach with a wide range of payment capabilities. Our aim is to allow them to accept any payment type their customers wish to use, in almost any country, and in nearly every currency, including cryptocurrencies. This is supported by our global payments network which, with local operating licences and approvals from local regulators, and simple access points into the network for merchants of any size in almost any country, represents a sustainable source of competitive advantage.

**4. Business model - we will realise the full potential of our business model**

We operate in strongly growing markets which present many opportunities. We are well placed to capitalise on these and realise the full potential of our business model using our scale, our unmatched global payments network, our extensive payments capabilities, our modern technology platform, and the skills of our people.

**5. Investments - we will augment our growth through investments in technology**

The highly cash generative nature of our business enables us to make substantial investments in delivering better outcomes for customers. Our strategy is to reinvest to support future growth and innovation and to embed new technology capabilities in the products and services we offer. We will be highly disciplined in our investment, achieving an appropriate balance between promoting strong and sustainable growth, and cost control and cash flow generation.

## Resources and relationships

A comprehensive Global Sustainability Report for 2020 has been published by the FIS Group and sets out key themes on our people, our technology, our strategic partnerships and our world, including how these have been impacted by COVID-19. Please find this available at:

<https://www.fisglobal.com/en/global-sustainability>

### Our people

Our global workforce is the engine powering the Group mission of advancing the way the world pays, banks and invests. We are committed to providing our employees with best-in-class training and innovative career development programs that enable them to flourish and achieve their personal career goals. As part of the FIS family, The Worldpay International Group provides comprehensive benefits and a welcoming, inclusive workplace where we celebrate diversity to attract and retain the highest quality people to further our mission.

The Group offers competitive, market-driven benefits to its employees throughout the world. Offerings and plans can vary based on country. In the UK, our core set of benefits include critical illness, disability and life insurance, with a wide variety of additional voluntary and employee-paid options. This includes an employee stock purchase plan, enabling employees to make salary sacrifice contributions towards the purchase of FIS stock, with an industry-leading discount rate offered after savings are made for over a year.

As well as providing our employees with comprehensive learning programs for all stages of their careers, we are focussed on making sure that employees have opportunities to advance within the company as they grow. As part of our core philosophy to help make the Worldpay International Group a place that people can form long lasting careers, we have robust programs in place for managing performance, gathering feedback, developing leaders and tracking retention through all levels of the company.

The principles of inclusion and diversity are at the heart of our People Strategy and are essential to our mission. Each colleague represents a unique combination of age, gender, gender identity, race, ethnicity, ability, language, religion, sexual orientation, education, work history, beliefs and life experiences. We have robust employment policies, including those published in our Employee Handbook and Code of Business Conduct. The diversity of our workforce helps us use our collective strengths to innovate and deliver the best products and solutions for our clients. Our clients and communities are becoming increasingly diverse, and by having an employee base that fully reflects the markets we serve, we are better able to understand and provide solutions to meet the needs of our clients.

We are committed to ensuring all of our employment practices are free of discrimination based on race, gender, religion, national origin, disability, veteran status, age, marital status, sexual orientation, gender identity, genetic information or any other protected group status. The Group has strong employment policies, including our Code of Business Conduct, Equal Employment Opportunity Policy and Harassment and Discrimination Free Workplace Policy. These cover our commitment to offer continued employment to colleagues and arranging of training of staff and colleagues in the event a colleague becomes disabled during employment. We have Inclusion Networks, which are company-sponsored communities led by empowered and determined colleagues who share common interests, backgrounds or experiences. Currently, we have Inclusion Networks that are connected around areas such as gender, race/ethnicity, disability, LGBTQ+ and working families, and new groups are continuing to form across the company.

In 2020, we worked to increase its education and awareness efforts related to inclusion and diversity. This included both implementing new educational programs and the company publicly speaking out on key equality issues, standing up for the values of inclusion and diversity. The group launched its new Respectful Workplace training to all employees, which helps employees understand the important behaviours and standards that we hold ourselves accountable to when supporting a diverse and inclusive workplace at FIS. We followed this important training with Unconscious Bias training to help ensure we better understand ourselves, including our unknown biases and perceptions with a pilot in 2020, followed by an all-employee roll-out in 2021. In addition, FIS recognises and honours many inclusion and diversity observances throughout the year, including Black History Month, International Women's Day, Pride Month, Latinx-Hispanic Heritage Month, Veteran's Day, International Men's Day, and International Day of Persons with Disabilities. Alongside each of these days, FIS Inclusion & Diversity works with our Inclusion Networks to host education and awareness sessions on topics like allyship, financial well-being and disability etiquette, which are open to all employees to participate.

Engagement and collaboration are vital to the success of any fintech company, especially FIS. To make sure we are meeting our overall employee engagement goals, the Group employs a data-driven approach to measuring engagement while also gathering additional feedback in a variety of formal and informal ways. We use these continuous feedback loops to design our offerings and improve the employee experience across our company. To ensure we understand the pulse and engagement of our employees, FIS uses a third-party firm to gather extensive data and feedback on employee satisfaction, company culture, inclusion and other topics. The survey includes questions about collaboration and work processes, training and development, employee recognition, career opportunities, work-life balance, manager feedback and employee benefit programs.

Our leaders publish regular internal corporate communications on matters impacting the company and employees, with forums available to invite feedback. Departmental and global company "all-hands" meetings are held with all employees periodically throughout the year to discuss the group's achievements, targets and challenges, with a focus on Director Q&A direct from employees.

### **Our technology**

Our technology platforms allow our customers to take payments in almost any way, using almost any payment method, in almost any location. These platforms are integrated across the entire transaction process, from the capture of a payment request, to routing and authorising the transaction, and clearing and settling the funds.

The pace of the Group's technology, innovation and product development further accelerated in 2020, in support of our goal of achieving better outcomes for customers through market-leading technology. The new acquiring platform is a key part of this new technology architecture, and will deliver significant enhancements in terms of agility, flexibility and efficiency. A large volume of merchants have been migrated onto the platform, and a number of our more complex and overseas customers are on plan to migrate in 2021.

### **Our world**

We strive to make a positive impact on the world we live in. We take a values-based approach to ethics and compliance and collaborate with industry partners to optimise our collective impact. We are focused on managing growth responsibly while reducing our dependency on natural resources, and on leveraging our core capabilities to make a difference in helping to tackle some of the key issues facing society.

We promote high legal, ethical, corporate and colleague-related standards in our business and ask our suppliers to do the same. We are committed to sustainability and promoting responsible environment, social and governmental practices (ESG).

FIS and the Worldpay International Group are strongly opposed to slavery and human trafficking, and we will not knowingly support or do business with any organisation that is involved in either. This commitment is underpinned by our corporate policies which seek to ensure transparency in our employment and supply chains.

Protecting the environment for future generations is important to us and we are committed to reducing our carbon footprint as we continue to grow our business. We are implementing measures to make our offices more energy efficient, sourcing green energy options and encouraging colleagues to adopt greener ways of working, including reducing travel and promoting recycling and reuse measures. We work with data centre providers who have a responsible approach to climate change.

We are proud to dedicate our scale, infrastructure and capabilities to support initiatives and charities that support our local communities. We also provide our colleagues with one days paid leave, into their annual leave provision, so that they can volunteer for a good cause of their choice.

### **Our regulatory relationships**

The Worldpay International Group ensures that all regulatory requirements are reviewed and considered while dealing with key stakeholders of the Group's regulated entities. All relevant UK, EU and international regulatory requirements are taken into consideration during the development of all customer facing policies and procedures. These policies and processes are then reviewed on a regular basis to ensure that any internal or external changes do not cause risk to compliance. The Worldpay International Group strives to ensure all customer facing practices comply with regulatory requirements. This includes requirements set by the FCA, PSR and European Commission.

### **Key decisions during 2020 - Worldpay International Group Limited (the "Company")**

The Board is fully aware of its duty under s172(1) of the Companies Act 2006 to promote the success of the Company for the benefit of members as a whole. The Worldpay International Group's stakeholder engagement activities help to inform the Board's decisions, by ensuring the Directors are aware of stakeholders' interests. The Board takes a long-term view in reaching key decisions, and, when taking decisions, the Board looks to act in the interests of stakeholders as a whole and to ensure all stakeholders are fairly treated. As the Company is a holding company, it should be noted that within the Worldpay International Group, key decisions around stakeholders are also considered by the Boards of Worldpay (UK) Limited, Worldpay Limited and Worldpay AP Limited, which have fully operational Boards by virtue of their regulated status. For further detail on the activities of these Boards, please refer to the Annual Report and Accounts of each entity for the year ended 31 December 2020, which are available at Companies House.

## Principal risks and uncertainties

### Risk management

The Board takes very seriously the importance of fully understanding and managing the risks inherent in the business and the Enterprise Risk Management Framework drives our approach to risk management. The framework sits alongside the Strategic Plan and sets out the activities, tools and techniques used to ensure that all material risks are identified and that a consistent approach is integrated into business management and decision making across the Group.

Whilst the Board of Directors is ultimately responsible for the management and governance of risk across the Group, it is expected that every employee of the Group is to take responsibility for the management of risk. To facilitate this, the Group operates a 'three lines of defence' model which clearly identifies accountabilities and responsibilities for risk as follows:

- Business line management has primary responsibility for the management of risk;
- Risk and Compliance functions assist management in developing their approach to fulfil their responsibilities and provide oversight of first line activities; and
- The Internal Audit function verifies that the risk management process and the risk management and internal control framework are effective and efficient.

### Principal risks

**The extent to which the COVID-19 pandemic and measures taken in response thereto impact our business, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain and are difficult to predict**

Global health concerns relating to the COVID-19 pandemic and related government actions taken to reduce the spread of the virus have been weighing on the macroeconomic environment, and the pandemic has significantly increased economic uncertainty and reduced economic activity, including consumer and business spending.

The pandemic has continued to result in government authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place or total lock-down orders and business limitations and shutdowns. Governments around the globe have taken steps to mitigate some of the more severe anticipated economic effects of the virus, but there can be no assurance that such steps will be effective or achieve their desired results in a timely fashion.

As global governmental authorities imposed social distancing, shelter-in-place or total lock-down orders, spending declined, most notably in discretionary spending verticals, including travel, airlines and restaurants, resulting in a rapid deterioration in payments volume and transaction trends on a worldwide basis beginning in March 2020, which adversely impacted Worldpay International Group's income from transaction-based fees. As such restrictions eased in the second and third quarters, spending increased, and the impact on our transaction-based fees rebounded, except for areas such as travel and hospitality, which remained largely restricted. In the fourth quarter, some restrictions were re-imposed based upon a resurgence of the COVID-19 pandemic in many areas of Europe, which resulted in an adverse impact on payments volumes and transactions over those anticipated following the easing of restrictions in the prior two quarters. In addition, we have experienced some slowdown in corporate decision-making on sales and implementation of our solutions, as well as on software licenses and professional services. These changes in spending affected our business, results of operations and financial condition starting in the second quarter of 2020 through the end of the year and will likely continue to have such an impact, although the magnitude and duration of their ultimate effect is not possible to predict. The distribution of vaccines against COVID-19 beginning in late December 2020 curtailed the impact of the pandemic in 2021, although ongoing uncertainties remain into 2022.

We may experience additional pandemic-related financial impacts due to a number of operational factors, including:

- Increased risk of merchant failures and credit settlement and chargeback risk;
- Increased cyber and payment fraud risk related to COVID-19, as cybercriminals attempt to profit from the disruption, given increased online banking, e-commerce and other online activity;
- Challenges to the availability and reliability of our solutions and services due to changes to normal operations, including the possibility of one or more clusters of COVID-19 cases occurring at our data centres, contact centres or operations centres, affecting our employees or affecting the systems or employees of our clients or other third parties on which we depend;
- An increased volume of unanticipated client and regulatory requests for information and support, or additional regulatory requirements, which could require additional resources and costs to address, including, for example, government initiatives to reduce or eliminate payments costs or fees to merchants;
- Continued incremental costs directly related to COVID-19, although their magnitude is uncertain; and
- The general impact of recession and instability of markets across the globe.

The spread of COVID-19 has caused us to modify our business practices (including restricting employee travel, developing social distancing plans for our employees and cancelling physical participation in meetings, events and conferences and replacing them, where possible, with virtual meetings, events and conferences). There is no certainty that such measures will be sufficient to mitigate all of the risks posed by the virus or will otherwise be satisfactory to government authorities. Further, the ability of our senior management and employees to get to work has been disrupted across multiple locations, whether in their own offices or at client sites, due, among other things, to government work and travel restrictions, including mandatory shutdowns. Where appropriate and plausible under local conditions, we have moved the work from affected locations. Most of our employees are currently working remotely, where they may not be as effective.

In addition, we have extended at times during 2020 higher-than-usual levels of credit to our merchant clients as part of funds settlement in connection with payments to their customers, for, among other things, refunds for cancelled trips and events. If the speed of repayments to us by our merchant clients is substantially slower than expected over an extended period of time, or if our merchant clients cease operations such that we are unable to collect on the credit advanced by us for these payments or for any chargeback liability, it could have a material adverse effect on our liquidity, results of operations and financial condition.

The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict, including, but not limited to, the duration and spread of the pandemic, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. We may experience materially adverse impacts to our business as a result of the pandemic's global economic impact, including adverse impacts on our liquidity and any recession that has occurred or may occur in the future. Such impacts may also have a material effect on one or more of the estimates and assumptions used to evaluate goodwill impairment and could result in future goodwill impairment.

There are no comparable recent events that provide guidance as to the effect the spread and duration of COVID-19 as a global pandemic may have, and, as a result, the ultimate impact of the pandemic is highly uncertain and subject to change. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole. However, the impacts of the pandemic could have a material adverse effect on our results of operations, liquidity or financial condition and heighten many of our known risks described in the remainder of this "Principal Risks" section.

#### **Industry**

Worldpay International Group's acquiring business model is dependent on licences and sponsors and the continuing support from the payment franchises such as Visa and Mastercard. Any infringement by the Group of the network rules and regulations, or the inability to correctly implement mandatory changes in these rules and regulations, could result in the loss of the card network support. This could result in unanticipated consequences such as loss of licences or sponsors or the inability to obtain new ones, financial penalties or reputational damage.

#### **Risk appetite**

Worldpay International Group will always seek to remain current and adhere to all network rules unless we are prevented from doing so by our system infrastructure. Where this is the case, Worldpay will apply for specific waivers pending full compliance.

#### **Potential impacts**

- Failure to meet payment network requirements for products and services may lead to reputational damage and to financial penalties from the payment franchises
- As a last resort, payment networks may revoke Worldpay International Group's licence in existing markets or not grant new licences in prospective markets
- Failure to operate network licences to required specifications may lead to lower acceptance rates and therefore potential reputational damage and customer impact

#### **Legal**

Worldpay International Group fails to adhere to legal requirements leading to financial and/or reputational damage.

#### **Risk appetite**

Worldpay International Group will comply with the spirit and letter of the laws that apply to us. In areas of uncertainty or ambiguity, we will have a robust justification and clear rationale for the choices we make and will be prepared to defend our choices with the relevant authorities and, if necessary, publicly in the media.

#### **Potential impacts**

- Failure may result in Worldpay International Group or its customers breaching laws, resulting in reputational damage, loss of customers and financial penalties
- Worldpay may be used to facilitate financial crime

#### **Compliance and regulatory**

Worldpay International Group breaches regulation due to inadequate or insufficient design, resourcing or implementation of a risk-based compliance programme, resulting in regulatory fines and/or financial loss and reputational damage.

#### **Risk appetite**

Worldpay International Group has no appetite to knowingly breach the spirit and letter of the laws and regulations that apply to it.



**Potential impacts**

- Control failures may result in Worldpay International Group or its customers breaching regulations, resulting in reputational damage, loss of customers and financial penalties
- Non-compliance may result in loss of business licence

**Settlement**

Failure to settle with merchants due to lack of availability of funds as a result of card network or systemic bank failure, or funds not processed correctly, resulting in financial loss (compensation) and severe reputational damage.

**Risk appetite**

Worldpay International Group endeavours to settle to all customers within the agreed terms and will maintain sufficient liquidity or have ready access to additional liquidity funding if required.

**Potential impacts**

- Failure or delay to customer payments
- Severe reputational damage and/or financial loss

**Credit**

Potential loss outside of agreed appetite arising from the failure of a merchant, card network, partner bank or alternative payments provider to meet its obligations in accordance with agreed terms.

**Risk appetite**

Worldpay International Group budgets for credit loss on an annual basis, however our risk appetite seeks to optimise a high level of return whilst achieving appropriate risk-versus-reward performance in line with Worldpay International Group's growth strategy.

**Potential impacts**

- Increase in credit exposure leading to increase in financial loss
- Rejection of applications leading to a decrease in profitability
- Merchants fail to provide goods or services to their customers leading to an increase in chargebacks that cannot be passed on to a failed merchant, resulting in financial loss

**Data security**

Significant financial loss and reputational damage due to a breach of highly confidential data or technology disruption caused by internal or external attack on Worldpay International Group or its third-party suppliers and/or merchants.

**Risk appetite**

Worldpay International Group has no tolerance for the loss of confidentiality, integrity or availability of customer or other highly confidential information. Worldpay will comply with the spirit and letter of the laws that apply to it including all new regulations.

**Potential impacts**

- The loss of confidentiality, integrity or availability of customer or other sensitive information could result in regulatory or legal sanctions and/or significant reputational damage
- Increased costs for remediation and reduced ability to deliver strategic objectives
- Additional costs by way of compensation, litigation, fines, loss of sponsorship and loss of productivity as resources are redirected to manage incidents

**Technology**

Inability to provide merchant services due to unforeseen technology downtime, resulting in loss of revenue and reputational damage.

