

Company Number: 07653641 (England and Wales)

PPRO Financial Ltd
Directors' Report and Financial Statements
For the Year ended 31 December 2022

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PPRO Financial Ltd

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PPRO Financial Ltd
Company Information

For the year ended 31 December 2022

Directors

Simon Black
Rahul Raswant (Appointed 13/06/2022)
Bernard Miles (Appointed 07/02/2023)
Götz Möller (Resigned 13/06/2022)
Stefan Merz (Resigned 01/08/2023)

Registered Office

48 Chancery Lane
Holborn
London
WC2A 1JF
United Kingdom

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

PPRO Financial Ltd

Strategic Report

For the year ended 31 December 2022

The directors present the strategic report and the financial statements for the year ended 31 December 2022.

Business Review

PPRO Financial Ltd is an FCA registered e-money institution and provides payment processing for various customers located globally. The company operates from offices based both in the UK and in Germany.

PPRO Group formed PPRO Payment Services S.A. (PPSSA) in Luxembourg in 2019 to comply with post BREXIT regulations whereby PPSSA contracts with EU payment methods on behalf of the Company. PPSSA is a wholly owned subsidiary of the parent company, PPRO Holding GmbH. It was granted a payment institution license by the Luxembourg regulator, CSSF, on 18 November 2020. 2021 was the first operational year in which PPSSA has contracted with the EU based payment methods and collected funds to remit to customers, delivering this pay out service for customers contracted with the Company. In providing this service, PPRO Payment Services S.A. has also maintained the customer funds banking network for the group and as a result, less cash is being held within the Company.

During the year the company has continued the process of extending its service offering by integrating new payment methods for our customers into the PPRO platform. The relevant costs for these have been capitalised as intangible fixed assets (additions of €3.4m in 2022) with a total net book value as at 31 December 2022 of €9.8m (2021: €7.4m). These assets are being amortised over their useful economic life of 10 years.

Total turnover for the company marginally decreased to €56.1m (2021: €56.3m). The decrease in turnover is a satisfactory result when considering the impact of the situation in Ukraine and macroeconomic impacts.

Administrative costs have increased from €55m in 2021 to €74m in 2022. This is mainly due to an increase in salaries (Average headcount in PPRO Financial Ltd of 166 in 2022 compared to 156 in 2021) and increase in intercompany recharges as part of the PPRO group transfer pricing agreement.

The financial performance indicators show a negative growth in turnover (<1%) for 2022. The increase in administration expenses including in particular software development resulted in a decrease in EBITDA year over year of c. €10m.

PPRO Financial Ltd

Strategic Report

For the year ended 31 December 2022

The company's key performance indicators during the year were as follows:

	2022	2021
	€	€
Turnover	56,091,574	56,348,018
Gross profit	32,869,316	32,993,119
Operating (loss)*	(21,394,184)	(11,201,747)
EBITDA*	(19,790,550)	(9,876,498)
Software Development	9,804,145	7,419,752

Outlook

In a challenging macroeconomic environment, the company delivered a marginal contraction in revenue growth. 2022 was a turbulent time for the global economy with the situation in Ukraine and global inflationary pressures including a rise in interest rates across Europe and the cost of living crisis.

Management will continue to review forecasting of revenues and costs, in line with objectives and key results (OKRs) to ensure resources are used in the most efficient and effective manner to mitigate any downturn in global market activity.

The Group has continued and will continue to make significant investments in technology and people to drive future growth.

Generally, the Board believes that PPRO is well positioned to continue the previous pattern of growth.

A summary of the principal risks and uncertainties is shown below.

Principal risks and uncertainties

The principal risks facing the company can be categorised as regulatory, market and financial risks.

PPRO Financial Ltd

Strategic Report

For the year ended 31 December 2022

Regulatory risks

The company operates in an electronic funds-based industry with risk of fraudulent activity and money laundering. Appropriate KYC (Know-Your-Client) procedures are implemented to adhere to money laundering regulations and stringent controls and procedures are implemented at the transaction level.

The company is a registered payment institution and is required to comply with FCA legislation and requirements within its relevant permissions. The company is aware of the permissions and requirements and meets compliance requirements.

The company has taken measures to ensure it is compliant with its regulatory requirements as an FCA authorised payment institution for the year ending 31 December 2022. In particular the company strictly fulfils the following legislative requirements under the UK Electronic Money Regulations 2011 ("EMRs"):

1. Regulation 19(1): maintaining at all times own funds equal to or in excess of (i) EUR 350,000 or (ii) the amount of own funds requirement calculated in accordance with paragraph 13 of Schedule 2 (subject to adjustment by the FCA).
2. Regulation 20(1), (2): safeguarding funds that have been received in exchange for electronic money that has been issued (referred to as "relevant funds" within the EMRs) in accordance with regulation 21.
3. Regulation 21(1)-(5): Safeguarding relevant funds by:
 - Segregating relevant funds from any other funds the company holds [Regulation 21(1)];
 - Placing relevant funds in a separate account the company holds with an authorised credit institution based in the EEA [Regulation 21(2)(a)];
 - Ensuring such an account is designated in a manner that demonstrates it is an account held for the purpose of safeguarding relevant funds [Regulation 21(3)(a)]; and
 - Ensuring such an account is only used for holding such funds [Regulation 21(3) (b)].
4. Regulation 21(5): Keeping adequate records of relevant funds held.

PPRO Financial Ltd as an authorised payment institution has complied with all the prerequisite applicable requirements set out under Part 2 of the EMRs (in particular regulations 5 and 6) including providing requisite information on the business; a sound business plan; meeting company incorporation requirements; satisfying the FCA of robust governance arrangements in place across the business; and maintaining effective risk-mitigation processes and adequate internal control mechanisms.

PPRO Financial Ltd

Strategic Report

For the year ended 31 December 2022

Market risks

The company operates in a fast-changing technology industry. The company maintains up to date payment processing services, functionality, and software through development of new software and programs and by purchasing related qualified services from affiliated companies.

Financial risks

The company has treasury and liquidity management procedures in place appropriate to the size and complexity of the business.

The company operates multiple foreign currency bank accounts and generally settles debtors and creditors in matching currencies to mitigate the foreign exchange risk. 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). Scheme receipts generally match customer payments in each currency.

Credit risk

The company has engaged with a number of banking partners to mitigate the credit risk arising from the failure of a specific bank.

Going Concern

The ongoing situation in Ukraine is affecting the global economy and cost of living. This has impacted current growth plans but management monitors this through regular reforecasting.

PPRO Financial Ltd

Strategic Report

For the year ended 31 December 2022

Environmental and employee matters

The company undertakes reasonable efforts to safeguard the environment in the execution of business operations by using technology to reduce possible negative impacts. The company considers disclosure to be an essential component of effective corporate governance by placing high value on employees of the organization being able to understand the operations, goals, and values.

Directors' statement of compliance with duty to promote the success of the company

The Companies (Miscellaneous Reporting) Regulations 2018 require that Directors explain how they have had regard to the matters set out in section 172(1)(a) to (f) (S.172(1)) of the Companies Act 2006 when performing their duty to promote the success of the company.