**Risk appetite**

Worldpay International Group is not willing to accept risks which compromise our ability to process merchant transactions.

**Potential impacts**

- Any disruption to the availability of Worldpay International Group's global payments platform or network could result in interruption of service to customers, loss of business and revenue and significant additional costs by way of contractual damages and operating expenses
- Increased costs for remediation and reduced ability to deliver strategic objectives

**Scale of change**

Risk of loss of profit, opportunity, reputation or disruption to business activities as a result of our inability to manage the magnitude of change being undertaken.

**Risk appetite**

Worldpay International Group has no appetite for the failure to deliver high-priority projects on time, to budget, to expected quality.

**Potential impacts**

- Failure to deliver high-priority projects impacting customer and/or reputation
- Disruption to normal business activities
- Development of single points of failure
- Increased attrition rates amongst colleagues

**Third parties**

Third parties fail to carry out core business activities, resulting in financial loss, regulatory impact and reputational damage.

**Risk appetite**

Worldpay International Group is willing to accept the risk of working with third parties for core business activities, however it would never knowingly breach regulatory standards.

**Potential impacts**

- Suppliers critical to Worldpay International Group's success are unable to meet the capability and service levels required
- Non-compliance with legal or regulatory requirements relating to supplier management
- Inconsistent and/or undesirable approach to the sourcing and management of key suppliers resulting in poor relationships and poor levels of service

**People**

Worldpay International Group fails to sufficiently recruit, retain and develop its people leading to poor colleague engagement and the inability to create a high-performing culture.

**Risk appetite**

We seek to create a great place to work, powered by great people. We balance the costs and risk to ensure that our colleagues are motivated and engaged and have the capability to deliver our strategy.

**Potential impacts**

- Colleague capability does not meet the needs of the organisation
- Poor culture leading to ineffective performance and inappropriate behaviours
- Low colleague engagement leading to increased attrition
- Unable to retain key people

**Competitive landscape**

Worldpay International Group loses its relative competitive position.

**Risk appetite**

We have no appetite for allowing Worldpay International Group's relative competitive position to be eroded or undermined. In this regard we will ensure that we monitor, assess and respond appropriately to Regulatory, Technological, Competitor, Customer and Security changes.

**Potential impacts**

- New players disintermediate the Worldpay International Group
- Loss of customers because competitors innovate and develop new enhanced products
- Pricing and margin pressure

#### **Acquisition by FIS**

Failure to integrate Worldpay, Inc. (including the Group) successfully and/or not realising the anticipated benefits and operating synergies expected from the acquisition, which could adversely affect our business, financial condition and operating results.

#### **Risk appetite**

Worldpay International Group has no appetite to fail to successfully integrate the business and realise the synergies and strategic benefits of the acquisition.

#### **Potential impacts**

- Growth and anticipated benefits may not be realised fully, may take longer or may not be realised at all
- Additional costs of integration may be incurred impacting financial performance
- Integration of operations could adversely impact the service to customers and loss of customers

#### **Financial Instruments**

- Details of the financial risk management objectives and policies for the Group are included in Note 5e.

#### **The UK's exit from membership in the EU could cause disruption to and create uncertainty surrounding our business**

The Group has a significant amount of business and services clients in the UK. The UK left the EU ("Brexit") on 31 January 2020, pursuant to the terms of a withdrawal agreement concluded between the UK Government and the Council of the EU. The withdrawal agreement included a transition period until 31 December 2020, during which time the UK followed the EU's rules and regulations and remained in the single market and customs union while the future terms of the UK's relationship with the EU were being negotiated. That transition period has now ended. On 24 December 2020, the UK and the EU announced they had struck a new bilateral trade and cooperation deal governing the future relationship between the UK and the EU (the "Trade and Cooperation Agreement"), which sets out the principles of the relationship between the EU and the UK following the end of the transition period. The Trade and Cooperation Agreement was formally approved by the 27 Member States of the EU on 29 December 2020 and was formally approved by the UK Parliament on 30 December 2020. It was announced on 28 April 2021, that the EU Parliament approved the Trade and Cooperation Agreement which means that the Agreement applies permanently from 1 May 2021.

The Trade and Cooperation Agreement provides clarity in respect of the intended shape of the future relationship between the UK and the EU and some detailed matters of trade and cooperation. However, there remain unavoidable uncertainties related to Brexit, and although the potential impact of Brexit on our business cannot be fully assessed until the new relationship between the UK and EU is developed and defined, and the UK negotiates, concludes and implements successor trading arrangements with other countries, Brexit is likely to result in ongoing political, legal and economic uncertainty in the UK and wider European markets. Such uncertainty could cause volatility in currency exchange rates, in interest rates, and in EU, UK or worldwide political, regulatory, economic or market conditions and could contribute to instability in political institutions, regulatory agencies, and financial markets, and may cause clients to closely monitor their costs and reduce their spending on our solutions and services.

However, given the global nature of our business and our experience working across multiple regulatory regimes, our expectation remains that the UK's exit from the EU will not have a material effect on our business overall.

#### **Going concern**

The impact of COVID-19 on the global economy has resulted in lower revenues, profits and operating cashflow since March 2020 and has heightened uncertainty about the future financial performance of the Group and the Company, which could cast significant doubt over the Group's ability to trade as a going concern. The Group has net current assets of \$116.0 million as at 31 December 2020 and made a loss for the year ended of \$174.1 million.

The Group's sources of funds which is used day-to-day to support operating activities and fund any short-term operational cash requirements which may arise due to timing of settlement include cash of \$1.1 billion, loans from fellow group companies of \$3.9 billion and a committed revolving credit facility from its ultimate parent of \$1.5 billion of which \$0.8 billion was drawn down at 31 December 2020. Funds from the revolving credit facility are drawn upon and repaid regularly throughout the year. The loans from fellow group companies and the revolving credit facility with the ultimate parent are not subject to financial covenants.

The Group and Company is dependent on the ultimate parent company providing continuing financial support to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. The Company's ultimate parent has indicated its intention to continue to make available such funds as are needed by the company for that period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment of the Group and Company's financial position including the stress testing of the results of the ultimate parent company, the facts and circumstances noted above, and of the enquiries made of the directors of the Company's ultimate parent, the company's directors have a reasonable expectation that the Group and Company will continue in operational existence and meet its liabilities as they fall due for the period of 12 months from the date of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

## Operating and financial review

The following tables set out the Group's financial performance for the year ended 31 December 2020 and the comparative period for the year ended 31 December 2019:

	Year ended 31 December	
	2020	2019 (restated)
	\$m	\$m
Revenue	1,166.8	1,334.7
Other cost of sales	(29.1)	(62.9)
<b>Gross profit</b>	<b>1,137.7</b>	<b>1,271.8</b>
Personnel expenses	(300.2)	(348.4)
General, selling and administrative expenses	(298.1)	(350.5)
Depreciation and amortisation	(548.7)	(550.3)
<b>Operating (loss) / profit</b>	<b>(9.3)</b>	<b>22.6</b>
Finance income – Visa Europe	154.5	288.5
Finance costs – CVR liabilities	(70.9)	(268.5)
Finance costs – other	(206.9)	(195.7)
<b>Loss before tax</b>	<b>(132.6)</b>	<b>(153.1)</b>
Tax (charge) / credit	(41.5)	-
<b>Loss for the year</b>	<b>(174.1)</b>	<b>(153.1)</b>

### Results of operations – year ended 31 December 2020

The following tables set out the Group's revenue.

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Transaction service charges	612.5	675.1
Treasury management and foreign exchange services	226.6	269.5
Ancillary income	268.0	319.9
Revenue from contracts with customers (IFRS15)	1,107.1	1,264.5
Terminal rental fees (IFRS16)	59.7	70.2
<b>Total revenue</b>	<b>1,166.8</b>	<b>1,334.7</b>

#### Revenue

Revenue reduced by \$167.9m, or 13%, to \$1,166.8m in 2020 from \$1,334.7m in 2019. The global impact of COVID-19 had a significant impact across both our key revenue streams, driving steep declines in particular merchant sectors, in addition to an overall reduction in consumer spending. Global eCom comprises approximately 53% of the group revenue and reduced 9.3% in 2020 over 2019 due to lower revenues from the Travel sector. Merchant International revenue declined by 16% year over year due to global lockdowns reducing "high street" spending, the merchant sectors most impacted being Retail and Hospitality.

#### Personnel expenses

Personnel expenses are reduced in 2020 by \$48.2m compared with 2019 due to reductions in discretionary bonuses in addition to synergy-related redundancy, executive and other payroll-related costs experienced in 2019 no longer charged in 2020.

#### General, selling and administrative expenses

General, selling and administrative expenses reduced by \$52.4m compared with 2019 as expected with a decline in revenue. Additional drivers of the reduction included a gain in 2020 related to recoverable VAT (refer to note 7d), significant reduction in travel and entertainment, and various FIS merger-related costs experienced in 2019 not replicated in 2020. These decreases were offset by an increase in merchant potential loss charge due to challenging trading conditions for merchants.

**Results of operations – year ended 31 December 2020 (continued)**

**Depreciation and amortisation**

Depreciation and amortisation reduced by \$1.6m to \$548.7m 2020 from \$550.3m in 2019. This includes \$389.3m (2019: \$397.7m) for amortisation of business combination intangible assets recognised on the acquisition of Worldpay primarily related to customer relationships, the reduction year-on-year reflects the fact that some assets are amortised at a higher rate in earlier periods. Excluding these, the \$5.9m increase in depreciation and amortisation reflects the change in mix of depreciable capital assets with shorter useful economic lives.

**Finance income/(costs)**

Finance income – Visa Europe was a gain of \$154.5m in 2020 compared with a gain of \$288.5m in 2019. This comprised fair value and FX gains/losses in relation to the disposal of the Visa Europe shares in 2016, together with dividends received on the preference shares.

Finance costs – CVR liabilities was a loss of \$70.9m in the year ended 2020 compared with a loss of \$268.5m in 2019 and reflects the change in the valuation of the related CVR liabilities as a result of the gain in Visa Europe related assets referred to above.

Finance costs – other, which mainly comprises interest costs on borrowings from other companies within the FIS Group, increased in 2020 by \$11.2m. This included foreign exchange losses of \$8.2m (compared with \$38.7m of gains in 2019), a \$7.7m rise in fair valuation gains and the fact \$28.7m of costs related to the early termination of the Euro bond experienced in 2019 was not replicated in 2020. Interest on borrowings experienced a marginal increase of \$1.6m.

**Tax charge**

The tax charge increased by \$41.5m in 2020 from a nil tax charge in 2019 (restated), representing both current tax and deferred tax charges. After adjusting for the prior period restatement (refer to note 7c), the main reasons for this difference are the non-deductible Visa CVR obligations and tax rate changes.

The effective tax rate in 2020 is negative 31.3% (2019, restated: 0.0%). The effective tax rate is negative mainly due to Visa Europe and the rate change adjustments noted above being applied to a loss before tax, resulting in a tax charge. The effective tax rate in 2020 is higher than in 2019 (restated) due to higher rate change costs in 2020 when applied to a loss before tax.

**Cash flow**

The following table sets out the Group's cash flow for the periods indicated:

	Year ended 31 December	
	2020	2019
	\$m	\$m
<b>Net cash inflow from operating activities before movements in working capital</b>	<b>566.9</b>	<b>572.9</b>
Net movement in working capital	(243.3)	(5.9)
<b>Cash generated by operations</b>	<b>323.6</b>	<b>567.0</b>
Tax paid	(147.5)	(19.0)
<b>Net cash inflow from operating activities</b>	<b>176.1</b>	<b>548.0</b>
<b>Net cash outflow from investing activities</b>	<b>(245.6)</b>	<b>(162.8)</b>
<b>Net cash received / (used) from financing activities</b>	<b>191.5</b>	<b>(0.5)</b>
Net increase in cash and cash equivalents	122.0	384.7
Cash and cash equivalents at the beginning of the period	949.0	533.9
Effect of foreign exchange rates	53.3	30.4
<b>Own cash and cash equivalents at end of period</b>	<b>1,124.3</b>	<b>949.0</b>

The net cash inflow from operating activities before working capital in 2020 reduced by \$6.0m compared with 2019. The reduction reflects regression in underlying trading.

The net movement in working capital outflow was \$243.3m compared with an outflow of \$5.9m in the prior period. This period-on-period change reflects an increase in amounts due from merchants as a result of the challenging trading conditions under COVID-19, and the earlier settlement of liabilities prior to the year end.

Tax paid in the year was \$147.5m compared with \$19.0m in the prior year. This increase was driven by \$104.9m of paid on the sale of Visa preference shares. Otherwise this is consistent with the timing of the UK corporation tax payments regime.

Expenditure on software and tangible fixed assets was \$201.3m compared with \$221.8m in the prior year. This represents the gradual reduction in spending on our new acquiring platform, on which the majority of our merchants are now migrated.

\$552.1m was received from the sale of Visa Europe preference shares, with \$402.1m of these proceeds paid out to CVR holders. In addition, \$194.3m of CVR cash was distributed to the CVR holders under "the Amendment" – further details of which can be found in note 5i.

## Section 172(1) Statement

This statement describes how the Directors have taken account of the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, when performing their duty to promote the success of the Company. How the Board meets the obligations set out in section 172 (1) (a) to (f) are included in the detail of this Strategic Report.

The matters set out in section 172(1) (a) to (f) are:

- (a) the likely consequences of any decision in the long-term – please see "Key Decisions during 2020" and "Our Strategy" sections above;
- (b) the interests of the company's employees – please see the "Our People" section above;
- (c) the need to foster the company's business relationships with clients, end customers, suppliers and regulators – please see the "Our Market" and "Our Strategy" sections above;
- (d) the impact of the company's operations on the community and the environment – please see the "Resources and relationships" section above;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct – please see the "Resources and relationships" section above; and
- (f) the need to act fairly between members of the company – as a wholly-owned subsidiary of FIS, the Directors of the Company always give fair and due consideration to all Board proposals to ensure the sole member is treated fairly whilst acting with the required autonomy.



# Directors' report

## Other corporate disclosures

As permitted by legislation in accordance with section 414C(11), some of the matters normally included in the Directors report have instead been included in the Strategic report on pages 3 to 15 as the Board considers them to be of strategic importance. Specifically, these relate to the Company's business model and strategy, future business developments, risk management, employees and research and development.

### The Board

Throughout the year, the Board comprised the following Directors:

Kathleen Teresa Thompson	Appointed 13 December 2019
Ann Maria Vasileff	Appointed 13 December 2019
Marc M. Mayo	Appointed 13 December 2019, resigned 6 May 2021

After the reporting date, Jared Michael Warner was appointed on 6 May 2021.

### Qualifying Third Party Indemnity and Directors' & Officers' Liability Insurance

In accordance with its Articles of Association, the Company has granted a qualifying third-party indemnity, to the extent permitted by law, to each Director and the Group Company Secretary. The Company also maintains Directors' & Officers' liability insurance.

### Disclosure of information to auditor

Each of the Directors who held office at the date of approval of this Directors' report confirms that: so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and that he/she has taken all steps that he/she ought to have taken as a Director to make him/her aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Dividends

No dividends were paid in the year ended 31 December 2020 (2019: \$132.9m).

### Employees

Disclosures relating to the Group's colleagues, including the employment of people with disabilities, are included in the Strategic report on page 5.

### Research and development

Disclosures relating to the Group's research and development activity are included in the Strategic report on page 5.

### Donations

No political donations were made, nor political expenditure incurred during the years ending 31 December 2020 nor 31 December 2019.

As part of our Corporate Responsibility initiatives, we are proud to dedicate our scale, infrastructure and capabilities to support initiatives and charities at both a national and local level. We also commit our skills and time as mentors through partnerships with a focus on enterprise.

### Climate change impact

The table below shows our emissions performance for the years ended 31 December 2020 and 2019:

GHG Source	Total emissions 2020	Total emissions (restated) 2019
Scope 1 – Combustion of fuel and operation of facilities (tCO <sub>2</sub> e)	198.00	534.67
Scope 2 (Location-based) – electricity (tCO <sub>2</sub> e)	1,103.71	1,743.44
Total Scope 1 and 2 emissions (location-based) (tCO <sub>2</sub> e)	1,419.50	2,598.72
tCO <sub>2</sub> e per FTE employee (Scope 1 and 2 location-based) (tCO <sub>2</sub> e)	0.34	0.66 (restated from 1.68)
Total energy use	6,592,442 kWh	8,708,396 kWh

- We use The Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) to calculate emissions and this information covers all sites, including those outside the UK, within our operational control. Scope 2 emissions are location-based.
- The full time equivalent (FTE) employee figures used to calculate the reported intensity metric cover the sites for which emissions data was reported, rather than the total FTE figure for the Group as a whole.
- Total CO<sub>2</sub> emissions per FTE (tCO<sub>2</sub>e) has been selected as our intensity metric since the nature of the Group's business is employee driven.
- The intensity metric for 2019 has been restated to apply headcount figures from this annual report (Note 2c).
- The year-over-year reduction in tCO<sub>2</sub>e per FTE is heavily influenced by the fact all our UK and International offices were largely unoccupied throughout 2020 given the COVID-19 lockdown, where the majority of our workforce worked from home. This has led to a significant reduction of emissions from these offices across all sources such as electricity, refrigerants and fuels.
- For offices which, from 2020, have employees of both the Group and other FIS colleagues (serving functions other than the 'Merchant' segment), emissions have been pro-rated based on the number of employees serving the Merchant business as at 31 December 2020.

#### Climate change impact (continued)

- The Worldpay International Group has a commitment to reduce our environmental impact. We are committed to helping ensure that our planet is a sustainable home for current and future generations. We recognise that climate change presents both risks and opportunities for our industry and our business, including disruptions to the business operations of our clients and partners. As a responsible corporate citizen, we are taking action to mitigate these risks to our group and the world at large. This impact includes a large initiative with our ultimate parent, FIS, to consolidate our data centres to lower our annual usage across the globe.
- The full GHG report for FIS globally can be found in our Global Sustainability Report which can be accessed at [www.fisglobal.com/en/global-sustainability](http://www.fisglobal.com/en/global-sustainability). This includes details on our target to become net carbon neutral by 2025.

#### Share capital and related matters

##### Share capital

The structure of the issued share capital of the Company at 31 December 2020 (unchanged since 31 December 2019) is set out in Note 5f to the financial statements. The Company has one class of shares ordinary shares.

##### Shareholders' rights

The rights attaching to the ordinary shares are governed by the Company's Articles of Association and prevailing legislation. There are no specific restrictions on the size of a holding. Subject to applicable law and the Articles of Association, holders of ordinary shares are entitled to receive all shareholder documents, including notice of any general meeting; attend, speak and exercise voting rights at general meetings, either in person or by proxy; and participate in any distribution of income or capital.

##### Restrictions on voting

There are no specific restrictions on the shareholder's ability to exercise their voting rights, save and except in situations where the Company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the shareholder is otherwise in default of an obligation to the Company). Currently, all issued ordinary shares are fully paid.

##### Shares held by the Company's employment benefit trust

Prior to acquisition by FIS, Worldpay Group Limited, a wholly owned subsidiary of the Company, had entered into a trust deed to constitute an offshore employee benefit trust (the "Trust") which was used to purchase Worldpay plc shares for the benefit of legacy Worldpay employees, including satisfying outstanding awards made under its legacy employee share plans. These shares were converted into shares in the Worldpay Group Limited's ultimate parent (Worldpay, Inc. on 16 January 2018 and FIS on 31 July 2019). As at 31 December 2019, 142,749 shares were held in the EBT all of which were distributed in 2020 satisfying employee share plans that matured in March 2020. Further to this, the Group gave a direction to Eterra Trust (Jersey) Limited (the "Trustee") to exercise its power under the Trust deed to terminate the Trust, by bringing forward the end of the trust period, as defined in the Trust deed. The Trustee agreed that the legacy Trust should be terminated. The Deed of Termination for the Trust was duly executed on 3 June 2020. Further details regarding the EBT are contained in Note 1a to the financial statements.

##### Restrictions on the transfer of ordinary shares

There are no restrictions on the transfer of ordinary shares. The transfer of ordinary shares is governed by the general provisions of the Company's Articles of Association and prevailing legislation.

##### Statement of corporate governance arrangements

The Company is a mid-tier holding Company within the wider FIS Group. For this reason, the Company has not formally applied a Corporate Governance code to the practices of the Board as the Board does not meet periodically. However, it should be noted by the reader that within the Worldpay International Group, key decisions around stakeholders, risk appetite, business operations, finance and other matters are considered by the Boards of Worldpay (UK) Limited, Worldpay Limited and Worldpay AP Limited, all of which are wholly owned subsidiaries of the Company and have fully operational Boards by virtue of their regulated status. These three Boards have adopted The Wates Principles for Corporate Governance in order to comply with the Companies (Miscellaneous Reporting) Regulations 2018. For further detail on the activities of these Boards including their corporate governance arrangements, please refer to the Annual Report and Accounts of each entity for the year-ended 31 December 2020, which are available at Companies House.

For the Company, all Board decisions are taken on a case-by-case basis and when the Board does meet, it does so within the confines and in compliance with its Articles of Association and the Companies Act 2006. During 2020, the Board of the Company has convened five times to discuss and consider matters a holding company of a consolidated group are expected to consider including treasury and funding proposals, tax matters, amongst others.

## Statement of directors' responsibilities in respect of the annual report, strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including 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 state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Post balance sheet events

None.

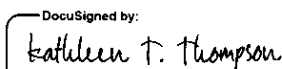
Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic report and the Directors' report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Strategic report and the Directors' report comprising pages 3 to 19 have been approved and are signed by order of the Board by:

DocuSigned by:  
  
Kathleen T. Thompson

Director

March 23, 2022 | 06:30 PDT

Registered office  
The Walbrook Building  
25 Walbrook  
London  
EC4N 8AF

Registered number  
10887351

# Independent auditor's report to the members of Worldpay International Group Limited

## Opinion

We have audited the financial statements of Worldpay International Group Limited ("the company") for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial over this period were:

- availability of financial support from other group entities;

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We inspected letters received by the directors indicating the group's intention to provide this support, examined internally provided projections to assess its ability to provide this support over the period of the audited entity's going concern assessment, and assessed the business reasons why the group may or may not choose to provide this support. We also compared the group's past budgets to actual results to assess the group's track record of budgeting accurately. We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included

- Enquiring of directors and inspection of policy documentation as to Worldpay International Group Limited's policies and procedures to prevent and detect fraud that apply to this company, as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud;
- Reading Board and management meeting minutes;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk over alternative payments revenue, in particular the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to revenue with an opposing unusual account and those posted to treasury with an opposing unusual account.
- Assessing significant accounting estimates for bias

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors, as required by auditing standards, and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial conduct authority regulation, financial reporting legislations (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, and certain aspects of company legislation recognizing the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 19, the directors are responsible for: the preparation of the financial statements and for 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 group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

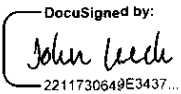
#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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.

DocuSigned by:  
  
2211730649E3437...  
John Leech

**Statutory Auditor**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 St Peter's Square  
Manchester  
M2 3AE  
23 March 2022

# Consolidated income statement

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 \$m	Year ended 31 December 2019 (restated*) \$m
<b>Revenue</b>	2a	<b>1,166.8</b>	1,334.7
Other cost of sales		(29.1)	(62.9)
<b>Gross profit</b>		<b>1,137.7</b>	1,271.8
Personnel expenses	2c	(300.2)	(348.4)
General, selling and administrative expenses	2d	(298.1)	(350.5)
Depreciation and amortisation	3b,3c, 3d	(548.7)	(550.3)
<b>Operating (loss) / profit</b>		<b>(9.3)</b>	22.6
Finance income – Visa Europe	5a	154.5	288.5
Finance costs – CVR liabilities	5a	(70.9)	(268.5)
Finance costs – other	5a	(206.9)	(195.7)
<b>Loss before tax</b>	2f	<b>(132.6)</b>	(153.1)
Tax (charge) / credit	2g	(41.5)	-
<b>Loss for the year</b>		<b>(174.1)</b>	(153.1)

The accompanying notes on pages 28 to 66 form an integral part of these financial statements.

\* Refer to note 7c

# Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 (restated*) \$m
<b>Loss for the year</b>	<b>(174.1)</b>	<b>(153.1)</b>
Items that are or may subsequently be reclassified to profit or loss:		
Cash flow hedges net of tax	-	(9.7)
Currency translation movement on net investment in subsidiary undertakings	<b>546.6</b>	255.5
Currency translation movement due to net investment hedging	-	(8.7)
<b>Total comprehensive income for the year</b>	<b>372.5</b>	<b>84.0</b>

The accompanying notes on pages 28 to 66 form an integral part of these financial statements.

\* Refer to note 7c

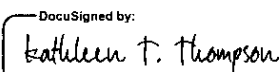


# Consolidated balance sheet

As at 31 December 2020

	Notes	2020 \$m	2019 (restated*) \$m	Unaudited 2018 (restated*) \$m
<b>Non-current assets</b>				
Goodwill	3a	9,044.7	8,664.3	8,442.2
Other intangible assets	3b	2,186.6	2,415.5	2,658.8
Property, plant and equipment	3c	125.4	166.0	80.2
Investment	6b	17.4	-	6.4
Financial assets – Visa Inc. preference shares	5i	70.3	475.4	163.2
Other non-current assets	3d	4.1	3.0	63.4
Deferred tax asset	2i	101.8	73.5	64.5
		<b>11,550.3</b>	<b>11,797.7</b>	<b>11,478.7</b>
<b>Current assets</b>				
Trade and other receivables	4b	720.9	582.2	537.9
Scheme debtors	4a	678.7	804.7	667.4
Other current assets	4c	-	19.9	40.7
Merchant float	4a	2,064.5	1,518.2	1,900.7
Current tax asset	2h	-	-	16.3
Own cash and cash equivalents	5b	1,124.3	949.0	533.9
		<b>4,588.4</b>	<b>3,874.0</b>	<b>3,696.9</b>
<b>Current liabilities</b>				
Trade and other payables	4d	403.6	579.3	482.7
Merchant creditors	4a	2,743.2	2,322.9	2,568.1
Current tax liabilities	2h	17.6	8.1	-
Financial liabilities – CVR liabilities	5i	401.2	893.7	606.3
Borrowings	5c	851.3	1,014.2	30.0
Finance leases	5d	13.3	17.4	14.9
Provisions	4e	42.2	3.3	15.4
		<b>4,472.4</b>	<b>4,838.9</b>	<b>3,717.4</b>
<b>Non-current liabilities</b>				
Borrowings	5c	3,839.0	3,300.0	3,917.5
Finance leases	5d	63.1	71.6	10.4
Provisions	4e	2.9	6.7	7.2
Deferred tax liabilities	2i	358.3	424.0	443.7
		<b>4,263.3</b>	<b>3,802.3</b>	<b>4,378.8</b>
<b>Net assets</b>				
		<b>7,403.0</b>	<b>7,030.5</b>	<b>7,079.4</b>
<b>Equity</b>				
Called-up share capital	5f	8,057.3	8,057.3	8,057.3
Foreign exchange reserve		42.6	(504.0)	(750.8)
Hedge reserve		-	-	9.7
Retained earnings		(696.9)	(522.8)	(236.8)
<b>Total equity</b>		<b>7,403.0</b>	<b>7,030.5</b>	<b>7,079.4</b>

The accompanying notes on pages 28 to 66 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2022. They were signed on its behalf by:

DocuSigned by:  
  
 C40CAEE4DE8B42F  
 Kathleen Thompson  
 Director

Registered number  
 10887351

March 23, 2022 | 06:30 PDT

\* Refer to note 7c

# Consolidated statement of changes in equity

For the year ended 31 December 2020

	Called-up share capital \$m	Hedge reserve \$m	Foreign exchange reserve \$m	Retained earnings/ (deficit) \$m	Total \$m
<b>At 27 July 2017</b>					
Issue of 1,338 ordinary shares on 27 July 2017 (date of incorporation)	-	-	-	-	-
Issue of 8,057,303,856 ordinary shares on 16 January 2018	8,057.3	-	-	-	8,057.3
Loss for the period, as reported	-	-	-	(182.4)	(182.4)
Effect of restatement in the period (note 7c)	-	-	-	63.8	63.8
Dividend paid	-	-	-	(118.2)	(118.2)
Foreign currency translation	-	9.7	(753.6)	-	(743.9)
Foreign currency translation – net investment hedging	-	-	2.8	-	2.8
<b>As at 31 December 2018 (as originally reported)</b>	<b>8,057.3</b>	<b>9.7</b>	<b>(750.8)</b>	<b>(300.6)</b>	<b>7,015.6</b>
Effect of restatement (note 7c)	-	-	-	63.8	63.8
<b>At 31 December 2018 (restated*)</b>	<b>8,057.3</b>	<b>9.7</b>	<b>(750.8)</b>	<b>(236.8)</b>	<b>7,079.4</b>
Loss for the year, as reported	-	-	-	(196.2)	(196.2)
Effect of restatement in the period (note 7c)	-	-	-	43.1	43.1
Dividend paid	-	-	-	(132.9)	(132.9)
Foreign currency translation	-	(9.7)	255.5	-	245.8
Foreign currency translation – net investment hedging	-	-	(8.7)	-	(8.7)
<b>As at 31 December 2019 (as originally reported)</b>	<b>8,057.3</b>	<b>-</b>	<b>(504.0)</b>	<b>(629.7)</b>	<b>6,923.6</b>
Effect of restatement – cumulative (note 7c)	-	-	-	106.9	106.9
<b>At 31 December 2019 (restated*)</b>	<b>8,057.3</b>	<b>-</b>	<b>(504.0)</b>	<b>(522.8)</b>	<b>7,030.5</b>
Loss for the year	-	-	-	(174.1)	(174.1)
Foreign currency translation	-	-	546.6	-	546.6
<b>At 31 December 2020</b>	<b>8,057.3</b>	<b>-</b>	<b>42.6</b>	<b>(696.9)</b>	<b>7,403.0</b>

The accompanying notes on pages 28 to 66 form an integral part of these financial statements.

\* Refer to note 7c

# Consolidated cash flow statement

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
<b>Operating activities</b>			
Loss before tax		(132.6)	(153.1)
<b>Adjustments for:</b>			
Amortisation of intangible assets and other non-current assets	3b, 3d	507.2	514.4
Depreciation of property, plant and equipment	3c	41.5	35.9
Impairment to right-of-use asset	3c	8.4	-
Distribution of equity-settled share-based payments		19.1	-
Finance costs	5a	123.3	175.7
<b>Net cash inflow from operating activities before movements in working capital</b>		<b>566.9</b>	<b>572.9</b>
Increase in trade and other receivables		(122.8)	(30.0)
Increase in trade and other payables		(154.3)	44.2
Increase / (decrease) in provisions		33.8	(20.1)
<b>Cash generated by operations</b>		<b>323.6</b>	<b>567.0</b>
Tax paid		(147.5)	(19.0)
<b>Net cash inflow from operating activities</b>		<b>176.1</b>	<b>548.0</b>
<b>Investing activities</b>			
Deferred cash received from sale of Visa Europe		-	63.1
Proceeds from sale of Visa preference shares		552.1	-
Settlement of preference share proceeds to CVR holders		(402.1)	-
Distribution of cash to CVR holders		(194.3)	-
Purchase of intangible assets		(192.7)	(169.3)
Purchases of property, plant and equipment		(8.6)	(52.5)
Acquisitions		-	(4.1)
<b>Net cash outflow from investing activities</b>		<b>(245.6)</b>	<b>(162.8)</b>
<b>Financing activities</b>			
Finance costs paid		(202.0)	(219.4)
Payment of Lease obligations		(12.5)	(17.7)
New intercompany borrowings		1,095.0	942.4
Repayment of intercompany borrowings		(689.0)	(2.5)
Repayment of external borrowings		-	(570.4)
Payment of dividend		-	(132.9)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>191.5</b>	<b>(0.5)</b>
<b>Net increase in own cash and cash equivalents</b>		<b>122.0</b>	<b>384.7</b>
Own cash and cash equivalents at beginning of the period		949.0	533.9
Effect of foreign exchange rate changes		53.3	30.4
<b>Own cash and cash equivalents at end of the period</b>	5b,5e	<b>1,124.3</b>	<b>949.0</b>

The accompanying notes on pages 28 to 66 form an integral part of these financial statements.

# Notes to the consolidated financial statements

## Section 1 – Basis of preparation

This section sets out the accounting policies of Worldpay International Group Limited (the 'Company') and its subsidiaries (the 'Group' and the 'Worldpay International Group') that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. The parent company financial statements present information about the Company as a separate legal entity and not about its group.

This section also details new accounting standards that have been endorsed in the year and have either become effective in 2020 or will become effective in later periods.

### Note 1a

Worldpay International Group Limited ("the Company") is a private company limited by shares and incorporated, registered and domiciled in England and Wales. The registered address is The Walbrook Building, 25 Walbrook, London EC4N 8AF.

The Company prepared company only financial statements for the year ended 31 December 2020, these are presented on pages 66 to 70. These company only financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs') but makes amendments where necessary to comply with Companies Act 2006.

The consolidated financial statements for all periods have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The constituent companies in the Group are accounted for under FRS 101 and accordingly, there have been no GAAP differences identified under the requirements of IFRS 1 and no restatements are required.

The financial statements are presented in US Dollars (\$) which is the Group's presentational currency. All information is given to the nearest one hundred thousand US Dollars.

The financial statements are prepared on the historical cost basis except for the derivative financial instruments and certain items arising from the Visa Europe transaction, which are stated at their fair value.

Revenue, which is defined as revenue less interchange and scheme fees, is presented on the face of the income statement.

The Group's cash flow statement is presented excluding merchant float. Merchant float represents surplus cash balances that the Group holds on behalf of its customers when the incoming amount from the card networks precedes when the funding to customers falls due. The funds are held in a fiduciary capacity and cannot be utilised by the Group to fund its own cash requirements. The merchant float is also subject to significant period by period fluctuations depending on the day of the week a period end falls. For these reasons, the Directors have excluded the merchant float from the cash flow statement to allow a better understanding of the Group's underlying own cash flows.

### Going concern

The impact of COVID-19 on the global economy has resulted in lower revenues, profits and operating cashflow since March 2020 and has heightened uncertainty about the future financial performance of the Group and the Company, which could cast significant doubt over the Group's ability to trade as a going concern. The Group has net current assets of \$116.0 million as at 31 December 2020 and made a loss for the year ended of \$174.1 million.

The Group's sources of funds which is used day-to-day to support operating activities and fund any short-term operational cash requirements which may arise due to timing of settlement include cash of \$1.1 billion, loans from fellow group companies of \$3.9 billion and a committed revolving credit facility from its ultimate parent of \$1.5 billion of which \$0.8 billion was drawn down at 31 December 2020. Funds from the revolving credit facility are drawn upon and repaid regularly throughout the year. The loans from fellow group companies and the revolving credit facility with the ultimate parent are not subject to financial covenants.