Throughout the year, while discharging their S.172(1) duty, the directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of shareholders, and in doing so had regard, amongst other matters, to:

- The likely consequences of any decision in the long term.
- The interests of the company's employees.
- The need to foster the company's business relationships with suppliers, customers, and others.
- The impact of the company's operations on the community and environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.
- The need to act fairly between members of the company.

The directors also considered the interests of a wider set of stakeholders including its fellow PPRO group companies, and business partners. The section below sets out the company's stakeholders, the key issues the directors considered relevant, and the engagement methods of directors and responses during the year.

Our people

Developing and attracting high quality talent is a key driver of our success. We strive to build leadership teams which are diverse, effective, and engaged. Our employees are a key source, dedicated to creating, selling and supporting our products and services. We engage with employees through an employee communication app, regular meetings, and an annual engagement survey.

Customers and Suppliers

Our customers play an essential role in ensuring the sustainability of the Group. By providing our digital payments infrastructure to the end market, they play a pivotal role in the fulfilment of our purpose. Developing strong relationships with our suppliers is key to the operational

PPRO Financial Ltd
Strategic Report

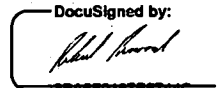
For the year ended 31 December 2022

success of our businesses and ensures that we have agility to develop new and market competitive solutions to meet our customers' needs.

Approved by the board on 15 September 2023 and signed on its behalf by:

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Simon Black
Director

DocuSigned by:

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Rahul Raswant
Director

PPRO Financial Ltd

Directors Report

For the year ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The following directors have held office in the current year:

Simon Black

Stefan Merz (Resigned 01/08/2023)

Götz Möller (Resigned 13/06/2022)

Rahul Raswant (Appointed 13/06/2022)

Bernard Miles (Appointed 07/02/2023)

There are no other changes in the above from 1 January 2022 to the date that the accounts are signed.

Going Concern

After reviewing the Company's financial position, performance projections (including, where relevant, the impact of current geopolitical tensions) and available banking facilities, for at least the next 12 months from the date of signing these financial statements, the Company will be reliant on PPRO Holding GmbH to meet its liabilities as they fall due for that period.

PPRO Holding GmbH has indicated its intention to continue to make available funds as needed by the Company for the period covered by the forecasts. Therefore, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future.

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. Based on these indications, the Directors have adopted the going concern basis in preparing these financial statements.

In 2022, PPRO Holding GmbH injected 1.5m EUR into PPRO Financial Ltd to comply with the FCA regulations regarding capital adequacy.

Dividends

No dividend was paid during 2022 (2021: nil).

PPRO Financial Ltd

Directors Report

For the year ended 31 December 2022

Post Balance Sheet Events

On 26th January 2023, in order to comply with FCA regulations regarding capital adequacy, PPRO Holding GmbH supplied a further injection of capital to the value of 1M EUR.

On August 16, 2023, the Company announced a workforce reduction involving approximately 4 employees to manage operating expenses and realignment of investment priorities. This reduction represents approximately 8% of our workforce.

Disclosure of information to the auditor

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

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

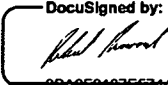
Auditor

A resolution to re-appoint KPMG LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

Approved by the Board of Directors on 15 September 2023 and signed on its behalf by:

DocuSigned by:

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Simon Black
Director

DocuSigned by:

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Rahul Raswant
Director

PPRO Financial Ltd

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

For the year ended 31 December 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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 Company 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.

PPRO Financial Ltd

Independent Auditor's Report to the members of PPRO Financial Ltd

Opinion

We have audited the financial statements of PPRO Financial Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, 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 Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company 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 Company or to cease its operations, and as they have concluded that 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 its 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analyzed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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 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 Company will continue in operation.

PPRO Financial Ltd

Independent Auditor's Report to the members of PPRO Financial Ltd

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 operational management including inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board 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 that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is straightforward with no judgement involved in the calculation and no pressures or incentives for management to manipulate revenue have been identified.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria, including high-risk journal entries and other adjustments made at the end of the reporting period.

Identifying and responding to risks of material misstatement related to 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 and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the entity's procedures for complying with regulatory requirements.

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.

PPRO Financial Ltd
Independent Auditor's Report to the members of PPRO Financial Ltd

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (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 or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognizing the financial and regulated nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management 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.

PPRO Financial Ltd

Independent Auditor's Report to the members of PPRO Financial Ltd

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 12, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

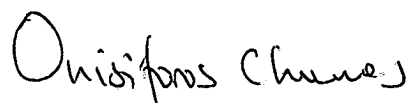
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

PPRO Financial Ltd
Independent Auditor's Report to the members of PPRO Financial Ltd

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.



Onisiforos Chourres (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
15 Canada Square
London
E14 5GL

15 September 2023

PPRO Financial Ltd**Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 31 December 2022

		2022	2021
	Note	€	€
Revenue	2	56,091,574	56,348,018
Cost of sales		(23,222,258)	(23,354,899)
Gross profit		32,869,316	32,993,119
Administrative expenses		(74,404,445)	(54,976,327)
Other operating income	3	20,140,945	10,781,461
Operating Loss	4	(21,394,184)	(11,201,747)
Interest receivable and other financial income	7	5,044,833	6,560
Interest payable and other financial expense	8	(2,923,505)	(141,145)
Loss before taxation		(19,272,856)	(11,336,332)
Tax on loss	9	(127,111)	(1,506,554)
Loss for the financial year		(19,399,967)	(12,842,886)
Other Comprehensive Income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Valuation movement on equity investments	18	(12,160)	53,883
Tax related to items that will not be reclassified	9	(3,040)	(63,064)
Other comprehensive (Loss)/Income for the year, net of tax		(15,200)	(9,181)
Total comprehensive Loss for the year		(19,415,167)	(12,852,067)

The notes on pages 24 to 51 form an integral part of these financial statements.

PPRO Financial Ltd
Statement of Financial Position

For the year ended 31 December 2022

		2022	2021
	Note	€	€
Assets			
<i>Non-current assets</i>			
Intangible assets	11	10,362,780	8,098,989
Property, plant and equipment	12	385,755	415,358
Right of use asset	12	370,416	688,678
Fair value through other comprehensive income investments	18	868,276	880,436
Total non-current assets		<u>11,987,227</u>	<u>10,083,461</u>
<i>Current assets</i>			
Trade and other receivables		170,552,911	114,189,645
<i>Thereof Business Funds</i>	14	18,945,489	17,350,335
<i>Thereof Customer Funds</i>	14, 21	151,607,422	96,839,310
Cash at bank and in hand		808,793	7,415,976
<i>Thereof Business Funds</i>		129,363	4,214,116
<i>Thereof Customer Funds</i>	21	679,430	3,201,860
Total current assets		<u>171,361,704</u>	<u>121,605,621</u>
Total Assets		<u>183,348,931</u>	<u>131,689,082</u>
Equity and liabilities			
<i>Capital and reserves</i>			
Called up share capital	16	542,625	542,625
Capital reserves	17	46,157,500	44,657,500
Share Based Payments Reserve	17	6,759,577	4,577,162
Other reserves	17	168,143	168,143
Equity investment reserve	17	710,759	725,959
Profit and loss account	17	(49,713,524)	(30,313,557)
Total Equity		<u>4,625,080</u>	<u>20,357,832</u>

PPRO Financial Ltd
Statement of Financial Position
For the year ended 31 December 2022

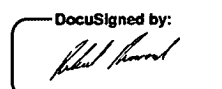
		2022	2021
	Note	€	€
<i>Non-current liabilities</i>			
Deferred tax liabilities	10	578,663	623,140
Lease liabilities		189,681	720,796
Trade and other payables		1,800,000	1,800,000
<i>Thereof Business Funds</i>	15	1,800,000	1,800,000
<i>Thereof Customer Funds</i>	15, 21	-	-
Total non-current liabilities		<u>2,568,344</u>	<u>3,143,936</u>
<i>Current liabilities</i>			
Trade and other payables		176,155,507	108,187,314
<i>Thereof Business Funds</i>	15	24,235,846	7,813,120
<i>Thereof Customer Funds</i>	15, 21	151,919,661	100,374,194
Total current liabilities		<u>176,155,507</u>	<u>108,187,314</u>
Total equity and liabilities		<u>183,348,931</u>	<u>131,689,082</u>

The notes on pages 24 to 51 form an integral part of these financial statements.

The financial statements on pages 18 to 51 were approved and authorised for issue by the Board of Directors on 15 September 2023 and were signed on its behalf by:

DocuSigned by:

451F558B4F0C4AA...
Simon Black
Director

DocuSigned by:

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Rahul Raswant
Director

PPRO Financial Ltd
Statement of Changes in Equity
For the year ended 31 December 2022

	Share Capital	Capital Reserve	Share Based Payment Reserve	Equity investment reserve	Other Reserves	Retained Earnings	Total Equity
	€	€	€	€	€	€	€
Balance at 01 January 2021	542,625	16,457,500	902,483	735,140	168,143	(17,470,671)	1,335,220
Increase in capital reserves	-	28,200,000	-	-	-	-	28,200,000
Equity-settled share-based payment transactions	-	-	3,674,679	-	-	-	3,674,679
(Loss) for the year	-	-	-	-	-	(12,842,886)	(12,842,886)
Other comprehensive income							-
- revaluation loss on Visa Inc. share	-	-	-	(9,181)	-	-	(9,181)
Balance at 31 December 2021	542,625	44,657,500	4,577,162	725,959	168,143	(30,313,557)	20,357,832

The accompanying notes 15 – 17 form part of these financial statements

PPRO Financial Ltd
Statement of Changes in Equity

For the year ended 31 December 2022

	Share Capital	Capital Reserve	Share Based Payment Reserve	Equity investment reserve	Other Reserves	Retained Earnings	Total Equity
	€	€	€	€	€	€	€
Balance at 01 January 2022	542,625	44,657,500	4,577,162	725,959	168,143	(30,313,557)	20,357,832
Increase in capital reserves	-	1,500,000	-	-	-	-	1,500,000
Equity-settled share-based payment transactions	-	-	2,182,415	-	-	-	2,182,415
(Loss) for the year	-	-	-	-	-	(19,399,967)	(19,399,967)
Other comprehensive income							-
- revaluation loss on Visa Inc. share	-	-	-	(15,200)	-	-	(15,200)
Balance at 31 December 2022	542,625	46,157,500	6,759,577	710,759	168,143	(49,713,524)	4,625,080

PPRO Financial Ltd
Statement of Cash Flows
For the year ended 31 December 2022

		2022	2021
	Note	€	€
Cash flows from operating activities			
(Loss) for the year		(19,399,967)	(12,842,886)
Adjustment for:			
Depreciation, amortisation and impairment charges	11, 12	1,603,634	1,325,250
Net interest (receivable) / payable		(2,121,328)	134,584
Tax expense/(credit)		127,111	1,506,554
Movement on equity investments		2,182,416	3,674,679
Exchange loss/(gain) on third party deposits		(25,640)	(6,523)
		<u>(17,633,774)</u>	<u>(6,208,342)</u>
(Increase)/Decrease in trade and other receivables (Business funds)		625,407	(12,093,209)
(Increase)/Decrease in trade and other receivables (Customer funds)		(54,768,112)	(62,698,748)
Increase/(Decrease) in trade and other payables (Business funds)		15,891,612	(4,439,319)
Increase/(Decrease) in trade and other payables (Customer funds)		51,545,467	6,968,294
(Increase)/Decrease in restricted cash balance		<u>2,522,430</u>	<u>56,867,591</u>
Cash outflow from operations		<u>(1,816,970)</u>	<u>(21,603,733)</u>
Tax received		-	444,851
<i>Net cash (outflow) from operating activities</i>		<u>(1,816,970)</u>	<u>(21,158,882)</u>
Investing activities			
Investment in intangible assets		(3,580,144)	(2,768,609)
Purchase of tangible fixed assets		(121,472)	(158,252)
Disposal of tangible fixed assets		1,671	-
Interest received		5,044,833	6,561
Deposits received		-	-
Cash advances made to related party		(2,189,166)	-
(Capitalisation) / Adjustment of Right of Use Asset		-	(76,166)
<i>Net cash used in investing activities</i>		<u>(844,278)</u>	<u>(2,996,466)</u>
Financing activities			
Cash proceeds from capital investment		1,500,000	28,200,000
Interest paid		<u>(2,923,505)</u>	<u>(141,146)</u>
<i>Net cash from financing activities</i>		<u>(1,423,505)</u>	<u>28,058,854</u>
Net increase/(decrease)increase in cash and cash equivalents		<u>(4,084,753)</u>	<u>3,903,506</u>
Cash and cash equivalents at beginning of year (Business Funds)		4,214,116	310,610
Cash and cash equivalents at end of year (Business Funds)*		129,363	4,214,116

***Company only statement of cash flows (excluding Customer Funds fully segregated from Business Funds)**

PPRO Financial Ltd
Notes to the Financial Statements
For the year ended 31 December 2022

1. Basis of preparation

The financial statements of PPRO Financial Ltd at 31 December 2022 have been prepared in accordance with UK-adopted international accounting standards and have been prepared in accordance with the requirements of the Companies Act 2006.

This section sets out the accounting policies of PPRO Financial Ltd 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 Directors have considered the Company's business activities, together with the factors likely to affect its future development, performance and position. The Directors have also assessed the financial risks facing the Company, its liquidity position and available funding facilities.

The Directors have specifically considered the ongoing impact of the Ukraine / Russia conflict and inflation as set out in the Directors' Report. In making their assessment, the Directors have assessed profitability and cash flow forecasts for the Company, prepared for the period to 31 December 2024 (the forecast period), and adjusted for sensitivities considered by the Board to be severe but plausible in relation to both trading performance and cash flow requirements. PPRO Holding GmbH has indicated its intention to continue to make available funds as needed by the Company for the period covered by the forecasts. Therefore, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future.

Sensitivities have been applied to the market conditions, as well as applying sensitivities to our key strategic activities and in respect to the inflation and supply constraints, as well as taking into account mitigating actions available.

After making all appropriate enquiries, the Directors have not identified any material uncertainties and have a reasonable expectation that the Company and the Company has access to adequate resources to enable them to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements.

The Company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The registered office address is 48 Chancery Lane, Holborn, London, WC2A 1JF.