The Group and Company is dependent on the ultimate parent company providing continuing financial support to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. The Company's ultimate parent has indicated its intention to continue to make available such funds as are needed by the company for that period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment of the Group and Company's financial position including the stress testing of the results of the ultimate parent company, the facts and circumstances noted above, and of the enquiries made of the directors of the Company's ultimate parent, the company's directors have a reasonable expectation that the Group and Company will continue in operational existence and meet its liabilities as they fall due for the period of 12 months from the date of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

**Note 1a (continued)**

**Accounting policies**

**Foreign exchange**

The consolidated financial statements of the Worldpay International Group are presented in US Dollars.

The net assets of foreign subsidiaries are translated to US Dollars as follows:

- The assets and liabilities of the entity (including goodwill and fair value adjustments on acquisition) are translated at the rate prevailing at the end of the reporting period;
- Income and expenses are translated at the rate ruling on the date of the transaction or an appropriate average rate; and
- Equity elements are translated at the date of the transaction and not retranslated in subsequent periods.

All exchange differences arising on consolidation are taken through other comprehensive income to the foreign currency reserve.

Foreign currency transactions are initially recorded at the rate ruling on the date of the transaction. At the end of each reporting period, foreign currency items on the balance sheet are translated as follows:

- Non-monetary items, including equity, held at historic cost are not retranslated;
- Non-monetary items held at fair value are translated at the rate ruling on the date the fair value was determined; and
- Monetary items are retranslated at the rate prevailing at the end of the reporting period.

Foreign exchange gains and losses arising from the retranslation of foreign currency transactions are recognised in the income statement.

**Netting**

The Group is party to a number of arrangements, including master netting agreements that give it the right to offset financial assets and financial liabilities.

Where it does not intend to settle the amounts net or simultaneously, the assets and liabilities concerned are presented gross.

**Ultimate parent company shares held in Employee Benefit Trust (EBT)**

As part of the acquisition by FIS the ordinary shares of Worldpay Inc. were converted to FIS Inc. shares and are classified as other assets within current assets. The EBT purchased the Group's shares in 2016 in order to hedge the cash outflow upon the exercise of a share option or a share award. All remaining shares held in trust were distributed in the year ended 31 December 2020. Further to this, the directors of Worldpay Group Limited gave a direction to Estera Trust (Jersey) Limited (the "Trustee") to exercise its power under the Trust deed to terminate the EBT, by bringing forward the end of the trust period, as defined in the Trust deed. The Trustee agreed that the legacy Trust should be terminated. The Deed of Termination for the EBT was duly executed on 3 June 2020.

**Accounting developments**

**Impact of new accounting standards**

The following amendments and interpretations apply for the first time in 2020, but do not have any significant impact on the consolidated financial statements.

- Amendments to IFRS 3: clarify the definition of a business.
- Amendments to IFRS 7, 9 and IAS 39: addressing issues affecting financial reporting in the period leading up to IBOR reform.
- Amendments to IAS 1 and IAS 8: update the definition of material.
- Amendments to References to the Conceptual Framework in IFRS Standards: Amendments to IFRS 2, IFRS 3, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32 to update those pronouncements with regard to the revised Conceptual Framework.

The Group reviewed the IFRIC agenda decisions regarding cloud computing arrangements, or Software as a Services (SaaS), and noted the necessary assessment of whether arrangements contain a lease or an intangible asset. The Group determined no adjustments were required to the historic treatment of such arrangements.

#### **Note 1b**

##### **Critical accounting estimates and judgements**

The reported results of the Group for the financial year ended 31 December 2020 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The judgements and assumptions involved in the Group's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed below.

The use of estimates, assumptions or models that differ from those adopted by the Group would affect its reported results.

##### **Fair value of Visa Europe transaction and related Contingent Value Rights (CVRs)**

As part of the Worldpay acquisition in January 2018, the Company acquired certain assets and liabilities related to the June 2016 Worldpay Group plc ("Legacy Worldpay") disposal of its ownership interest in Visa Europe to Visa Inc. As part of the disposal, Legacy Worldpay received consideration from Visa Inc. in the form of cash and convertible Visa Inc. Series B preferred stock ("preferred stock"), the value of which may be reduced by settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. Also, in connection with the disposal, Legacy Worldpay agreed to pay former Legacy Worldpay owners 90% of the net-of-tax proceeds from the disposal, known as contingent value rights ("CVR"), pending the finalization of the proceeds from disposal, which is expected to occur no later than June 2028, at which time the preferred stock is subject to mandatory conversion into Visa Inc. Class A common stock.

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current 'Financial assets – Visa Inc. preference shares' category and has been classified as fair value through profit and loss. Subsequent movements on the fair value of the preferred stock are recognised in 'Finance income – Visa Europe' and the movement on the CVR liabilities is recognised in 'Finance costs – CVR liabilities' in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the Litigation Management Deed ('LMD') and Loss Sharing Agreement (LSA).

When measuring the fair values of the financial asset – Visa Inc. preference shares, the Group uses observable market data as far as possible. In order to fair value the preference shares as at 31 December 2020, the Directors have considered a range of potential outcomes, including the likely value of the potential level of Visa Europe liabilities that the Group may be liable for.

The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in 'Finance costs – CVR liabilities' in the income statement.

Further details on the key assumptions made in valuing the consideration received and the CVR and LSA liabilities, together with sensitivity analysis, are provided in Note 5i.

##### **Trade receivable impairment provisions**

A trade receivable is impaired when there is objective evidence that, due to events since the trade receivable was created, the Group cannot recover the original expected cash flows from the trade receivable. Trade receivable impairment provisions can be either bad debt provisions or merchant potential liability provisions.

A bad debt provision represents the difference between the carrying value of the trade receivable and the present value of estimated future cash flows.

The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

See Note 4b for further information.

##### **Financial instruments**

###### **(i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Note 1b** (continued)

**(ii) Classification and subsequent measurement**

*Financial assets*

*(a) Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. Investments in subsidiaries are carried at cost less impairment.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

*(b) Subsequent measurement and gains and losses*

*Financial assets at FVTPL* - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Debt investments at FVOCI* - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI* - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Financial liabilities and equity*

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Note 1b** (continued)*Intra-group financial instruments*

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**(iii) Derivative financial instruments and hedging***i. Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

*ii. Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is reclassified to the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

*iii. Fair value hedges*

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the income statement over the remaining life of the hedged item.

**(iv) Impairment**

For trade and other receivables, the Company has applied IFRS 9's simplified approach and recognises lifetime expected credit losses (ECL) for these assets. The Company has reviewed at least two years of internal historic credit loss data and past due information. Forward-looking considerations have been incorporated into the model by using outcome probability weightings.

Cash and bank balances are assessed to have low risk as they are held with reputable international banking institutions.



## Section 2 – Results for the period

This section focuses on the results and performance of the Group in the financial year ended 31 December 2020.

### Accounting policies

#### Revenue recognition

Revenue is recognised when a customer obtains control of promised services or goods. The amount of revenue recognised reflects the consideration to which the Company expects to be entitled to receive in exchange for these services.

The Company has contractual agreements with its customers that set forth the general terms and conditions of the relationship including pricing, payment terms and contract duration. Revenue is recognised when the obligation under the terms of the Company's contract with its customer is satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The Company generates revenue primarily by processing electronic payment transactions.

#### Performance Obligations

Since the majority of the Company's revenue relates to payment processing services for its customers, the Company's core performance obligation is to provide continuous access to the Company's system to process as much as its customers require. The Company's payment processing services consist of variable consideration under a stand-ready service of distinct days of service. Each payment transaction is substantially the same, as such revenue is generally recognised on each transaction. The Company's revenue from products and services is recognised at a point in time or over time depending on the products or services, with the majority of the revenue recognised at a point in time.

#### Costs to Obtain and Fulfil a Contract

IFRS 15 requires capitalising costs of obtaining a contract when those costs are incremental and expected to be recovered. The Company sales commission is earned and paid periodically in relation to the sales recorded for the period. The Company recognises incremental sales commission costs of obtaining a contract as expense when the amortisation period for those assets is one year or less per the practical expedient in IFRS 15. These costs are included in personnel expenses.

#### Remaining Performance Obligations

IFRS 15 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations; however, as permitted by IFRS 15, the Group has elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. As discussed above, the Group's core performance obligation consists of variable consideration under a stand ready series of distinct days of service. Such variable consideration meets the specified criteria for the disclosure exclusion; therefore, the majority of the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied is variable consideration that is not required for disclosure. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

Turnover represents the consideration received or receivable from the merchants for services provided, reduced by interchange fees and scheme fees. Key revenue streams the Company reports are:

- Transaction service charges relate to services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks. Revenue is recognised at a point in time when the transactions are successfully processed and is recognised per transaction.
- Income from treasury management and foreign exchange services is generated from settling foreign currency transactions on behalf of customers. Revenue is recognised at a point in time when the Company's obligation in relation to the transaction is fulfilled.
- Ancillary income includes fees charged per transaction for providing gateway services, charges levied for the acceptance of alternative payments and fraud, risk management and other support services. The majority of these services work in an equivalent manner to transaction processing services, as such revenue is recognised at a point in time. The exceptions to these, where revenue is recognised over time, make up a smaller proportion of ancillary income, and include periodic fixed-fee services such as the provision of PCI Compliance portals and access to a data insight dashboards.
- Terminal rental fees are due from terminal lessees. Revenue is recognised on a straight-line basis over the terms of the lease agreements. Since the terminals are used consistently throughout the period in which they are rented, it follows that straight-line recognition of revenue most faithfully depicts the satisfaction of the associated performance obligations over time.

Items paid in advance or invoiced in arrears are shown as prepayments or accruals, as appropriate, on the balance sheet at the end of the period. Payment terms for customers can be immediate through net settlement or based on specific terms agreed with customers.

**Note 2a****Segmental information**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (the Directors) to allocate resources and assess performance. Segmental performance has been disclosed as far as available, the remaining captions proposed under IFRS 8 are not disclosed since the underlying financial records for these financial statement captions are not recorded, managed nor reported by these segments. Segmental analysis has not been provided for the prior year when IFRS 8 did not apply.

The Group reports three segments: Global eCom, Merchant International and Corporate. Corporate principally contains central personnel, office and other indirect costs.

Year ended 31 December 2020	Global eCom \$m	Merchant International \$m	Corporate \$m	Total \$m
<b>Income statement</b>				
Revenue	621.4	545.4	-	1,166.8
Gross profit	619.1	518.6	-	1,137.7
Segmental EBITDA	514.2	420.9	(395.7)	539.4

**Disaggregated revenue**

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Transaction service charges	612.5	675.1
Treasury management and foreign exchange services	226.6	269.5
Ancillary income	268.0	319.9
Revenue from contracts with customers (IFRS 15)	<b>1,107.1</b>	1,264.5
Terminal rental fees (IFRS 16)	59.7	70.2
Total revenue	<b>1,166.8</b>	1,334.7

**Note 2b****Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Receivables	<b>619.7</b>	516.7
Contract liabilities	<b>0.3</b>	1.9

The contract liabilities primarily relate to the advance consideration received from customers for compliance related services.

**Note 2c****Personnel expenses**

Expenses related to services rendered by employees are recognised in the period in which the service is rendered. This includes wages and salaries, social security contributions, pension contributions, bonuses, termination benefits and share-based payment charges.

Where payments of amounts due are outstanding at the end of the reporting year, an accrual is recognised. Where payments have been made in advance prior to the end of the reporting year, a prepayment is recognised.

The Group operates defined contribution pension schemes. The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

**Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based upon estimation of the number of shares which will eventually vest, with a corresponding increase in equity. Fair value is measured by reference to the market value of the Group's shares, adjusted as necessary for the terms and conditions of the award, or an appropriate option pricing model, depending on the nature of the award.

The Group recognised a charge of \$40.4m in 2020 (Year ended 31 December 2019: \$46.5m) for equity-settled share-based payments. Details of equity-settled share-based payment plans are set out below.

**Long-term incentive plans**

During the year ending 31 December 2020, the terms of three plans previously operated by the Group ("Performance Share Plan", "Conditional Share Plan" and "Deferred Bonus Share Plan") were all converted into the "FIS Restricted Stock Plan". Each award maintained its initial vesting date, which was three years from the grant date. The terms of the FIS Restricted Stock Plan have no performance conditions other than disciplinary procedures or dismissal. Additional grants of this award were made in the year ended 31 December 2020, with the grant price based on the fair market value of FIS common stock on the grant date. In the same way as under the previous plans, the value of any dividends earned on the vested shares during the three years will be paid on vesting. As at 31 December 2020, the FIS Restricted Stock Plan had 419,738 shares outstanding (2019, prior to conversion, 264,980).

**All employee share plans****Save As You Earn scheme (SAYE)**

This plan offered the opportunity for colleagues to save monthly in order to buy FIS shares at a discount. The SAYE plan runs for a period of either three or five years depending on the length of contract chosen by the employee. As at 31 December 2020, the SAYE scheme had 141,111 (2019: 228,833) options outstanding.

The Black-Scholes option model has been used to determine the fair value of the options issued. There are no inputs which are sufficiently sensitive to there being a reasonable possibility of a material adjustment in a future period.

	Weighted average exercise price 2020	Number of options 2020	Weighted average exercise price 2019	Number of options 2019
Outstanding at the beginning of the period	<b>78.08</b>	<b>506,952</b>	66.54	695,989
Forfeited during the period	<b>104.92</b>	<b>(21,983)</b>	92.17	(33,792)
Exercised during the period	<b>70.40</b>	<b>(181,202)</b>	45.75	(193,987)
Granted during the period	<b>120.10</b>	<b>41,965</b>	80.59	117,274
Lapsed during the period	-	-	57.82	(78,532)
Outstanding at the end of the period	<b>85.82</b>	<b>345,732</b>	78.08	506,952
Exercisable at the end of the period	<b>81.81</b>	<b>50,753</b>	63.69	135,025

**Note 2c****Personnel expenses** (continued)

Employee numbers

The average number of employees during the year is in the table below. The departments have been recategorised in 2020 to better represent the Group's organisational structure.:

	Year ended 31 December 2020
Global eCom	380
Merchant International	467
Product	294
Operations	750
Technology	1,868
Corporate	425
<b>Total</b>	<b>4,184</b>

The average number of employees during the prior year was:

	Year ended 31 December 2019
Global eCom	377
Merchant International (formerly "WPUK")	1,091
Technology	1,547
Corporate	909
<b>Total</b>	<b>3,924</b>

Compared with the prior year, a proportion of "Corporate" employees have been reclassified into "Product", and the majority of "Operations" employees were classified in "Merchant International" in the prior year.

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Wages and salaries including redundancy costs	202.7	230.5
Share based payments	40.4	42.8
Pensions	38.7	26.6
Social security costs	18.4	48.5
<b>Total personnel expenses</b>	<b>300.2</b>	<b>348.4</b>

Pension costs have increased year-over-year due to the introduction in 2020 of automatic enrolment (with the option to opt out) of all employees into the company pension scheme, leading to a higher uptake in employees making pension contributions.

Social security costs included a cost of \$12.5m in 2019 relating to expected tax on contractors which was released in 2020 as the liability was determined to never have been legally required and the Directors believe it is not material to the financial statements.

**Note 2c****Personnel expenses** (continued)

## Directors' emoluments

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Directors' remuneration	3.1	4.6
Amounts receivable under long term incentive schemes	11.9	33.0

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was \$8.7m (2019: \$23.8m), and Company pension contributions of \$29,000 (2019: \$14,000) were made to a money purchase scheme on their behalf. During the year, the highest paid director exercised share options and received shares under a long-term incentive scheme of \$7.1m (2019: \$22.0m).

**Note 2d****General, selling and administrative expenses**

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Selling costs	6.4	5.7
Operating costs	5.8	18.9
Office costs	107.5	106.1
Administrative costs	67.1	71.1
Gain from release of VAT liability with respect to PESM (note 7d)	(39.3)	-
Professional fees	49.5	54.6
Bad debt	51.0	57.9
Provision for merchant potential liabilities (note 4e)	30.3	-
Other	19.8	36.2
<b>Total general, selling and administrative expenses</b>	<b>298.1</b>	<b>350.5</b>

**Note 2e****Auditor remuneration**

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Fees payable to the Group's auditor for the audit of the Group's Annual Report and Accounts	1.4	1.4
Fees payable for audit of financial statements of subsidiaries of the company	0.7	0.5
<b>Total audit fees</b>	<b>2.1</b>	<b>1.9</b>
Fees payable to the Group's auditor for non-audit services	0.4	1.0
<b>Total auditor remuneration</b>	<b>2.5</b>	<b>2.9</b>

**Note 2f****Loss before tax**

Loss before tax is stated after charging:

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Other cost of sales	29.1	62.9
Amortisation of business combination intangibles	389.3	397.7
Amortisation of other intangibles	115.8	116.7
Amortisation of other non-current assets	2.1	1.2
Depreciation of property, plant and equipment	34.6	27.6
Depreciation of right of use assets	6.9	8.3

Other costs of sales are predominantly merchant referral expenses and certain direct marketing and commissions costs. As a consequence of the pandemic, new business sales were also impeded, leading to reduced costs of sales.

Research and development expenditure recognised in the Year ended 31 December 2020 was \$14.1m (Year ended 2019: \$35.5m). This represents the amount charged to the profit and loss account in relation to the new acquiring platform.

**Note 2g**

Tax on the profit or loss for the year comprises current and deferred tax. Current tax, including all applicable UK and foreign taxes, is the expected tax payable on the taxable income for the year, using tax rates and bases of calculation which have been enacted or substantively enacted in the applicable jurisdiction for the current accounting year, together with any necessary adjustments to tax payable in respect of previous accounting periods. Current tax is recognised in the income statement unless it arises from a transaction recognised directly in equity, in which case the associated tax is also recognised directly in equity. Relief for foreign taxation in calculating UK taxation liabilities is considered where appropriate.

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 (restated) \$m
<b>Current taxation</b>		
UK corporation tax charge for the period	152.1	59.5
Foreign corporation tax charges	0.2	17.5
Adjustments in respect of prior years	2.0	-
Prior period adjustment (see note 7c)	-	(33.7)
	154.3	43.3
<b>Deferred taxation</b>		
Credit for the period	(118.6)	(33.9)
Adjustments in respect of prior years	5.8	-
Prior period adjustment (see note 7c)	-	(9.4)
	(112.8)	(43.3)
<b>Tax charge / (credit) for the period</b>	<b>41.5</b>	<b>-</b>

**Note 2g (continued)**

The Group is mainly exposed to tax in the UK and Netherlands. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 19% (2019: 19%) as follows:

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 (restated) \$m
Expected tax credit at UK corporation tax rate of 19% (2019: 19%)	(25.2)	(29.1)
Non-deductible items	1.4	15.2
Visa Europe non-deductible CVR obligations	14.3	51.8
Overseas tax at a higher rates	1.3	0.7
Rate change adjustment	41.9	3.4
Adjustments in respect of prior periods	7.8	-
Deferred tax not recognised	-	1.1
Prior period adjustment (see note 7c)	-	(43.1)
<b>Actual tax charge / (credit) for the year</b>	<b>41.5</b>	<b>-</b>

The tax charge increased by \$41.5m in 2020 from a nil tax charge in 2019 (restated), representing both current tax and deferred tax charges. After adjusting for the prior period restatement (refer to note 7c), the main reasons for this difference are the non-deductible Visa CVR obligations and tax rate changes.

The effective tax rate in 2020 is negative 31.3% (2019, restated: 0.0%). The effective tax rate is negative mainly due to Visa Europe and the rate change adjustments noted above being applied to a loss before tax, resulting in a tax charge. The effective tax rate in 2020 is higher than in 2019 (restated) due to higher rate change costs in 2020 when applied to a loss before tax.

Provisions established for uncertain items are made using a best estimate of the tax expected to be paid, based on a qualitative assessment of all relevant information and management's judgement. The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances.

**Note 2h****Current liabilities**

	31 December 2020 \$m	31 December 2019 (restated) \$m
Current tax liabilities	17.6	8.1

**Note 2i****Deferred tax**

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 balance sheet 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.

Deferred tax charges and credits are recognised in the income statement unless they arise from a transaction recognised directly in equity, in which case the associated deferred tax is also recognised directly in equity.

**Note 2i****Deferred tax (continued)**

Deferred tax assets and liabilities are analysed in the consolidated balance sheet, after offset of balances within entities and tax jurisdictions, as follows:

	31 December 2020 \$m	31 December 2019 (restated) \$m
Deferred tax assets	101.8	73.5
Deferred tax liabilities	(358.3)	(424.0)
	(256.5)	(350.5)

The Group has an unrecognised deferred tax asset of \$0.1m (2019: \$1.1m) which relates to losses carried forward. The deferred tax asset on the tax losses has not been recognised due to uncertainty over future utilisation.

Deferred tax assets and liabilities, before offset of balances within entities and tax jurisdictions, are as follows:

	Accelerated capital allowances \$m	Provisions/ other \$m	Intangibles \$m	Visa Europe \$m	Total \$m
At 1 January 2019	30.0	34.5	(416.0)	(27.7)	(379.2)
Credit/(charge) to income statement "IS"	(5.0)	14.0	78.0	(53.1)	33.9
Prior period restatement, credited to IS (note 7c)	-	9.4	-	-	9.4
Charge to statement of other changes in equity	-	2.3	-	-	2.3
Foreign exchange rate impact	(0.1)	(2.2)	(14.6)	-	(16.9)
<b>At 31 December 2019 (restated)</b>	<b>24.9</b>	<b>58.0</b>	<b>(352.6)</b>	<b>(80.8)</b>	<b>(350.5)</b>
Credit/(charge) to income statement	0.3	16.0	33.6	68.7	118.6
Adjustment in respect to prior years	0.3	(0.1)	(6.0)	-	(5.8)
Foreign exchange rate impact	-	0.3	(18.1)	(1.0)	(18.8)
<b>At 31 December 2020</b>	<b>25.5</b>	<b>74.2</b>	<b>(343.1)</b>	<b>(13.1)</b>	<b>(256.5)</b>

The deferred tax balance is analysed as follows:

Deferred tax asset	25.5	76.1	-	-	101.8
Deferred tax liability	-	(1.9)	(343.1)	(13.1)	(358.3)
<b>At 31 December 2020</b>	<b>25.5</b>	<b>74.2</b>	<b>(343.1)</b>	<b>(13.1)</b>	<b>(256.5)</b>

**Factors affecting future tax charges**

In the March 2021 UK budget announcement, the Chancellor confirmed that the rate of corporation tax will increase to 25% from 1 April 2023. This measure has been made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. Since this change was not enacted or substantively enacted on the balance sheet date, this has not been used to calculate current or deferred tax for tax disclosures for year ended 31 December 2020.



## Section 3 – Non-current assets

This section shows assets used by the Group to generate revenue and profits. These assets include customer relationships, brands, computer software and goodwill. The Group's physical assets are also shown in this section.

### Note 3a

#### Goodwill

Goodwill arising on the acquisition of a business represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, less any non-controlling interest. Goodwill is carried at the cost established at the date of acquisition of the business less accumulated impairment losses, if any, and is not amortised.

	\$m
<b>Cost</b>	
<b>At 1 January 2019</b>	<b>8,442.2</b>
Acquisition	2.8
Foreign exchange impact	219.3
<b>At 31 December 2019</b>	<b>8,664.3</b>
Foreign exchange impact	380.4
<b>At 31 December 2020</b>	<b>9,044.7</b>

Should the value in use be lower than the carrying value, the resultant impairment loss is first allocated to goodwill, then to the remaining assets of the CGU pro rata based on their carrying amount. No asset is impaired below its own recoverable amount. The impairment loss is recognised immediately in separately disclosed items in the income statement. Impairment losses on goodwill cannot be reversed in subsequent periods.

The carrying value of goodwill allocated to cash-generating units is as follows:

	31 December 2020 \$m	31 December 2019 \$m
Global eCom	7,132.6	6,821.1
Merchant International	1,912.1	1,843.2
	<b>9,044.7</b>	<b>8,664.3</b>

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which goodwill has been allocated. The value in use calculations are performed at least annually and require the Directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The corporate planning process includes the preparation of the annual budget as well as the Group's long-term plan. The plan provides medium to long-term direction for the Group and is reviewed on an annual basis. It includes a four-year outlook for the business including management's view on the future achievable growth in market share and the capital expenditure required to achieve it. The cash flows included in the strategic plan are used for the value in use calculations. Key assumptions used in the value in use calculation are:

#### Global eCom

	CAGR in sales	CAGR in costs	Terminal growth rate	Discount rate
<b>31 December 2020</b>	3.6 - 7.4%	4.0 - 4.5%	2.0%	5.4%
31 December 2019	14.4 - 14.5%	18.1 - 19.9%	2.0%	6.4%

#### Merchant International

	CAGR in sales	CAGR in costs	Terminal growth rate	Discount rate
<b>31 December 2020</b>	(0.8) - 6.3%	4.0%	2.0%	4.9%
31 December 2019	3.8 - 4.1%	4.0 - 7.1%	2.0%	6.4%

**Note 3a** (continued)

The sensitivity of goodwill carrying values to reasonably possible changes in key assumptions has been performed below. Base cases are as per the assumptions table above.

## Global eCom

Growth rate Revenue	Growth rate Costs	Discount rate	Terminal rate	Headroom / (Impairment) \$m
Base case	Base case	5.4%	2.0%	1,629.6
Base case	Base case	5.4%	1.5%	436.6
Base case	Base case	7.0%	2.0%	(1,609.9)
Base case	Same rate as revenue	5.4%	2.0%	447.0
1% less than base case	Base case	5.4%	2.0%	1,029.1

## Merchant International

Growth rate Revenue	Growth rate Costs	Discount rate	Terminal rate	Headroom / (Impairment) \$m
Base case	Base case	4.9%	2.0%	6,015.5
Base case	Base case	6.4%	2.0%	3,101.6
Base case	Base case	4.9%	1.5%	4,884.8
0%	Base case	4.9%	2.0%	1,330.1

**Note 3b****Other intangible assets**

Intangible assets acquired in a business combination and recognised separately from goodwill include brands and customer relationships. These are initially recognised at their fair value at the acquisition date. Subsequently, they are reported at cost less accumulated amortisation and impairment losses, if any.

Amortisation is recognised on either a straight-line basis or using a double-declining method over the estimated useful economic life (UEL). The double-declining method is an accelerated amortisation used on customer portfolios with a shorter estimated UEL. The estimated UEL and the amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

The useful lives applied by the Group are:

Customer relationships	5 to 8 years
Brands	10 years
Computer software	5 to 8 years

The weighted average useful life of customer relationships is 7 years.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. These costs include directly attributable employee costs. However, any costs incurred in the research phase or as maintenance are expensed as incurred.

	Business combination intangibles			
	Customer relationships \$m	Brands \$m	Computer software \$m	Total \$m
<b>Cost</b>				
<b>At 1 January 2019</b>	<b>2,279.4</b>	<b>315.0</b>	<b>581.6</b>	<b>3,176.0</b>
Additions	-	-	185.2	185.2
Disposals	-	-	(27.0)	(27.0)
Foreign exchange impact	80.9	11.2	21.7	113.8
<b>At 31 December 2019</b>	<b>2,360.3</b>	<b>326.2</b>	<b>761.5</b>	<b>3,448.0</b>
Additions	-	-	192.7	192.7
Disposals	-	-	(121.3)	(121.3)
Foreign exchange impact	83.1	11.5	33.1	127.7
<b>At 31 December 2020</b>	<b>2,443.4</b>	<b>337.7</b>	<b>866.0</b>	<b>3,647.1</b>
<b>Accumulated amortisation</b>				
<b>At 1 January 2019</b>	<b>(388.5)</b>	<b>(30.2)</b>	<b>(98.5)</b>	<b>(517.2)</b>
Charge for the period	(367.0)	(30.7)	(116.7)	(514.4)
Disposals	-	-	27.0	27.0
Foreign exchange impact	(18.2)	(2.4)	(7.3)	(27.9)
<b>At 31 December 2019</b>	<b>(773.7)</b>	<b>(63.3)</b>	<b>(195.5)</b>	<b>(1,032.5)</b>
Charge for the year	(355.5)	(33.8)	(115.8)	(505.1)
Disposals	-	-	121.3	121.3
Foreign exchange impact	(34.2)	(2.8)	(7.2)	(44.2)
<b>At 31 December 2020</b>	<b>(1,163.4)</b>	<b>(99.9)</b>	<b>(197.2)</b>	<b>(1,460.5)</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>1,280.0</b>	<b>237.8</b>	<b>668.8</b>	<b>2,186.6</b>
<b>At 31 December 2019</b>	<b>1,586.6</b>	<b>262.9</b>	<b>566.0</b>	<b>2,415.5</b>

At 31 December 2020, \$78.7m (2019: \$73.2m) of intangible assets under the course of construction are shown within computer software. These assets are not yet being amortised. During the year ended 31 December 2020, \$73.2m of intangible assets under construction were brought into use, categorised under computer software (2019: \$168.9m).

**Note 3c**

**Property, plant and equipment**

**Change in accounting policy**

From 1 January 2020, terminals are no longer presented as a separate asset category and are presented within computers and office equipment. This change was due to management's assessment that they met the definition of computers and office equipment, had the same useful economic lives, and did not provide the readers of the financial statements with any additional benefit as to the asset composition of the business. The consolidated property, plant and equipment reconciled schedule has been restated from the commencement of the Group's financial statements on 27 July 2017 on the next page.

From 1 January 2020, property, plant and equipment comprise leasehold improvements and computers and office equipment.

Property, plant and equipment is initially recognised at cost. Cost includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. Subsequent measurement of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that it will give rise to future benefits, i.e., maintenance expenditure is excluded but enhancement costs that meet the criteria are capitalised.

Property, plant and equipment is depreciated to its residual value over its useful life on a straight-line basis. Estimates of the useful life and residual value, as well as the method of depreciation, are reviewed as a minimum at the end of each reporting period. Any changes are classified as a change in accounting estimate and so are applied prospectively.

Depreciation rates for each category of property, plant and equipment are as follows:

Leasehold improvements	5 to 15 years
Computers and office equipment	3 to 5 years

Depreciation begins when the asset is ready for use and ceases on disposal of the asset, classification as held for sale or the end of its useful life, whichever is the sooner.

The gain or loss on disposal is the difference between the net proceeds received and the carrying amount of the asset.

**Note 3c****Property, plant and equipment (continued)**

	Leasehold improvements \$m	Computers and office equipment \$m	Total \$m
<b>Cost</b>			
<b>At 27 July 2017</b>	-	-	-
Acquisition through business combination	11.8	46.6	58.4
Additions	0.9	46.9	47.8
Tangible assets brought into use	0.1	(0.1)	-
Disposals	(0.2)	(2.5)	(2.7)
Foreign exchange impact	(0.7)	(1.0)	(1.7)
<b>At 31 December 2018</b>	<b>11.9</b>	<b>89.9</b>	<b>101.8</b>
Recognition of right of use asset on initial application of IFRS 16	61.3	0.0	61.3
Additions	3.4	54.0	57.4
Tangible assets brought into use	0.8	(0.8)	-
Disposals	-	(0.1)	(0.1)
Foreign exchange impact	0.3	3.1	3.4
<b>At 31 December 2019</b>	<b>77.7</b>	<b>146.1</b>	<b>223.8</b>
Additions	1.6	7.0	8.6
Disposals	(2.3)	-	(2.3)
Foreign exchange impact	2.9	5.3	8.2
<b>At 31 December 2020</b>	<b>79.9</b>	<b>158.4</b>	<b>238.3</b>
<b>Accumulated depreciation</b>			
<b>At 27 July 2017</b>	-	-	-
Charge for the period	(3.7)	(18.8)	(22.5)
Disposals	0.1	3.4	3.5
Foreign exchange impact	(0.1)	(2.5)	(2.6)
<b>At 31 December 2018</b>	<b>(3.7)</b>	<b>(17.9)</b>	<b>(21.6)</b>
Charge for the period	(11.0)	(24.9)	(35.9)
Foreign exchange impact	0.6	(0.9)	(0.3)
<b>At 31 December 2019</b>	<b>(14.1)</b>	<b>(43.7)</b>	<b>(57.8)</b>
Charge for the year	(8.4)	(33.1)	(41.5)
Impairment to right-of-use asset	(8.4)	-	(8.4)
Disposals	0.8	-	0.8
Foreign exchange impact	(2.1)	(3.9)	(6.0)
<b>At 31 December 2020</b>	<b>(32.2)</b>	<b>(80.7)</b>	<b>(112.9)</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>47.7</b>	<b>77.7</b>	<b>125.4</b>
At 31 December 2019	63.6	102.4	166.0
At 31 December 2018	8.2	72.0	80.2

**Note 3c****Property, plant and equipment** (continued)

At 31 December 2020, \$9.6m (2019: \$31.2m) of assets under the course of construction are shown within computers and office equipment. These assets are not yet being depreciated.

When assets under the course of construction become available for use, they are analysed as to whether the initial classification as either leasehold improvements or computers and office equipment. For assets brought into use in 2020, these are predominantly within computer and office equipment for \$6.8m of such assets (2019: \$37.0m) and these have been allocated accordingly.

Terminals are assets within computers and office equipment which are leased by the Group to third-party merchants under leases. The future minimum lease rental receivables from operating leases are as follows:

	31 December 2020 \$m	31 December 2019 \$m
Terminal rentals due in:		
Less than one year	29.8	29.9
One to five years	5.6	8.0
<b>Total</b>	<b>35.4</b>	<b>37.9</b>

**Impairment of non-current assets**

The Group assesses its other intangible assets and property, plant and equipment for indicators of impairment at least annually. If such indicators exist, the recoverable amount of the asset or its CGU when the asset does not generate largely independent cash flows, is estimated. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows from the asset or the CGU, discounted at the appropriate pre-tax rate.

The Group recognises any impairment loss resulting from these reviews in separately disclosed items in the income statement. Impairment losses, except those arising on goodwill, may be reversed in subsequent periods. However, the revised carrying value of the asset may not exceed the carrying value had the original impairment not arisen. An exercise was undertaken to ascertain whether there were any indicators of impairment of the intangible assets and property, plant and equipment. This review determined that the right-of-use asset was to be impaired by \$8.4m. The assessment in 2019 also determined no indicators of impairment.

**Note 3d****Other non-current assets**

Contract costs are amortised when the related revenues are recognised. In the current year, the amount of amortisation was \$2.1m (Year ended 2019: \$1.2m)

	31 December 2020 \$m	31 December 2019 \$m
Contract costs	4.1	3.0

**Note 3e****Capital commitments**

As at 31 December 2020, there were commitments for capital expenditure contracted for, but not incurred, of \$38.7m (2019: \$76.2m) principally relating to computer software.

## Section 4 – Trading assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result.

### Note 4a

#### Merchant float, scheme debtors and merchant creditors

Merchant float, scheme debtors and merchant creditors represent intermediary balances arising in the merchant settlement process.