PPRO Financial Ltd
Notes to the Financial Statements (continued)

For the year ended 31 December 2022

1.1 Changes in accounting policies

The following standards had to be applied for the first time during the reporting period but did not have any material impact:

- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (effective 1 June 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021)
- Amendments to IFRS 4, Insurance Contracts – deferral of IFRS 9

The UK Endorsement Board (UKEB) has been set up to endorse and adopt new or amended International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Impact of new accounting standards

PPRO Financial Limited does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the company.

The following is a list of other new and amended standards which had been issued by the IASB but which are effective in future periods.

- IFRS 17 (including the June 2020 amendments to IFRS 17) Insurance Contracts
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture 27
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

PPRO Financial Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

1.2 Accounting policies

Intangible Assets

Intangible assets consist of licenses, acquired and internally developed software.

Self-developed Software (PPRO Financial LTD.) is recognized at development cost and amortised over the estimated lifetime cycle of the software, which is 10 years.

Capitalization costs are based on the assessment by management that technical and commercial viability has been established; as a rule, this will be the case where a product development project has reached an assessable level. Development costs are capitalised in accordance with the amount of time spent by the development team on the project and amortised accordingly over time from the moment the product is ready for use. During the development phase an annual impairment test is performed to ensure the assumptions that management have made are valid.

Research costs are expensed through profit and loss in the period in which they occur. The cost of development activities are capitalised at that moment when the development can be reliably assessed, this means that the product or process is technically and commercially viable and a future economic benefit is probable.

Licenses are recognized at development cost and amortised over the estimated lifetime, which is 10 years.

Property, plant and equipment

The costs of property, plant and equipment comprise the purchase price including any ancillary acquisition costs. Maintenance and repair costs are charged to profit and loss as incurred.

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life.

Office furniture & equipment	5 years straight line
Fixtures & Fittings	3 years straight line
Computer equipment	3 years straight line

Financial Assets

Financial assets are recognized in the statement of financial position if the company has a contractual right to receive cash or cash equivalents or other financial assets from some other party. Financial assets are reported and evaluated in accordance with IFRS 9 (Financial Instruments: Recognition and Measurement).

PPRO Financial Ltd**Notes to the Financial Statements (continued)**For the year ended 31 December 2022

The carrying amounts of each of the following categories as specified in IFRS 9, shall be disclosed either in the statement of financial position or in the notes:

- Fair value through profit or loss.
- Fair value through other comprehensive income.
- Amortised cost.

The company classifies its financial assets at the time of the initial recognition. Financial assets are measured at fair value when initially recognized. When financial instruments are not classified at fair value in profit or loss, transaction costs directly assignable to the acquisition of the assets are additionally taken into account.

The company's financial assets comprise cash as well as current deposits, trade receivables, customer funds and other receivables. The following valuation of financial assets depends on their classification as detailed below:

Fair value through profit or loss

Financial assets to be measured at fair value through profit or loss comprises financial assets held for trading and financial assets designated as measured at fair value through profit or loss at initial recognition (fair value option). The company does not have any assets held for trading nor does it voluntarily classify any financial assets as being fair value through profit or loss.

Fair value through other comprehensive income investments

The company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the company considers this measurement to be the most representative of the business model for these assets. Equity investments are measured at Fair Value Through Other Comprehensive Income (FVOCI) under IFRS 9. All fair value movements in respect of those assets are recognised in other comprehensive income and accumulated in the equity investment reserve.

The VISA shares held by the company are considered to be an equity investment, and as such have been classified as fair value through other comprehensive income.

Amortised cost

Financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents include cash in hand and other short term highly liquid cash accounts. Customer fund debtors exist where transactions have been recorded upon succeeding through the PPRO platform but PPRO have yet to receive the cash.

PPRO Financial Ltd**Notes to the Financial Statements (continued)**For the year ended 31 December 2022

An impairment provision assessment was carried out under the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. The assessment demonstrated that the losses incurred from trade receivables over 3 years should be between 3-4% of the total trade receivables balance. The impairment provision is in line with the company's accounting policy of providing a provision on outstanding invoices greater than 60 days.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Derecognition

A financial asset is derecognized if one of the following requirements has been met:

- The contractual rights to receive cash flows from a financial asset have expired.
- Financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.

If the company transfers its contractual rights to cash flows arising from an asset or enters into a "pass-through" arrangement and thereby does not mainly transfer or retain all opportunities or risks associated with this asset, but retains control of the asset transferred, the company recognizes an asset to the extent of this ongoing commitment.

In this case, the company also recognizes an associated liability. The transferred asset and the associated liabilities are measured in such a manner as to duly take account of the rights and obligations retained by the company. If the ongoing commitment takes the form of guaranteeing the asset transferred then the scope of the ongoing commitment will correspond to the lower of either the original carrying amount of the asset or the maximum amount of the consideration received that the company might have to repay.

PPRO Financial Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

Cash and cash equivalents

Cash in hand and demand deposits are classified as cash, whilst cash equivalents comprise current, liquid financial investments that can be converted at any time into certain amounts of cash. Cash segregated into specific customer funds accounts to be remitted to customers is also reflected here.

Trade receivables impairment provisions

A trade receivable is impaired when there is objective evidence that, due to events since the trade receivable was created; the company cannot recover the original expected cash flows from the trade receivable. The impairment loss is the difference between the carrying value and the present value of estimated future cash flows.

Financial liabilities

The company classifies its financial liabilities on initial recognition. Financial liabilities are recognized initially at fair value, plus directly attributable transaction costs in the case of loans. The company's financial liabilities include trade and other payables, bank overdrafts, and loans. Customer fund liabilities exist where a customer is awaiting payout for succeeded payments processed through the PPRO platform.

Liabilities measured at amortised cost

After initial recognition, interest-bearing loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the income statement if the financial investments are derecognized, or within the scope of amortisation.

Fair value of financial instruments

According to IFRS 13, fair value is defined as the price that would, in a normal transaction between market participants on the measurement date, be received for the sale of an asset, or be paid for the transfer of liability.

The fair value of financial instruments that is traded on an organized financial market at the reporting date is categorized in Level 1 of the fair value hierarchy. Most of the financial instruments of the company are categorized in Level 1 as the carrying amounts correspond to their fair values based on the observable contractual obligations for both receivable amounts that are expected to be recovered and payable amounts that are expected to be paid at the value that they are carried at in the financial statements.

For those instruments where there is no market quotation on the active market, fair value is calculated using observable market prices for comparable instruments, or using standard market valuation methods. This entails applying measurement parameters that are observable

PPRO Financial Ltd
Notes to the Financial Statements (continued)For the year ended 31 December 2022

either directly or indirectly on active markets (Level 2 of the fair value hierarchy). This may include using techniques like recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models. The company does not consider any of its financial instruments to fall into the Level 2 category.

For those financial instruments, where fair value cannot be calculated either directly using market quotations, or indirectly through valuation models that are based on observable measurement parameters or other market quotations, these are classified as relating to Level 3 of the fair value hierarchy. The value of the Visa Europe share is the only financial instrument that the company holds which falls under the level 3 category.

Equity instruments

Equity instruments issued by the company are recognized at the proceeds received net of direct issue costs in share capital and capital reserve.