	31 December 2020 \$m	31 December 2019 \$m
Merchant float	2,064.5	1,518.2
Scheme debtors	678.7	804.7
Merchant creditors	(2,743.2)	(2,322.9)
<b>Total</b>	-	-

Merchant float represents surplus cash balances that the Group holds on behalf of its customers, when the incoming amount from the card networks precedes when the funding to customers falls due. The funds are held in a fiduciary capacity. They are excluded from the Group cash flow statement to provide greater clarity over the Group's own cash movements.

Scheme debtors consist primarily of:

- The Group's receivables from the card networks for transactions processed on behalf of customers, where it is a member of that particular network;
- The Group's receivables from the card networks for transactions where it has (by exception) funded customers in advance of receipt of card association funding; and
- Other net receivables from the card networks.

Merchant creditors consist primarily of:

- The Group's liability to customers for transactions that have been processed but not yet funded by the card franchises, where it is a member of that particular network;
- The Group's liability to customers for transactions for which it is holding funding from the sponsoring bank under the sponsorship agreement but has not funded customers on behalf of the sponsoring bank; and
- Merchant reserves and the fair value of the Group's guarantees of cardholder chargebacks. These are amounts held as deposits from customers, either from inception of Worldpay's working relationship with them, or accrued throughout the relationship due to payment issues arising or potential chargebacks.

**Note 4b****Trade and other receivables**

Trade and other receivables are initially recognised at fair value in the year to which they relate. They are subsequently held at amortised cost, less any allowance for expected credit losses. The allowance for expected credit losses is presented net with the related receivables on the balance sheet. Trade receivables primarily include amounts due from merchants for services provided to process transactions between the cardholder and an acquiring bank.

	31 December 2020 \$m	31 December 2019 \$m
Trade receivables	374.7	345.9
Accrued income	278.4	182.3
Prepayments	27.6	33.0
Other receivables	40.2	21.0
<b>Total</b>	<b>720.9</b>	<b>582.2</b>

**Restatement to prior periods**

The allowance for expected credit losses has been restated in the comparative financial years with equal offsetting movement in gross trade receivables. This is to correct the utilisation of the provision and therefore the closing amount of provision held throughout the prior periods. The corrections are shown below.

The impact of the restatement to trade receivables balances is as follows:

	31 December 2019			Unaudited 31 December 2018		
	Originally reported \$m	Impact of restatement \$m	Restated \$m	Originally reported \$m	Impact of restatement \$m	Restated \$m
Gross trade receivables	475.2	(121.2)	354.0	388.9	(84.4)	304.5
Allowance for expected credit losses	(129.3)	121.2	(8.1)	(90.3)	84.4	(5.9)
<b>Net trade receivables</b>	<b>345.9</b>	<b>-</b>	<b>345.9</b>	<b>298.6</b>	<b>-</b>	<b>298.6</b>

The impact of the restatement to the movement in the allowance for expected credit losses is as follows:

	31 December 2019			Unaudited 31 December 2018		
	Originally reported \$m	Impact of restatement \$m	Restated \$m	Originally reported \$m	Impact of restatement \$m	Restated \$m
<b>At 1 January 2018 (at 27 July 2017)</b>	90.3	(84.4)	5.9	-	-	-
Provisions arising through business combinations	-	-	-	84.6	-	84.6
Additional provision in the period	57.9	-	57.9	41.5	-	41.5
Released	(22.3)	-	(22.3)	(30.7)	-	(30.7)
Utilised in the period	(2.7)	(30.6)	(33.3)	(1.0)	(85.9)	(86.9)
Foreign exchange	6.1	(6.2)	(0.1)	(4.1)	1.5	(2.6)
<b>At 31 December</b>	<b>129.3</b>	<b>(121.2)</b>	<b>8.1</b>	<b>90.3</b>	<b>(84.4)</b>	<b>5.9</b>

Incorporating the current year ending 31 December 2020 and the restated prior period figures, disclosures have been restated as follows:

The trade receivables balance can be further analysed as follows:

	31 December 2020 \$m	31 December 2019 (restated) \$m	Unaudited 31 December 2018 (restated) \$m
Gross trade receivables	396.1	354.0	304.5
Allowance for expected credit losses	(21.4)	(8.1)	(5.9)
<b>Net trade receivables</b>	<b>374.7</b>	<b>345.9</b>	<b>298.6</b>



**Note 4b****Trade and other receivables** (continued)

The movement in the allowance for expected credit losses can be further analysed as follows:

	31 December 2020 \$m	31 December 2019 (restated) \$m	Unaudited 31 December 2018 (restated) \$m
<b>At 1 January 2020</b> (at 1 January 2019)	<b>8.1</b>	<b>5.9</b>	<b>-</b>
Acquisition through business combination	-	-	84.6
Additional provision in the period	62.3	57.9	41.5
Released	(11.4)	(22.3)	(30.7)
Utilised in the period	(36.5)	(33.3)	(86.9)
Foreign exchange	(1.1)	(0.1)	(2.6)
<b>At 31 December</b>	<b>21.4</b>	<b>8.1</b>	<b>5.9</b>

**Note 4c****Other current assets**

Shares held in an Employee Benefit Trust (EBT) in the legacy Worldpay Group plc parent were converted to shares of Worldpay, Inc. and subsequently FIS, Inc. in each of the respective acquisitions. As at 31 December 2020, all shares were distributed to employees and no longer held in the EBT (2019: 142,749 shares were held in the EBT at a value of \$19.9m).

	31 December 2020 \$m	31 December 2019 \$m
Other current assets	-	19.9

**Note 4d****Trade and other payables**

Trade and other payables are recognised initially at fair value in the period to which they relate. They are subsequently held at amortised cost using the effective interest rate method. They are derecognised when payment has been made.

	31 December 2020 \$m	31 December 2019 \$m
Trade payables	19.9	87.9
Amounts owed to Group companies	87.0	80.8
Accruals	226.1	215.6
Other liabilities	70.3	138.0
Derivative financial instruments	-	55.1
Deferred income	0.3	1.9
<b>Total</b>	<b>403.6</b>	<b>579.3</b>

**Note 4e****Provisions**

The Group recognises a provision for a present obligation resulting from a past event when it is probable that it will be required to transfer economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably.

Onerous contracts are recognised immediately as a provision. The amount recognised is the excess of the unavoidable costs of the contract over any expected economic benefits arising from the contract. Dilapidation provisions represent the liabilities incurred to date in order to restore the leased properties to their original state at the end of the lease terms.

Restructuring provisions are only recognised when there is a detailed plan of the restructure that has been communicated to those impacted and the proposed restructure is sufficiently imminent to mean that it is unlikely any significant changes will be made to the plan. The provision recognised includes costs that are directly attributable to the restructure and excludes any costs on ongoing activities, such as relocation or training of staff and marketing costs.

	Merchant potential liabilities \$m	Onerous contracts \$m	Onerous lease provision and dilapidations \$m	Other \$m	Total \$m
<b>At 1 January 2019</b>	<b>9.0</b>	<b>6.4</b>	<b>6.6</b>	<b>0.6</b>	<b>22.6</b>
Offset with right-of-use asset under initial application of IFRS 16	-	-	(6.6)	-	(6.6)
Additions	-	-	-	5.4	5.4
Released	(6.6)	(6.8)	-	0.7	(12.7)
Foreign exchange	0.5	0.4	-	0.4	1.3
<b>At 31 December 2019</b>	<b>2.9</b>	<b>-</b>	<b>-</b>	<b>7.1</b>	<b>10.0</b>
Additions	30.3	-	-	3.9	34.2
Released	-	-	-	(0.4)	(0.4)
Foreign exchange	0.9	-	-	0.4	1.3
<b>At 31 December 2020</b>	<b>34.1</b>	<b>-</b>	<b>-</b>	<b>11.0</b>	<b>45.1</b>

	31 December 2020 \$m	31 December 2019 \$m
Current	42.2	3.3
Non-current	2.9	6.7
<b>Total</b>	<b>45.1</b>	<b>10.0</b>

Merchant potential liabilities are projected chargebacks anticipated to be incurred in future periods in relation to merchant accounts where any related trade receivable balance has already been fully provided (Note 4b).

## Section 5 – Financing and equity

This section details the Group's debt and the related financing costs. It also shows the Group's capital.

### Note 5a

#### Finance income/(costs)

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
<b>Finance income – Visa Europe</b>		
Fair value gain on Visa Inc. preference shares	146.6	308.0
Dividend income on Visa Inc. preference shares	4.9	5.4
Interest income on deferred consideration	-	6.5
Foreign exchange gains / (losses)	3.0	(31.4)
<b>Finance income – Visa Europe (see Note 5i)</b>	<b>154.5</b>	<b>288.5</b>
<b>Finance costs – CVR liabilities (see Note 5i)</b>	<b>(70.9)</b>	<b>(268.5)</b>
<b>Finance costs – Other</b>		
Effective interest on borrowings	(215.2)	(213.6)
Borrowing termination fee	-	(28.7)
Effective interest on finance leases	(1.4)	(3.1)
Amortisation of banking facility fees	-	7.0
Fair value gain on other financial assets	17.3	9.6
Foreign exchange (losses) / gains	(63.3)	38.7
Gain on FX forward	55.1	-
Other finance income	1.1	-
Other finance costs	(0.5)	(5.6)
<b>Finance costs – Other</b>	<b>(206.9)</b>	<b>(195.7)</b>

### Note 5b

#### Net debt

Net debt represents total borrowings (including lease liabilities) offset by cash and cash equivalents. It is a useful measure of the progress in generating cash, strengthening of the Group Balance Sheet position, overall net indebtedness and gearing including lease liabilities. Net cash/(debt), when compared to available borrowing facilities, also gives an indication of available financial resources to fund potential future business investment decisions and/or potential acquisitions.

	Own cash and cash equivalents* \$m	Intercompany borrowings \$m	Senior bank borrowings and Senior unsecured notes \$m	Overdraft \$m	Leases \$m	Total \$m
At 1 January 2019	533.9	(3,327.3)	(620.2)	-	(25.3)	(3,438.9)
Recognition of lease liability on initial application of IFRS16	-	-	-	-	(67.9)	(67.9)
Cash flows	384.7	(732.1)	570.4	(11.4)	17.7	229.3
Finance costs	-	(200.0)	(12.3)	-	(3.1)	(215.4)
Other non-cash flows	-	-	47.1	-	-	47.1
Exchange movements	30.4	(43.3)	15.0	(0.1)	(10.4)	(8.4)
<b>At 31 December 2019</b>	<b>949.0</b>	<b>(4,302.7)</b>	<b>-</b>	<b>(11.5)</b>	<b>(89.0)</b>	<b>(3,454.2)</b>
Cash flows	122.0	(204.0)	-	0.6	12.5	(68.9)
Finance costs	-	(215.2)	-	-	(1.4)	(216.6)
Exchange movements	53.3	42.9	-	(0.4)	1.5	97.3
<b>At 31 December 2020</b>	<b>1,124.3</b>	<b>(4,679.0)</b>	<b>-</b>	<b>(11.3)</b>	<b>(76.4)</b>	<b>(3,642.4)</b>

\* As at 31 December 2019, \$540.4m of cash and cash equivalents was held in relation to the CVR holders. This restriction is no longer in place as at 31 December 2020.

**Note 5b****Net debt (continued)**

The Group has access to a revolving credit facility from its ultimate parent which is used day-to-day to support operating activities and fund any short-term operational cash requirements which may arise due to timing of settlement. Funds are drawn upon and repaid regularly throughout the year. These drawdowns and repayments are considered to be cashflows for which the turnover is quick, the amounts are large, and the maturities are short, and are therefore shown net within cash flows from financing activities. Amounts drawn down under the revolving credit facility for other purposes are assessed separately to determine whether these criteria are met.

**Note 5c****Borrowings**

The Group classifies its borrowings between unsecured Intercompany loan notes, senior unsecured notes and bank overdraft facility. These are held at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised to form part of the cost of that asset. Capitalisation starts when the asset is actively being built or prepared for use and suspended when developed activities stop.

Interest accruals and other costs related to borrowings are shown as finance costs in the income statement. The effective interest calculation on senior and subordinated borrowings includes capitalised finance costs.

	Intercompany borrowings \$m	Overdraft facility \$m	Total \$m
Current	(1,002.7)	(11.5)	(1,014.2)
Non-current	(3,300.0)	-	(3,300.0)
<b>At 31 December 2019</b>	<b>(4,302.7)</b>	<b>(11.5)</b>	<b>(4,314.2)</b>
Current	(840.0)	(11.3)	(851.3)
Non-current	(3,839.0)	-	(3,839.0)
<b>At 31 December 2020</b>	<b>(4,679.0)</b>	<b>(11.3)</b>	<b>(4,690.3)</b>

The key terms on the Group's senior bank borrowings are as follows:

Facility	USD \$m	CCY	Repayment type	Coupon rate
Intercompany loan note	388.5	USD	Bullet	5.95%
Intercompany loan note	2,936.3	USD	Bullet	5.95%
Intercompany loan note	548.2	USD	Bullet	LIBOR + 0.45%
Intercompany Rolling credit facility	806.0	USD	Bullet	LIBOR + 1.00%
Bank overdraft facility	11.3			
<b>Total</b>	<b>4,690.3</b>			

Undiscounted cash outflow to repay the Group's borrowings, including future interest payments to the relevant maturity dates, are disclosed below.

Cash outflow due in:	\$m
2021	1,017.0
2022	208.7
2023	209.8
2024	210.4
2025	209.8
Beyond 2025	4,332.5
<b>Total</b>	<b>6,188.2</b>

## Note 5d

### Lease arrangements

#### Significant accounting policy

At inception of a contract the Group assesses whether a 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 identified asset the Group assesses whether:

- The contract involves the use of an identified assets - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the assets throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this 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 Group has the right to direct the use of the asset if either:
  - o The Group has the right to operate the assets; or
  - o The Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relevant relative standalone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### As a lessee

The Group 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 lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying assets or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of rights of use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

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 readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- fixed payments including in-substance fixed payments
- variable lease payments that depend on an index or a rate initially measured using the index or the rate at the commencement date
- amount expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase extension or termination option.

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying amount of the rights of use assets or is recorded in profit or loss if the carrying amount of the right-of-use as it has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property plant and equipment and lease liabilities in loans and borrowings in the statement of financial position.

**Note 5d (continued)**

Leases as a lessee

**Right-of-use assets**

	Total \$m
<b>At 1 January 2019</b>	<b>61.3</b>
Additions to right-of-use assets	3.1
Depreciation charge for the year	(8.3)
Foreign exchange impact	0.9
<b>At 31 December 2019</b>	<b>57.0</b>
Depreciation charge for the year	(6.9)
Impairment of ROU	(8.4)
Foreign exchange impact	0.8
<b>At 31 December 2020</b>	<b>42.5</b>

## Lease liabilities

**Maturity analysis - contractual - undiscounted cash flows**

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Less than one year	16.4	20.3
One to five years	41.5	53.6
More than five years	36.4	30.9
<b>Total undiscounted lease liabilities at 31 December</b>	<b>94.3</b>	<b>104.8</b>

Lease liabilities included in the statement of financial position at 31 December:

<b>Current</b>	<b>13.3</b>	<b>17.4</b>
<b>Non-current</b>	<b>63.1</b>	<b>71.6</b>

**Amounts recognised in profit or loss**

The following amounts have been recognised in profit or loss for which the Group is a lessee:

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Interest expense on lease liabilities	1.4	2.7
Expenses relating to short-term leases	-	0.4
	<b>1.4</b>	<b>3.1</b>

**Amounts recognised in statement of cash flows**

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
Total cash outflow for leases	<b>(12.5)</b>	<b>(17.7)</b>

**Note 5e****Financial instruments**

On initial recognition, financial assets and liabilities are classified into the relevant category and recognised at fair value. Their subsequent measurement, at either fair value or amortised cost, is dependent upon their initial classification. Amortised cost is calculated using the effective interest rate method. Individual non-derivatives and their treatment are explained in their separate notes.

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, there is a legally enforceable right to set off the recognised amounts. Financial assets are derecognised when the Group transfers the financial asset, or the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

In the prior year, the Group had operated net investment hedges, using foreign currency borrowings. The effective portion of the foreign exchange gain or loss on retranslation of the hedging instrument was taken to the foreign currency translation reserve. Any ineffective portion was recognised immediately in the income statement. If the hedged investment was to be disposed of then any balance held in reserves is recycled to the income statement.

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

The Group's financial assets and liabilities are as follows:

**Financial assets**

	31 December 2020 \$m	31 December 2019 \$m
Trade receivables	374.7	345.9
Other receivables*	36.6	21.0
Other current assets	-	19.9
Own cash and cash equivalents	1,124.3	949.0
Financial assets – Visa Inc. preference shares (see Note 5i)	70.3	475.4
<b>Total</b>	<b>1,605.9</b>	<b>1,811.2</b>

**Financial liabilities**

	31 December 2020 \$m	31 December 2019 \$m
Trade payables	19.9	87.9
Amounts owed to group companies	87.0	80.8
Other liabilities	70.3	138.0
Leases	76.4	89.0
Borrowings (see Note 5c)	4,690.3	4,314.2
Financial liabilities – CVR liabilities (see Note 5i)	401.2	893.7
<b>Total</b>	<b>5,345.1</b>	<b>5,603.6</b>

\*Compared with the Group Balance Sheet, corporate assets which are non-financial instruments have been excluded.

**Market risk**

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

**Foreign currency risk management**

The Group operates throughout the world, with major operations in the United Kingdom, Europe and the US.

Foreign currency risk is managed at a Group level, focusing on two distinct areas: Group assets and liabilities and customer transactions (relating to the Group's payment business).