Provisions

Provisions are recognized if the company has an obligation as a result of a past event which means that an outflow of resources with economic benefits to fulfil the obligation is probable and a reliable estimate of the amount of the obligation is possible. Provisions are reported under liabilities. The costs of setting up provisions are reported in the income statement. Gains resulting from the reversal of provisions are recognized under other operating income.

Related parties

In accordance with IAS 24 (related party disclosure), parties related to the company comprise the members of the Management Board of PPRO Holding GmbH and its subsidiaries.

Foreign exchange

The financial statements of the company are presented in Euro, which is the functional currency of the company due to the majority of revenue and costs in this currency, and the presentational currency of the Group.

If foreign exchange occurs the company will handle as following:

- The assets and liabilities of the company are translated at the rate prevailing at the end of the reporting period.
- Income and expenses are translated at the rate prevailing on the transaction date or the average rate for the period.

PPRO Financial Ltd**Notes to the Financial Statements (continued)**For the year ended 31 December 2022

- Equity elements are translated at the date of the transaction and not retranslated in subsequent periods.

Foreign currency transactions are initially recorded at the rate ruling on the date of the transaction.

Share Based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

All awards granted under the different share-based payment plans were classified as equity-settled share-based payment according to IFRS 2.

PPRO Financial Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

1.3 Critical accounting estimates and judgements

Impairment of Intangible assets

After initial recognition intangible assets are carried at cost less accumulated amortisation and any impairment losses (if applicable). The capitalization of software development costs is based on estimates of time spent on their development.

Annually, management assesses whether there are any indications of impairment of the intangible asset which could result in an impairment review. This assessment considers if the intangible asset still has revenue generating capabilities by taking into account revenue growth over the period and the activity ratio of customers.

Income and deferred taxes

The company's tax charge on ordinary activities is applied in respect of the reference rate published by HMRC. As an integral part of this process, the company applies its judgement in order to determine the tax charge applying to those matters for which the final tax treatment is considered by the company to be uncertain.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are recognized according to IAS 12 in the current and deferred income tax assets and liabilities in the period in which such determination is made.

In accordance with IAS 12 (Income Taxes), deferred tax liabilities and assets are set up accordingly for all temporary differences between the value of the assets and liabilities in the tax balance sheet and the values in the company's balance sheet.

Deferred tax assets relating to benefits of unutilised tax losses carried forward are capitalised to the extent with which it can be assumed with an adequate degree of probability that the company will be able to generate sufficient taxable income in future. Deferred tax assets are calculated on the basis of the applicable tax rates.

Deferred taxes are recognized as tax income or tax expenses in the income statement, unless they relate to items directly recognized in equity with no impact on profit or loss. In this case deferred taxes are recognized directly in equity without any effect to the profit and loss statement.

PPRO Financial Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

2. Revenue

The whole of revenue is attributable to payment processing.

Analysis of revenue by geographical markets:

	2022	2021
	€	€
Europe	51,953,341	53,273,443
Asia	3,481,139	2,723,205
North America	532,242	131,879
Oceania	60,577	119,693
South America	63,617	99,146
Rest of the world	658	652
Total	<u>56,091,574</u>	<u>56,348,018</u>

3. Other Operating Income

Other Operating Income is made up of:

	2022	2021
	€	€
Income from provision of services to other Group companies	20,067,228	10,324,616
Other income	73,717	456,845
Total	<u>20,140,945</u>	<u>10,781,461</u>

4. Operating Loss

Operating loss stated after charging:

	2022	2021
	€	€
Depreciation	287,281	308,163
Amortisation	1,316,353	1,017,086
Auditor's remuneration for audit services	260,730	318,621
Marketing & selling costs	43,641,458	30,380,486
Foreign currency gains and losses	(1,510,056)	1,049,875
Research and development cost expensed	4,098,448	3,373,587
Non-deductible VAT	(1,518,802)	(921,033)

PPRO Financial Ltd
Notes to the Financial Statements (continued)

For the year ended 31 December 2022

5. Particulars of employees

The number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration and support	76	78
Production	35	33
Research and development	15	13
Sales, marketing and distribution	85	66
Other departments	8	7
Total	219	197

The aggregate payroll costs were:

	2022	2021
	€	€
Wages and salaries	17,484,020	13,673,574
Social security costs	2,566,451	2,198,067
Share based payments	2,182,416	3,674,678
	22,232,887	19,546,319

6. Directors Remuneration

The directors' remuneration (executive and non-executive) for the year was as follows:

	2022	2021
	€	€
Short term employee benefits	1,143,443	600,488
Post-employment benefits	29,440	20,532
Share Based Payments	1,801,584	2,472,436
	2,974,467	3,093,456

The remuneration includes employer pension contributions of €29,440 (2021: €20,532).

The highest paid director's remuneration amounted to €1,998,712 (2021: €3,093,456).

PPRO Financial Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

7. Interest Receivable and other financial income

	2022	2021
	€	€
Bank interest receivable	2,916	6,560
Interest receivable on intercompany balances	5,041,917	-
	<u>5,044,833</u>	<u>6,560</u>

8. Interest payable and other financial expense

	2022	2021
	€	€
Interest payable on intercompany balances	2,838,717	-
Other interest payable	84,788	141,145
	<u>2,923,505</u>	<u>141,145</u>

9. Taxation

Tax on loss	2022	2021
	€	€
Analysis of tax charge/(credit) for the period		
Current tax		
Foreign withholding tax charge	174,628	-
Adjustment in respect of prior periods	-	-
Total current tax charge/(credit)	<u>174,628</u>	<u>-</u>
Deferred tax		
Current year	(7,954)	1,506,554
Adjustments in respect of prior periods	(39,563)	-
Total deferred tax charge/(credit)	<u>(47,517)</u>	<u>1,506,554</u>
Tax on loss	<u>127,111</u>	<u>1,506,554</u>

PPRO Financial Ltd
Notes to the Financial Statements (continued)

For the year ended 31 December 2022

Tax relating to other comprehensive income

Deferred tax

Origination and reversal of temporary differences	3,040	63,064
Tax relating to other comprehensive income	3,040	63,064

Provision for deferred tax

Fixed asset temporary differences	373,486	410,858
Short term temporary differences	(17,972)	(7,827)
Capital gains	223,149	220,109
Tax losses carried forward	-	-
Total deferred tax asset	578,663	623,140

Movement in provision:

Provision at start of the period	623,140	(946,478)
Adjustment in respect of prior years	(39,563)	-
Deferred tax charged in the statement of other comprehensive income for the period	3,040	63,064
Deferred tax charged in the statement of comprehensive income	(7,954)	1,506,554
Provision at end of period	578,663	623,140

Reconciliation of tax charge

Loss before tax	(19,272,856)	(11,336,332)
Tax on loss at standard CT rate of 19% (2021: 19%)	(3,661,843)	(2,153,903)

Effects of:

Expenses not deductible for tax purposes	1,010,185	58,973
Additional deduction for R&D tax credit	-	-
Amount not recognised as deferred tax asset	3,055,978	1,954,376
Income not taxable	(1,447,467)	-
Adjustments to tax charge in respect of previous periods	(39,563)	-
Adjustment relating to deferred tax changes	-	1,506,554
Effective changes in tax rates	(1,909)	140,554
Tax charge / (credit) for the period	127,111	1,506,554

PPRO Financial Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

10. Deferred Tax

The following is the analysis of deferred tax asset/liabilities presented in the statement of financial position.