**Note 5e****Financial instruments (continued)**

## Financial assets

	31 December 2020 \$m	31 December 2019 \$m
GBP	1,063.1	117.7
EUR	246.5	880.3
USD	188.6	747.3
Other	107.7	65.9
	<b>1,605.9</b>	<b>1,811.2</b>

## Financial liabilities

	31 December 2020 \$m	31 December 2019 \$m
GBP	746.4	1,800.8
EUR	15.9	0.6
USD	4,577.9	3,797.1
Other	4.9	5.1
	<b>5,345.1</b>	<b>5,603.6</b>

## Customer transactions

Receipts from the card networks generally match merchant payments in each currency. Where there is a difference in settlement currency, the time between receipt and settlement is generally limited to a small number of days. Given the short-term nature of these balances there is no material gross credit, liquidity, foreign exchange or market risk associated with them. Therefore, these balances, i.e., merchant float, scheme debtors and merchant creditors, are excluded from this note.

## Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 1% strengthening in the Group's significant currencies against USD Dollar, applied to the net monetary assets or liabilities of the Group.

31 December 2020 (\$m)	GBP	EUR	Other
Monetary assets	1,063.1	246.5	107.7
Monetary liabilities	(746.4)	(15.9)	(4.9)
<b>Net monetary assets</b>	<b>316.7</b>	<b>230.6</b>	<b>102.8</b>
<b>Currency impact (\$m)</b>	<b>3.2</b>	<b>2.3</b>	<b>1.0</b>

31 December 2019 (\$m)	GBP	EUR	Other
Monetary assets	117.7	880.3	65.9
Monetary liabilities	(1,800.8)	(0.6)	(5.1)
<b>Net monetary liabilities</b>	<b>(1,683.1)</b>	<b>879.7</b>	<b>60.8</b>
<b>Currency impact (\$m)</b>	<b>(16.8)</b>	<b>8.8</b>	<b>0.6</b>

The following significant exchange rates versus US Dollar applied during the year and the prior period:

	Average		Reporting date	
	2020	2019	2020	2019
EUR	1.13963	1.11966	1.22647	1.12157
GBP	1.28234	1.27679	1.36501	1.31858



**Note 5e****Financial instruments (continued)****Interest rate risk management**

The Group is exposed to cash flow interest rate risk on borrowings and cash balances held at variable rates and mismatches on maturities between borrowings and cash, resulting in variable interest cash flows.

Cash held at variable rates offsets risk arising from changing interest rates on the Group's borrowings.

**Interest rate sensitivity analysis**

	EUR		GBP		USD		Other	
	31 December 2020 \$m	31 December 2019 \$m	31 December 2020 \$m	31 December 2019 \$m	31 December 2020 \$m	31 December 2019 \$m	31 December 2020 \$m	31 December 2019 \$m
Own cash and cash equivalents	211.9	298.6	799.6	372.2	66.5	233.3	46.3	44.9
Merchant float	247.6	293.7	670.7	786.3	509.9	258.6	636.3	179.6
Borrowings	-	-	(11.3)	(582.7)	(4,679.0)	(3,728.8)	-	(2.7)
Net variable rate assets/(liabilities)	459.5	592.3	1,459.0	575.8	(4,102.6)	(3,236.9)	682.6	221.8

A 1% increase in interest rates would result in:

- An incremental increase of 0.17% (2019: 0.23%) on debt costs, as the senior unsecured notes have a fixed interest rate of 5.95%.
- An increase of 1.00% in float income arising from cash balances receiving floating rate interest.

The net impacts of the above would be increased costs of \$7.5m (Year ended 2019: \$7.6m increase in costs).

**Credit risk management**

Credit risk arises from the failure of a merchant or partner bank or alternative payments provider to meet its obligations in accordance with agreed terms.

For financial assets other than trade receivables, the Group does not believe it has a material credit risk in relation to amounts owed to us by the card networks as our contracts state we are only liable to settle to merchants on our receipt of those funds. In circumstances where funds to merchants have been settled prior to receipt of those funds from the card networks a credit risk would arise. This risk is deemed to be extremely remote as these funds are generally settled within two days and thus it would require the sudden collapse of at least one significant card issuer without any State intervention. The Group regularly monitors and assesses counterparty and non-performance risk, and our most significant network and bank partners are either State owned or have investment grade ratings.

For trade receivables, credit risk is managed with various mitigating controls including credit risk reviews at customer onboarding, regular proactive monitoring of customers, the ability to net settle or suspend settlement of funds until debt is repaid.

In order to estimate the lifetime expected credit losses, the Group uses a provision matrix using historically observed default rates of customers, adjusting for the likelihood of losses based on the age of the debt or customer profile.

Bad debt provisions are reviewed regularly. Indicators that there is no reasonable expectation of recovery include, but are not limited to:

- The age of debt, (including the aging thresholds at which debts are passed to debt collection agencies for particular customer types); and
- The financial health of the customer (e.g. whether the customer has ceased trading and so there are no settlement funds to reserve debt against).

Further information is included in the Principal risks and uncertainties section of this report on page 7.

**Liquidity risk management**

The Group's liquidity risk management focuses on two distinct areas; own cash and settlement cash for customers (relating to the Group's payment business).

**Own cash**

The Group is committed to ensuring it has sufficient liquidity to meet its payables as they fall due.

This is achieved by holding significant cash balances and maintaining sufficient committed headroom. As at 31 December 2020, the Group had own cash balances of \$1,124.3m (2019: \$949.0m - of which \$540.4m was held in relation to CVR holders, a restriction no longer applicable in 2020). Available headroom under the Group's revolving credit facility is \$694.0m (2019: \$500.0m).

**Settlement cycle**

The Group has a short-term settlement cycle where card networks (predominantly Visa and Mastercard) remit cash and the Group pays merchants from these remittances within three days. The majority of funds are received prior to remittance to the merchant, resulting in significant cash balances relating to the settlement cycle. The Group has an Intra-Day Agreement Facility of \$2.1bn to ensure payments can be processed whilst awaiting card network remittances.

**Note 5f**  
**Share capital**

	Nominal value \$	Number of shares	Par value \$m
<b>Total ordinary shares in issue at 31 December 2020 and at 31 December 2019</b>	<b>1</b>	<b>8,057,305,194</b>	<b>8,057.3</b>

At 31 December 2020, all ordinary shares are fully paid up at par.

The holders of ordinary shares are entitled to dividends and one vote per share at meetings of the Company.

**Note 5g**  
**Capital resources**

The Group's capital consists of equity, comprising issued share capital and retained earnings. The regulated entities within the Group are required to maintain minimum regulatory capital. This ensures the Company has sufficient capital resources for the activities required to undertake payment services.

The capital employed in the Company, together with the reserves, ensure that a buffer to the minimum regulatory capital requirement is achieved.

**Note 5h**  
**Dividends**

No dividends were paid in the year.

**Note 5i**  
**Visa Europe**  
**Disposal of Visa Europe shares**

As part of the Worldpay acquisition (see note 6a), the Group acquired certain assets and liabilities related to the June 2016 Worldpay (UK) Limited (a subsidiary of the Group, "WPUKL") disposal of its ownership interest in Visa Europe to Visa Inc. The proceeds from the disposal comprised a mixture of cash and non-cash consideration valued at €1,051.3m, including €589.7m up-front cash, €405.4m of Series B preferred stock in Visa Inc. and €56.2m deferred cash, which was received in June 2019. €547.5m of the up-front cash consideration and all of the preferred stock may be reduced by any final settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. On disposal of the Visa Europe shares, WPUKL, along with the other former members of Visa Europe, entered into a Litigation Management Deed (LMD) and a Loss Sharing Agreement (LSA). Under this arrangement, potential losses from Visa Europe interchange litigation will be set against the preferred stock, through adjusting the ratio of conversion to ordinary stock. WPUKL also entered into a Loss Sharing Agreement (LSA) with other former UK members of Visa Europe.

**Contingent Value Rights (CVRs)**

The holders of the CVRs (a separate class of shares in Worldpay Group Ltd, "Legacy Worldpay") are entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention), with Legacy Worldpay retaining 10% of the net proceeds. The settlement of the CVR liabilities could take up to eight years (June 2028) depending on the settlement of the claims under the LSA.

The CVRs are non-voting and are not convertible into ordinary shares. Given the nature of the CVRs, they are classified as financial liabilities (CVR liabilities) recognised initially at fair value and subsequently at amortised cost, with the gain or loss recognised in 'Finance costs – CVR liabilities' in the Group's income statement.

The Visa Inc. preference shares and related component of the CVR liabilities are classified as Level 3 as the valuation is dependent upon both the value of Visa Inc. ordinary shares, which have a quoted price, the conversion ratio which will be adjusted for potential losses from Visa Europe interchange litigation under the LMD and LSA, and the forward FX rate used to translate these potential losses, for which there are no identical transactions with regularly available market prices.

In order to fair value the Visa Inc. preference shares and related component of the CVR liabilities as at 31 December 2020, the Directors have engaged third-party valuation specialists and external counsel to assist in making the fair value determination for the preferred stock which considered a range of potential outcomes, including the likely value of the potential level of losses from Visa Europe interchange litigation that the Group may be liable for. The information on which the judgement is made is publicly available. There are a number of key assumptions in estimating the potential loss;

- The difference in merchant interchange fee for credit and debit cards claimed;
- The proportion of merchants that successfully claim damages against Visa; and
- The validity of defences presented against claimants.

The Directors have assessed a range of possible scenarios and have concluded on the most likely outcome based on the information available and the experience of external counsel in handling comparable litigations. The most likely outcome is broadly in the middle of the potential range and this position is consistent with the prior year.

It is reasonably possible that, if the Visa Europe interchange litigation progresses within the next financial year and more information becomes available about the likely value of the potential losses, changes in assumptions determining the fair value could require a material adjustment to the carrying amount of the Visa Inc. preference shares. The uncertainties inherent in the determination of the fair value of the Visa Inc. preference shares will not be resolved until the obligations under the LMD and LSA are extinguished which is dependent upon final resolution of all related claims.

**Note 5i****Visa Europe** (continued)**Sensitivity analysis**

The fair value of the 'Financial assets – Visa Inc. preference shares' and related component of the CVR liabilities is sensitive to significant estimates and inputs. At the reporting date, the Directors have assessed that reasonably possible changes to key assumptions could result in a reduction of the valuation of the preference shares to nil. Changes to the value of the Visa Inc. preference shares have an offsetting impact in the value of the related component of the CVR liabilities.

**Activity during the year ended 31 December 2020**

On 17 September 2020, the Group's ultimate parent executed an amendment ("the amendment") with the former Legacy Worldpay owners to pay approximately one-third of the cash consideration component of the CVR liability, or \$194.3m, to the former Legacy Worldpay owners upon amendment execution, and to pay the remaining, approximately two-thirds of the cash consideration on 12 October 2027, subject to reduction due to losses incurred by Visa Inc. relating to the litigation. The amendment also removed the segregated cash requirement resulting in no restricted cash recorded at 30 September 2020, as compared to \$540.4m recorded at 31 December 2019. Additionally, as Visa Inc. releases preferred stock for conversion into common stock, over time and subject to any losses incurred by Visa Inc. relating to the litigation, 90% of the net-of-tax proceeds from the sale of the common stock will be paid to the former Legacy Worldpay owners in accordance with the amendment. A payment was made in the fourth quarter of 2020 related to Visa Inc.'s release of preferred stock in September 2020.

**Accounting treatment**

Consideration from disposal of Visa Europe shares

All balances have been revalued to period end rates in the Group balance sheet as at 31 December 2020.

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current 'Financial assets – Visa Inc. preference shares' category and has been classified as fair value through profit and loss. Subsequent movements on the fair value of the preferred stock are recognised in 'Finance income – Visa Europe' and the movement on the CVR liabilities is recognised in 'Finance costs – CVR liabilities' in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the LMD.

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Visa Inc. preference shares are classified as Level 3 as the valuation is dependent upon both the value of Visa Inc. ordinary shares, which have a quoted price, the conversion ratio which will be adjusted for potential losses from Visa Europe interchange litigation under the LMD, and the forward FX rate used to translate these potential losses, for which there are no identical transactions with regularly available market prices. The LSA liability is classified as Level 3 due to the lack of identical transactions with regularly available market prices.

In order to fair value the Visa Inc. preference shares and the LSA liability as at 31 December 2020, the Directors have engaged third-party valuation specialists and external counsel to assist in making the fair value determination for the preferred stock which considered a range of potential outcomes, including the likely value of the potential level of losses from Visa Europe interchange litigation that the Group may be liable for. There are 2 key assumptions in estimating the potential loss; the difference in merchant interchange fee for credit and debit cards claimed and the proportion of merchants that make a claim. Management have assessed a range of possible scenarios and have concluded that the mid-range estimate is the most appropriate, this is consistent with the prior year.

It is reasonably possible that, if the Visa Europe interchange litigation progresses within the next financial year and more information becomes available about the likely value of the potential losses, changes in assumptions determining the fair value could require a material adjustment to the carrying amount of the Visa Inc. preference shares and the LSA liability. The uncertainties inherent in the determination of the fair value of the Visa Inc. preference shares and the LSA liability will not be resolved until the obligations under the LMD and LSA are extinguished which is dependent upon final resolution of all related claims.

**CVR liabilities**

The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in 'Finance costs – CVR liabilities' in the income statement.

**Note 5i****Visa Europe** (continued)**Conclusion**

Based on the above, the following has been recognised in the Group's financial statements:

	31 December 2020 \$m	31 December 2019 \$m
<b>Balance sheet</b>		
<b>Non-current assets</b>		
Financial assets – Visa Inc. preference shares	70.3	475.4
<b>Current assets</b>		
Own cash and cash equivalents*	378.2	600.4
<b>Current liabilities</b>		
Current tax liabilities	-	(1.2)
Financial liabilities – CVR liabilities	(401.2)	(893.7)
Deferred tax liabilities	(13.1)	(80.8)
<b>Net assets</b>	<b>34.2</b>	<b>100.1</b>

\*No cash restriction exists as at 31 December 2020 (2019: included \$540.4m of cash in relation to the CVR holders).

	Year ended 31 December 2020 \$m	Year ended 31 December 2019 \$m
<b>Income statement</b>		
Fair value gain on Visa Inc. preference shares	146.6	308.0
Foreign exchange gain / (losses)	3.0	(31.4)
Dividend income on Visa Inc. preference shares	4.9	5.4
Interest income on deferred consideration	-	6.5
Finance costs – CVR liabilities	(70.9)	(268.5)
<b>Profit before tax</b>	<b>83.6</b>	<b>20.0</b>
Tax credit / (charge)	(36.2)	(53.1)
<b>Profit / (loss) after tax</b>	<b>47.4</b>	<b>(33.1)</b>

## Section 6 – Group composition – subsidiaries, acquisitions and disposals

**This section shows the Group's subsidiaries, details about subsidiaries the Group has acquired during the year and prior years and details about any subsidiaries that have been disposed of during the year and prior years.**

### **Consolidation**

The consolidated financial statements incorporate the financial statements of Worldpay International Group Limited and entities controlled by it (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Total comprehensive income of subsidiaries is attributed to the owners of Worldpay International Group Limited and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The year-end assets and liabilities of the entities are consolidated with those of Worldpay International Group Limited and presented in the consolidated balance sheet.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the IFRS policies used by the Group and for any fair value adjustments required on consolidation.

All intra-Group balances, income and expenses and the effect of any intra-Group profits on the balance sheet are eliminated in full on consolidation.

**Note 6a**  
**Investments in subsidiaries**

The Group has subsidiaries per the table below.

These accounts are being used to guarantee those subsidiaries that are exempt from audit by virtue of s479A of Companies Act 2006. This is identified in the far-right column of the table below.