	2022	2021
	€	€
Deferred tax asset arising from tax losses carried forward	-	-
Deferred tax liability:	€	€
Arising on income recognized in other comprehensive income:		
Fair value re-measurement of available for sale financial assets	223,149	220,109
Arising from accelerated capital allowances	355,514	403,031
Deferred tax liability at period end	578,663	623,140

Losses of €19.5m have not been recognised as a deferred tax asset at 31 December 2022 due to the uncertainty about the utilisation of these losses in future periods.

Factor that may affect future tax charges

The March 2021 budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted in May 2021, and as a result, deferred tax balances as at 31 December 2022 have been measured at 25%. (2021: 25%).

PPRO Financial Ltd
Notes to the Financial Statements (continued)

For the year ended 31 December 2022

11. Intangible Assets

	Licenses	Development Costs	Development Costs (Work In Progress)	Total
	€	€	€	€
Cost				
Balance at 1 January 2021	1,372,964	8,460,677	186,950	10,020,591
Additions	291,035	1,989,145	488,429	2,768,609
Disposal	-	-	-	-
Balance at 31 December 2021	1,663,999	10,449,822	675,379	12,789,200
Balance at 1 January 2022	1,663,999	10,449,822	675,379	12,789,200
Additions	159,860	2,684,947	735,337	3,580,144
- of which internally developed	-	2,684,947	735,337	3,420,284
- of which acquired	159,860	-	-	159,860
Disposal	-	-	-	-
Balance at 31 December 2022	1,823,859	13,134,769	1,410,716	16,369,344

Accumulated Amortisation and Impairment

Balance at 1 January 2021	756,292	2,916,833	-	3,673,125
Amortisation	228,471	788,615	-	1,017,086
Impairment	-	-	-	-
Balance at 31 December 2021	984,763	3,705,448	-	4,690,211
Balance at 1 January 2022	984,763	3,705,448	-	4,690,211
Amortisation	280,461	1,035,892	-	1,316,353
Impairment	-	-	-	-
Balance at 31 December 2022	1,265,224	4,741,340	-	6,006,564

Carrying amounts

At 31 December 2021	679,236	6,744,374	675,379	8,098,989
At 31 December 2022	558,635	8,393,429	1,410,716	10,362,780

Internally generated development costs have been capitalised and not yet amortised for work on a project due to be completed in 2023 (Work in progress).

PPRO Financial Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

12. Property, Plant and Equipment

	Fixtures and fittings	Office furniture & Equipment	Computer equipment	Total
	€	€	€	€
Cost				
Balance at 1 January 2021	312,172	164,871	64,101	541,144
Additions	-	-	158,252	158,252
Disposals	-	-	-	-
Balance at 31 December 2021	312,172	164,871	222,353	699,396
Balance at 1 January 2022	312,172	164,871	222,353	699,396
Additions	-	21,378	100,094	121,472
Disposals	-	-	(1,671)	(1,671)
Balance at 31 December 2022	312,172	186,249	320,776	819,197

Accumulated Depreciation

Balance at 1 January 2021	77,587	65,546	31,395	174,528
Depreciation	53,956	11,697	43,857	109,510
Balance at 31 December 2021	131,543	77,243	75,252	284,038
Balance at 1 January 2022	131,543	77,243	75,252	284,038
Depreciation	51,608	12,124	85,672	149,404
Balance at 31 December 2022	183,151	89,367	160,924	433,442

Carrying amounts

At 31 December 2021	180,629	87,628	147,101	415,358
At 31 December 2022	129,020	96,882	159,853	385,755

Right of Use Asset

	2022	2021
	€	€
Office Building (In accordance with IFRS16. Note 13)	370,416	688,678
	<u>370,416</u>	<u>688,678</u>

PPRO Financial Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

13. Leases

Property, Plant and Equipment

		TOTAL
		€
Right-of-use asset	Depreciation during the period	130,291
	Carrying amount as of 31/12/2022	370,416
	Adjustment to 5-year lease for new office space. Leased from March 2020 with initial rent-free period.	(180,429)
Liability	Interest expenses from leases	82,937
Other	Expenses relating to short-term leases (<12 month)	-
	Expenses relating to leases of low value assets	1,139
	Expenses relating to variable lease payments not included in lease payments	-
	Total cash outflow for leases	266,947

Ageing of outstanding lease liability

	2022	2021
	€	€
Due within 1 year	337,986	259,082
Due between 1 and 5 years	189,681	720,796
Due later than 5 years	-	-

Leasing activities in PPRO Financial Ltd relate to office space (Right of Use asset detailed above) and office equipment (included in short term leases).

PPRO Financial Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

14. Trade and other receivables

	Note	2022 €	2021 €
Trade receivables		2,503,068	3,966,754
Amounts owed by group undertakings		11,438,256	8,987,724
Other debtors and accrued income		2,522,300	1,200,492
Prepayments		671,502	507,513
VAT receivable		1,810,363	2,687,852
Corporation tax asset		-	-
Customer funds	20	151,607,422	96,839,310
		<u>170,552,911</u>	<u>114,189,645</u>

The carrying value of trade and other receivables classified at amortised cost approximates fair value. The expected loss rates are based on the company's historical credit losses experienced over the 3-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting our customers. PPRO Financial does not hold any collateral as security.

15. Trade and other payables

Amounts falling due within one year:

	Note	2022 €	2021 €
Trade Payables		1,821,712	925,804
Amounts owed to group undertakings		20,028,938	3,413,335
Other taxes and social security		171,941	227,795
VAT liability		-	-
Accruals and deferred income		1,875,269	2,987,104
Lease Liability	13	337,986	259,082
Customer funds	20	151,919,661	100,374,194
		<u>176,155,507</u>	<u>108,187,314</u>

PPRO Financial Ltd
Notes to the Financial Statements (continued)

For the year ended 31 December 2022

16. Share Capital

Allotted, called up and fully paid shares

	No.	2022 €	No.	2021 €
Ordinary shares of £1.00 each	100	125	100	125
Ordinary A shares of €1.00 each	542,500	542,500	542,500	542,500
	<u>542,600</u>	<u>542,625</u>	<u>542,600</u>	<u>542,625</u>

Fully paid ordinary shares of £1.00 each carry one vote per share and a right to dividends.

Fully paid ordinary shares of €1.00 each also carry one vote per share and a right to dividends.

No new shares were issued by the company during the year.

17. Reserves

17.1 Retained Earnings	2022 €	2021 €
At 1 January	(30,313,557)	(17,470,671)
(Loss) for the year	(19,399,967)	(12,842,886)
At 31 December	<u>(49,713,524)</u>	<u>(30,313,557)</u>

17.2 Other Reserves	2022 €	2021 €
At 1 January	168,143	168,143
At 31 December	<u>168,143</u>	<u>168,143</u>

Other reserves relate to currency translation when PPRO Financial Ltd statements were converted from GBP to EUR.

PPRO Financial Ltd
Notes to the Financial Statements (continued)

For the year ended 31 December 2022

17.3 Capital reserves	2022	2021
	€	€
At 1 January	44,657,500	16,457,500
Capital Increase	1,500,000	28,200,000
At 31 December	<u>46,157,500</u>	<u>44,657,500</u>

Capital reserves relate to capital injections from the parent company, PPRO Holding GmbH.

17.4 Share Based Payment Reserve	2022	2021
	€	€
At 1 January	4,577,162	902,483
Equity-settled share-based payment transactions	2,182,416	3,674,679
At 31 December	<u>6,759,578</u>	<u>4,577,162</u>

Share Based Payment reserves relate to the vESOPs program as detailed in Note 21.

17.5 Equity investment reserve	2022	2021
	€	€
At 1 January	725,959	735,140
Other comprehensive income	(15,200)	(9,181)
At 31 December	<u>710,759</u>	<u>725,959</u>

Equity Investment reserves relate to the investment in VISA Inc. shares detailed in Note 18.

PPRO Financial Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

18. Equity Investment

	2022	2021
	€	€
VISA Inc. shares (Class A)	658,139	440,079
VISA Inc. shares (Class B)	210,137	440,357
	<u>868,276</u>	<u>880,436</u>

	VISA Inc. Shares	Total
Movement in equity investment		
At 1 January	880,436	880,436
Fair value movement 2021	(12,160)	53,883
At 31 December	<u>868,276</u>	<u>880,436</u>

The VISA Inc. preference shares received in return for the VISA Inc. share have been recognized as equity investment and are measured as fair value through OCI.

The shares have been recognized as Equity investment and they are not expected to be sold in the foreseeable future.

Fair value hierarchy:

The following asset types are carried at fair value after initial recognition.

The company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

- level 1: quoted (unadjusted) prices in active markets for identical assets;
- level 2: other techniques where all inputs, which have a significant effect on the recorded fair value, are observable either directly or indirectly; and
- level 3: techniques where inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Total	Level 1	Level 2	Level 3
	€	€	€	€
Equity investment	868,276	658,139	210,137	-
Total at 31 December 2022	<u>868,276</u>	<u>658,139</u>	<u>210,137</u>	<u>-</u>

Equity investment	880,436	440,079	440,357	-
Total at 31 December 2021	<u>880,436</u>	<u>440,079</u>	<u>440,357</u>	<u>-</u>

PPRO Financial Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

The VISA Inc. preference shares are classified as Level 1 and Level 2 equity investments.

Level 1 investments relate to the Class A preference shares which were converted from Class B preference shares in September 2020. These Class A shares can be freely traded for Class A Common stock but there are currently no plans for PPRO Financial Ltd to do this.

Level 2 investments relate to the Class B preference shares in VISA Inc. The value is calculated based on a number of variable inputs such as the value of the A class VISA Inc. share and the conversion rate as determined by VISA Inc.

19. Share Based Payments

Within the last years, PPRO Holding GmbH (PPRO) granted its employees share-based payment plans in the form of Virtual Share Options. The purpose of the single plans is to reward long and valued employees for their individual performance by giving them the opportunity to benefit from the evolvement of the company by receiving a bonus in form of share-based payment awards via virtual share options.

vESOP 2015 and 2019

Virtual Share Options under the vESOP 2015 and 2019 shall be vested after four years, if no Vesting Event occurs. In case of a Vesting Event during the Vesting Period of vESOP 2015, the Options will vest by 25 % after a cliff period of one year. The residual 75% of the options vest in semi-annually instalments with respect to the service condition until the occurrence of the Vesting Event. For the vESOP 2019, the Beneficiary shall be entitled to the entire Profit Participation irrespective of the remainder of the Vesting Period in case of an Exit Event. An Exit Event is defined as a sale or transfer of at least 75 % of all shares of the company or at least 75 % of the Company's assets.

vESOP 2020, 2021 and 2022

Virtual Share Options under the vESOP 2020, 2021 and 2022 shall be vested after four years, if no Vesting Event occurs. In case of a Vesting Event during the Vesting Period the Options will vest by 25 % after a cliff period of one year. The residual 75% of the options vest in quarterly instalments with respect to the service condition until the occurrence of the Vesting Event. The Beneficiary shall be entitled to the entire Profit Participation irrespective of the remainder of the Vesting Period in case of an Exit Event.

An Exit Event is defined as a sale or transfer of at least 50 % of all shares of the company or at least 75 % of the Company's assets or the listing of the Company at a stock exchange.

All awards granted under the different share-based payment plans were classified as equity-settled share-based payment according to IFRS 2.

The grants under the different plans are valued using a Cox-Rubinstein Binomial Tree Model and a Monte Carlo Simulation in order to take into account the complexity of their structure.

PPRO Financial Ltd**Notes to the Financial Statements (continued)**

For the year ended 31 December 2022

In 2021, the grants developed as follows:

Program	vESOP 2015	vESOP 2019	vESOP 2020	vESOP 2021
Number of Awards	9,860	100	4,625	300
Maximum term (years)	n.a	n.a	n.a	n.a
Awards outstanding at the beginning of the reporting period 2021 (01.01.2021)	9,860	0	0	0
Awards granted in the reporting period 2021	0	100	4,685	300
Awards forfeited in the reporting period 2021	0	0	0	0
Awards exercised in the reporting period 2021	0	0	0	0
Awards expired in the reporting period 2021	0	0	0	0
Awards outstanding at the end of the reporting period 2021 (31.12.2021)	9,860	100	4,685	300

In 2022, the grants developed as follows:

Program	vESOP 2015	vESOP 2019	vESOP 2020	vESOP 2021	vESOP 2022
Number of Awards	9,860	100	4,685	3,425	465
Maximum term (years)	n.a	n.a	n.a	n.a	n.a.
Awards outstanding at the beginning of the reporting period 2022 (01.01.2021)	9,860	100	4,685	300	0
Awards granted in the reporting period 2022	0	50	0	3,125	465
Awards forfeited in the reporting period 2022	74	38	828	69	0
Awards exercised in the reporting period 2022	0	0	0	0	0
Awards expired in the reporting period 2022	0	0	0	0	0
Awards outstanding at the end of the reporting period 2022 (31.12.2022)	9,786	112	3,857	3,356	465

PPRO Financial Ltd
Notes to the Financial Statements (continued)

For the year ended 31 December 2022

PPRO has taken into account the following parameters in the valuation:

vESOP 2015

Grant Date	30.06.2016	31.03.2017	30.09.2017	31.12.2018	31.12.2019	31.12.2020
Share price on the measurement date (EUR)	618.24	749.42	837.02	1,072.98	1,532.39	2,934.42
Expected life of the award on the grant date (years)	2.00	2.00	2.00	2.00	2.00	2.00
Exercise price (EUR)	295.86	295.86	295.86	295.86	295.68	295.86
Expected dividend yield (%)	0.00	0.00	0.00	0.00	0.00	0.00
Risk-free interest rate (%)	-0.64	-0.76	-0.74	-0.65	-0.66	-0,74
Expected volatility of the share price (%)	50.57	35.19	38.07	53.64	45.46	49.00
Option value (EUR)	338.50	448.54	535.52	772.43	1,223.59	2,606.49