Company name	Country of Incorporation /registration	Registered place of business	Ordinary shares held	Exemption from audit under s479A of
Worldpay International Payments Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay International Solutions Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay International Holdings Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay International Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay Group Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay Governance Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay (UK) Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay AP Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Payment Trust Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Ship Holdco Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Ship Midco Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay Finance Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay eCommerce Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
YESpay International Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Tayvin 346 Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Yes-Secure.com Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay Latin America Ltd	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%	Exempt
Worldpay Argentina SRL	Argentina	c/o Bourel & Paris Laplace, Suipacha 1380, 2nd floor, (1011) City of Buenos Aires, Argentina	100%	N/A
Worldpay Pty Ltd	Australia	c/o TMF Corporate Services (Aust) Pty Ltd, Level 16, 201 Elizabeth Street, Sydney, NSW 2000, Australia	100%	N/A
Envoy Services Pty Ltd*	Australia	c/o TMF Corporate Services (Aust) Pty Ltd, Level 16, 201 Elizabeth Street, Sydney, NSW 2000, Australia	100%	N/A
Worldpay Holdings Brasil Participacoes Ltda	Brazil	Rua Fidêncio Ramos, 302, Conjunto 114, Torre B, Bairro Vila Olímpia, 04551-010, São Paulo, Brazil	100%	N/A
Worldpay do Brasil Instituição de Pagamentos Ltda	Brazil	Rua Fidêncio Ramos, 302, Conjunto 114, Torre B, Bairro Vila Olímpia, 04551-010, São Paulo, Brazil	100%	N/A
Envoy Services Bulgaria Ltd	Bulgaria	c/o Vistra Corporate Services EOOD, San Stefano Plaza, 2nd floor, 2 San Stefano str., Sofia, 1504, Bulgaria	100%	N/A
Canadian Envoy Technology Services Ltd	Canada	c/o TMF Canada Payroll Inc., 204-275 Fell Avenue, North Vancouver, BC, V7P 3R5, Canada	100%	N/A
Worldpay Canada Corporation	Canada	1134 Grande Allee Ouest, Suite 600, Ville de Québec, QC, G1S 1E5, Canada	100%	N/A
Worldpay Marketing Consulting (Shanghai) Co Ltd	China	10/F, Building 2, 36 and 38 Haiqu Road, Shanghai JS201203, China	100%	N/A
FIS Worldpay Jersey Limited †	Jersey	4th Floor, St Paul's Gate, 22-24 New St., St Helier, JE1 4TR, Jersey	100%	N/A
FIS Worldpay (Malaysia) Sdn Bhd‡	Malaysia	c/o Zico, Level 10-1, Menara Milenium, Jalan Damalela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia	100%	N/A

\* Entity de-registered on 5 March 2021

† Incorporated on 2 November 2020

‡ Incorporated on 2 July 2020

**Note 6a****Investments in subsidiaries (continued)**

Company name	Country of Incorporation /registration	Registered place of business	Ordinary shares held	Exemption from audit under s479A pf
Worldpay SARL	France	52, rue de la Victoire, TMF Pôle, 75009 Paris France	100%	N/A
Worldpay (HK) Ltd	Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	100%	N/A
Worldpay India Private Ltd	India	S-405(LGF), Greater Kailash Part II, New Delhi 110048, India	100%	N/A
Bibit Payments KK*	Japan	3rd Floor, Sanno Park Tower, 11-1, Nagatacho 2-chome, Chiyoda-ku, Tokyo, Japan	100%	N/A
Worldpay KK	Japan	JA Building 12F, 1-3-1 Otemachi, Chiyoda-ku Tokyo, Japan	100%	N/A
Worldpay Jersey Ltd	Jersey	IFC 1, Level 1, Esplanade, St Helier, Jersey, JE2 3BX	100%	N/A
Ship Luxco 2 SARL	Luxembourg	4 Rue Jean-Pierre Probst, L-2352, Luxembourg	100%	N/A
Ship Luxco 3 SARL	Luxembourg	4 Rue Jean-Pierre Probst, L-2352, Luxembourg	100%	N/A
Worldpay BV	Netherlands	De Entree 248, 1101 EE, Amsterdam Netherlands	100%	N/A
Worldpay (NZ) Ltd	New Zealand	c/o TMF Group, Level 11, 41 Shortland Street, Auckland, 1010, New Zealand	100%	N/A
Worldpay Technology Bucharest SRL	Romania	Floors 3 & 4, AFI Park 4 & 5 offices building, 4A Timisoara Blvd. District 6 Bucharest, Romania	100%	N/A
Worldpay Pte Ltd	Singapore	8 Marina View, #31-01, Asia Square Tower 1 018960, Singapore	100%	N/A
Envoy Services South Africa (Pty) Ltd	South Africa	3rd Floor, 200 on Main, Cnr Bowwood and Mains Road, Claremont, Cape Town, 7708, South Africa	100%	N/A
Bibit Spain SL	Spain	Jorge Juan 30, 28001, Madrid, Spain	100%	N/A

All significant subsidiary undertakings have 31 December as their financial year ends and all the above companies have been included in the Group consolidation.

The Group also has investments as disclosed in Note 6b.

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\* Entity dissolved on 20 April 2021

**Note 6b****Investments**

Investments are designated as held for fair value through profit and loss. Cost is used in the limited circumstances where an appropriate fair value cannot be estimated for unquoted security investments.

The table below sets out the aggregated amounts relating to investments:

	2020 \$m	2019 \$m
<b>At 1 January 2020 (1 January 2019)</b>	-	6.4
Impairment	-	(6.6)
Reversal of impairment	6.6	-
Fair value uplift	10.7	-
Foreign exchange gain	0.1	0.2
<b>At 31 December 2020 (31 December 2019)</b>	<b>17.4</b>	-

All investment balances in both the current year and prior year solely relate to a minority-ownership investment in Featurespace, a leading machine-learning fraud prevention company based in the UK. In the prior year, although the investment was held throughout the year, the investment was impaired as management had the intention to wind-down operations. In the current year, and subsequent to the Group's acquisition by FIS, the investment underwent a fair valuation review which concluded the Group expects to generate profits from the investment's future cash flows. This determination both reinstated and uplifted its valuation and thus reversed the impairment from the prior year.



## Section 7 – Other notes

This section includes disclosure on contingent liabilities, related parties and prior period adjustments.

### Note 7a

#### Contingent liabilities

Contingent liabilities primarily comprise guarantees, letters of credit and other contingent liabilities, all of which arise in the Group's ordinary course of business. They are disclosed when the associated outflow of economic benefits is considered possible.

#### Chargeback liability

The Company is exposed to potential losses from merchant-related chargebacks. A chargeback occurs when a dispute between a cardholder and a merchant, including a claim for non-delivery of the product or service by the merchant, is not resolved in favour of the merchant and the transaction is charged back to the merchant resulting in a refund of the purchase price to the cardholder. If the Company is unable to collect this chargeback amount from the merchant due to closure, bankruptcy or other reasons, the Company bears the loss for the refund paid to the cardholder. The risk of chargebacks is typically greater for those merchants that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment. The economic impact of the COVID-19 pandemic has resulted in a provision for chargeback losses as at 31 December 2020 of \$25.1m.

### Note 7b

#### Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, the Directors and any other entities over which the Directors have significant influence.

The related party transactions between the joint venture, associate and Investment all arose in the normal course of business and are conducted on an arm's length basis. A list of the Group's subsidiaries is in Note 6a and details of investment are in Note 6b.

There are no related party transactions with the Directors outside of their employment by the Group.

Related party payables outstanding:

	As at 31 December 2020 \$m	As at 31 December 2019 \$m
Ultimate parent of FIS Group, FNIS, Inc.	889.6	437.4
Other FIS Group entities	3,876.4	3,949.8
	4,766.0	4,387.2

### Note 7c

#### Prior period adjustment

##### Expected credit losses

The allowance for expected credit losses has been restated in the comparative financial years with equal offsetting movement in gross trade receivables. This is to correct the utilisation of the provision and therefore the closing amount of provision held throughout the prior periods. The corrections are shown in note 4b.

#### Current and deferred taxes

In reviewing opening tax balances, management have identified the following adjustments, having met the definition of prior period adjustments under IAS 8:

- i) The Group noted within the calculations of consolidated taxes that profits of entities within the consolidation were not being identified accurately. As such, 2019 current tax charges were overstated by \$39.4m.
- ii) The wrong figures were picked up from subsidiary entity calculations used to support the 2019 consolidated financials and 2018 comparative period, versus the correct figures used in the respective entities' online tax computations. This drove a miscalculation of current and deferred taxes in the 2019 financials, and a miscalculation of current taxes in the 2018 comparative period. Consequently:
  - a. 2019 deferred tax charges were overstated by \$9.4m and 2019 current tax charges were understated by \$17.3m.
  - b. 2018 current tax charges were overstated by \$7.4m. Regarding the restatement to 2018, there is no impact on the earliest balance sheet date of 27 July 2017, nor to the opening balances acquired from business combinations on 16<sup>th</sup> January 2018.
- iii) A brought forward overseas (non-UK and not in relation to Worldpay BV) tax liability was overstated relating to prior years due to the wrong number of taxes paid being picked up. This had no impact on actual taxes paid. As such, current tax charges were overstated by \$33.4m (\$11.6m in 2019, \$21.8m in 2018). There is no impact on the earliest balance sheet date of 27 July 2017, nor to the opening balances acquired from business combinations on 16<sup>th</sup> January 2018.
- iv) A brought forward current tax asset in relation to tax overpayment was excluded from the tax calculations from 2018. As such, 2018 current tax charges were overstated by \$34.6m. There is no impact on the earliest balance sheet date of 27 July 2017, nor to the opening balances acquired from business combinations on 16<sup>th</sup> January 2018.

**Note 7c****Prior period adjustment (continued)****Current and deferred taxes**

These items have been restated in the respective comparative years of these financial statements. The effect of the restatements on as follows:

	Year ending 31 December 2019							Year ending 31 December 2018 (unaudited)					
	Originally Reported	Effect of restatement					Restated	Originally Reported	Effect of restatement				Restated
		(i)	(ii)	(iii)	(iv)	Total			(i)	(ii)	(iv)	Total	
Current tax liability	(105.6)	39.4	(9.9)	33.4	34.6	97.5	(8.1)	(47.5)	7.4	21.8	34.6	63.8	16.3
Deferred Tax liability	(433.4)	-	9.4	-	-	9.4	(424.0)	Not impacted	-	-	-	-	N/A
Retained Earnings	629.7	(39.4)	0.5	(33.4)	(34.6)	(106.9)	522.8	300.6	(7.4)	(21.8)	(34.6)	(63.8)	236.8
Tax Charge / (Credit)	43.1	(39.4)	7.9	(11.6)	-	(43.1)	-	2018 (unaudited) Income Statement not restated					

These matters impact the Group's consolidated financial statements only, and do not impact individual subsidiary company financial statements.

**Note 7d****Post balance sheet events****Visa Europe**

On 30 September 2021, Visa reached a confidential settlement with Sainsbury's. The details of this settlement have not been disclosed and the Directors' consider this to be a non-adjusting subsequent event.

**VAT PESM 2018**

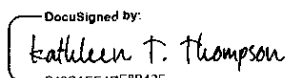
During 2018, Worldpay (UK) Limited, a subsidiary of the Group, reached an agreement with HMRC for the application of a new 'Partial Exemption Special Method' ("PESM") with retroactive effect back to 2015 (i.e., the 2018 PESM). HMRC retracted their agreement later in 2018 and Worldpay (UK) Limited and HMRC had been in negotiation to settle the matter since then. In 2021, HMRC notified Worldpay (UK) Limited that it would not challenge the application of the 2018 PESM to periods from 1 January 2015 to 30 September 2020. Therefore, the respective liability position of \$39.3m held at 31 December 2020 covering 1 April 2018 to 30 September 2020 was released. The release of the liability has been presented exclusively as a gain within general, selling and administrative expenses (note 2d).

# Company balance sheet

As at 31 December 2020

	Notes	2020 \$m	2019 \$m
<b>Fixed assets</b>			
Investment in subsidiary undertakings	c3	<b>12,844.8</b>	11,481.6
<b>Total assets</b>		<b>12,844.8</b>	<b>11,481.6</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other creditors	c4	<b>(35.8)</b>	(151.6)
<b>Net current liabilities</b>		<b>(35.8)</b>	(151.6)
<b>Creditors: amounts falling after more than one year</b>			
Intercompany borrowing	c5	<b>(4,297.2)</b>	(3,300.0)
<b>Net assets</b>		<b>8,511.8</b>	<b>8,030.0</b>
<b>Capital and reserves</b>			
Called-up share capital	c6	<b>8,057.3</b>	8,057.3
Retained earnings		<b>454.5</b>	(27.3)
<b>Total shareholders' funds</b>		<b>8,511.8</b>	<b>8,030.0</b>

The accompanying notes on pages 69 to 71 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2022. They were signed on its behalf by:

DocuSigned by:  
  
 C40CAEE4DE8B42F  
 Kathleen Thompson

**Director**

Registered number

**10887351**

March 23, 2022 | 06:30 PDT

# Company statement of changes in equity

For the year ended 31 December 2020

	Called-up share capital \$m	Retained earnings/ (deficit) \$m	Total \$m
At 1 January 2019	8,057.3	105.3	8,162.6
Profit for the year	-	0.3	0.3
Dividend paid	-	(132.9)	(132.9)
<b>At 31 December 2019</b>	<b>8,057.3</b>	<b>(27.3)</b>	<b>8,030.0</b>
Profit for the year	-	481.8	481.8
<b>At 31 December 2020</b>	<b>8,057.3</b>	<b>454.5</b>	<b>8,511.8</b>

The accompanying notes on pages 69 to 71 form an integral part of these financial statements.

# Notes to the Company financial statements

## **c1. Basis of preparation**

Worldpay International Group Limited is a company incorporated in the United Kingdom under the Companies Act.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The profit after tax for the Company was \$481.8m which comprised dividends received of \$689.7m less interest expense of \$207.9m (year ended 2019: profit \$0.3m). Prior year comprised dividend income of \$199.0m less interest expense of \$198.7m.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Worldpay International Group Limited, which the Company is consolidated in. We expect to continue to take advantage of this disclosure exemption for the foreseeable future.

The financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value.

## **Going concern**

The impact of COVID-19 on the global economy has resulted in lower revenues, profits and operating cashflow since March 2020 and has heightened uncertainty about the future financial performance of the Group and the Company, which could cast significant doubt over the Company's ability to trade as a going concern. The Company has net current liabilities of \$35.8 million as at 31 December 2020 and made a profit for the year ended of \$481.8 million.

The Group's sources of funds which is used day-to-day to support operating activities and fund any short-term operational cash requirements which may arise due to timing of settlement include cash of \$1.1 billion, loans from fellow group companies of \$3.9 billion and a committed revolving credit facility from its ultimate parent of \$1.5 billion of which \$0.8 billion was drawn down at 31 December 2020. Funds from the revolving credit facility are drawn upon and repaid regularly throughout the year. The loans from fellow group companies and the revolving credit facility with the ultimate parent are not subject to financial covenants.

The Group and Company is dependent on the ultimate parent company providing continuing financial support to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. The Company's ultimate parent has indicated its intention to continue to make available such funds as are needed by the company for that period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment of the Group and Company's financial position including the stress testing of the results of the ultimate parent company, the facts and circumstances noted above, and of the enquiries made of the directors of the Company's ultimate parent, the company's directors have a reasonable expectation that the Group and Company will continue in operational existence and meet its liabilities as they fall due for the period of 12 months from the date of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

## **Significant accounting policies**

Investment in subsidiaries

Investment in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends payable to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established. No dividends have been declared in the year ended 31 December 2020 (2019: \$132.9m).

Financial liabilities

On initial recognition financial liabilities are recognised at fair value and subsequently measured at amortised cost using the effective interest method.

## **c1. Critical accounting estimates and judgements**

For the preparation of the Company's financial statements, the Directors are required to make judgements, estimates and assumptions. 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 the revision and future periods if the revision affects both current and future periods.

**c2. Dividends**

The Company's dividend policy is to remit cash considered excess to operational and regulatory requirements to the immediate parent through to the US group to assist in Group liquidity.

**c3. Investment in subsidiary undertakings**

Investments in subsidiary undertakings are carried at cost less impairment. Movements during the year were as follows:

	\$m
<b>At 1 January 2019</b>	-
Additions	11,481.6
<b>At 31 December 2019</b>	<b>11,481.6</b>
Additions	1,363.2
<b>At 31 December 2020</b>	<b>12,844.8</b>

	31 December 2020 \$m	31 December 2019 \$m
<b>Direct investments</b>		
Worldpay International Holdings Limited	3,424.3	3,424.3
Worldpay International Payments Limited	5,501.1	4,202.2
Worldpay International Solutions Limited	3,919.4	3,855.1
FIS Worldpay Jersey Limited	-	N/A
<b>Total</b>	<b>12,844.8</b>	<b>11,481.6</b>
<b>Indirect investments</b>		
Worldpay Group Ltd	N/A	N/A

**Additions in the year**

- Additional investments of \$1,298.9m and \$64.3m were made in Worldpay International Payments Limited and Worldpay International Solutions Limited, respectively, to facilitate the Company's ultimate parent's intercompany restructuring arrangements.
- Investment made in the year in FIS Worldpay Jersey which was incorporated on 2 November 2020. Investment value was £1.

The Company's subsidiaries Worldpay International Payments Limited and Worldpay International Solutions Limited both have split ownership investment in Worldpay International Limited. They hold no other investments.

This disclosure is also intended to clarify that Worldpay International Group Ltd does not hold the direct investment in Worldpay Group Ltd.

A list of subsidiary undertakings of the Company are shown in Note 6a to the Group's financial statements.

**c4. Trade and other creditors**

	31 December 2020 \$m	31 December 2019 \$m
Amounts due to Group undertakings	35.8	151.6

The amounts due to Group undertakings are payable immediately and relate to interest on borrowings at 31 December 2020 and to dividends declared but not yet settled and interest on borrowings at 31 December 2019.

**c5. Intercompany borrowing**

	31 December 2020 \$m	31 December 2019 \$m
Long term loan note	4,297.2	3,300.0

The company has the following loan notes as at 31 December 2020:

- Two loan notes comprising a total principal of \$3,300.0m both of which are repayable in January 2028 with fixed interest of 5.95% payable bi-annually.
- A loan note entered of principal amount \$126.8m repayable on-demand.
- A loan note entered into in March 2020 of principal amount \$539.0m repayable in April 2030 with fixed annual interest of 2.47% payable annually. This note is listed on the Cayman Island Stock Exchange.
- A loan note entered into in September 2020 of principal amount \$331.4m repayable in October 2027 with fixed annual interest of 1.98% payable at maturity.

**c6. Share capital**

	Nominal value \$	Number of shares	Par value \$m
<b>Total ordinary shares in issue at 31 December 2020 and at 31 December 2019</b>	<b>1.0</b>	<b>8,057,305,194</b>	<b>8,057.3</b>

**c7. Contingent liabilities**

Contingent liabilities are disclosed when the associated outflow of economic benefits is considered possible. Their nature and other pertinent details are disclosed, along with their expected value.

**c8. Immediate parent and ultimate parent**

The Company's immediate parent company is Worldpay Cayman Holdings Limited, a company incorporated in the Cayman Islands. The ultimate parent of Group has been Fidelity National Information Services, Inc. ("the ultimate Group") since the merger of FIS and Worldpay, Inc. on 31 July 2019. The consolidated financial statements of the ultimate Group are available to the public and may be obtained from 601 Riverside Avenue, Jacksonville, Florida 32204, USA.