PPRO Financial Ltd**Notes to the Financial Statements (continued)**

For the year ended 31 December 2022

vESOP 2019

Grant Date	31.12.2019	30.06.2020	31.12.2020	30.09.2021
Share price on the measurement date (EUR)	1,532.39	1,881.00	2,934.42	2,934.42
Expected life of the award on the grant date (years)	2.00	2.00	2.00	0.75 - 5.75
Exercise price (EUR)	947.49	947.49	947.49	947.49
Expected dividend yield (%)	0.00	0.00	0.00	0.00
Risk-free interest rate (%)	-0.66	-0.58	-0.74	-0.70
Expected volatility of the share price (%)	45.46	42.82	49.00	48.19
Option value (EUR)	665.89	956.98	1,970.88	1,976.93

vESOP 2020

Grant Date	31.03.2021	30.06.2021
Share price on the measurement date (EUR)	2,934.42	2,934.42
Expected life of the award on the grant date (years)	1.25 - 6.25	1.00 - 6.00
Exercise price (EUR)	1,880.92	1,880.92
Expected dividend yield (%)	0.00	0.00
Risk-free interest rate (%)	-0.66	-0.65
Expected volatility of the share price (%)	52.40	49.48
Option value (EUR)	1,350.64	1,333.98

vESOP 2021

Grant Date	30.06.2021	30.09.2021	31.12.2021
Share price on the measurement date (EUR)	2,934.42	2,934.42	2,934.42
Expected life of the award on the grant date (years)	1.00 - 6.00	0.75 - 5.75	0.50 - 5.50
Exercise price (EUR)	2,934.42	2,934.42	2,934.42
Expected dividend yield (%)	0.00	0.00	0.00
Risk-free interest rate (%)	-0.65	-0.70	-0.70
Expected volatility of the share price (%)	49.48	48.19	48.17
Option value (EUR)	863.45	798.13	757.55

PPRO Financial Ltd**Notes to the Financial Statements (continued)**

For the year ended 31 December 2022

vESOP 2022

Grant Date	31.07.2022	31.08.2022	30.09.2022	31.10.2022	30.11.2022	31.12.2021
Share price on the measurement date (EUR)	2,934.42	2,934.42	2,934.42	2,934.42	2,934.42	2,934.42
Expected life of the award on the grant date (years)	0.92 - 2.92	0.83 - 2.83	0.75 - 2.75	0.66 - 2.66	0.58 - 2.58	0.50 - 2.50
Exercise price (EUR)	2,934.42	2,934.42	2,934.42	2,934.42	2,934.42	2,934.42
Expected dividend yield (%)	0.00	0.00	0.00	0.00	0.00	0.00
Risk-free interest rate (%)	0.24	0.61	1.52	1.81	2.02	2.47
Expected volatility of the share price (%)	56.71	60.31	60.14	61.40	63.29	61.61
Option value (EUR)	829.24	870.03	863.75	864.75	859.24	832.67

For award valuation the contractual life of the options and the possibility of early exercise were considered in the model.

The valuation model uses time congruent risk-free interest rates obtained from the information provider Bloomberg. For estimating the time congruent risk-free interest rates, yields of so-called "Germany Sovereigns" were used. For the purposes of the valuation of the awards, the expected volatility of the PPRO share was determined based on the time congruent historical volatility of peer group companies. The expected volatility taken into account builds on the assumption that future trends can be inferred from historical volatility, which means that the volatility that actually occurs may differ from the assumptions made. The expense resulting from the share-based payment transactions is recognized during the vesting period on a pro-rata-basis with a corresponding increase in equity. Furthermore, the amount recognized is based on the best available estimate of the number of equity instruments expected to vest and is revised, if subsequent information indicates that the number of equity instruments expected

PPRO Financial Ltd
Notes to the Financial Statements (continued)

For the year ended 31 December 2022

to vest differs from previous estimates. The expected dividend yield relies on management estimates.

When determining the expense recognition as of 31 December 2021, an average expected fluctuation of 6.0% p.a. was determined by PPRO based on historical fluctuation and management estimates. The expected fluctuation for the remaining part of the respective vesting period will be adjusted on future reporting dates based on current information.

As of December 31, 2022, PPRO Financial Ltd has recognised a reserve on the balance sheet of EUR 6,759,578 (2021 EUR 4,577,162) for share-based payments. The expense for the period January 1 to December 22 amounts to EUR 2,182,416 (2021 EUR 3,674,678).

20. Related party transactions

	Year End Receivable/(Payable)	
	2022	2021
	€	€
PPRO Holding GmbH	(7,757,483)	4,941,803
PPRO Inc.	(2,908,804)	(254,793)
PPRO Payment Services S.A	150,546,665	95,503,140
PPRO Latin America GmbH	-	87,313
PPRO PTE	(537,602)	(1,221,826)
PPRO Brasil Ltda.	2,780,442	2,024,625
PPRO Mexico	40,691	(257,412)
PPRO Argentina S.A.	600,372	305,251
PPRO Colombia S.A.S.	194,386	108,405
PPRO Peru S.A.C	38,298	1,464
PPRO Chile SpA	516,067	480,465
Alpha Technology Services	933,239	-
Alpha Fintech Australia	(1,337,574)	-
Qubits SRL	(1,164,259)	-
	141,944,438	101,718,435

Balances to PPRO Payment Services S.A. are related to customer funds positions and transfer pricing transactions.

Alpha Technology Services, Alpha Fintech Australia and Qubits SRL were acquired by PPRO Holding GmbH in 2022.

PPRO Financial Ltd**Notes to the Financial Statements (continued)**

For the year ended 31 December 2022

	Income		Expenses	
	2022	2021	2022	2021
	€	€	€	€
PPRO Holding GmbH	7,203,677	879,838	22,749,532	16,207,393
WKV Prepaid GmbH	144,581	518,975	-	2,038
PPRO Inc.	263,868	197,115	2,917,879	2,462,147
PPRO Payment Services S.A	1,489,683	875,588	22,618,716	23,918,989
PPRO Latin America GmbH	7,515,969	4,049,368	3,133,645	2,667,213
PPRO PTE	750,387	263,836	3,601,320	3,063,404
PPRO Brasil Ltda.	3,233,786	2,276,644	4,168	67,952
PPRO Mexico	148,075	299,416	1,567,498	472,454
PPRO Argentina S.A.	554,245	306,916	259,124	19
PPRO Colombia S.A.S.	80,175	132,406	8,896	21,772
PPRO Peru S.A.C	24,371	24,647	3,805	21,701
PPRO Chile SpA	833,013	499,867	-	17,681
Alpha Technology Services	2,545,118	-	2,373,427	-
Alpha Fintech Australia	144,246	-	1,791,660	-
Qubits SRL	560,257	-	3,913,682	-
	25,491,451	10,324,616	64,943,352	48,922,763

21. Control

The immediate parent company of PPRO Financial Ltd is PPRO Holding GmbH, incorporated in Germany. PPRO Holding GmbH is also the ultimate controlling party.

Copies of the Group financial statements of PPRO Holding GmbH are available on request at its address at St.-Martin-Straße 74, Building 21, 81541 Munich, Germany.

22. Post Balance Sheet Events

On 26th January 2023, in order to comply with FCA regulations regarding capital adequacy, PPRO Holding GmbH supplied a further injection of capital to the value of 1M EUR.

On August 16, 2023, the Company announced a workforce reduction involving approximately 4 employees to manage operating expenses and realignment of investment priorities. This reduction represents approximately 8% of our workforce.