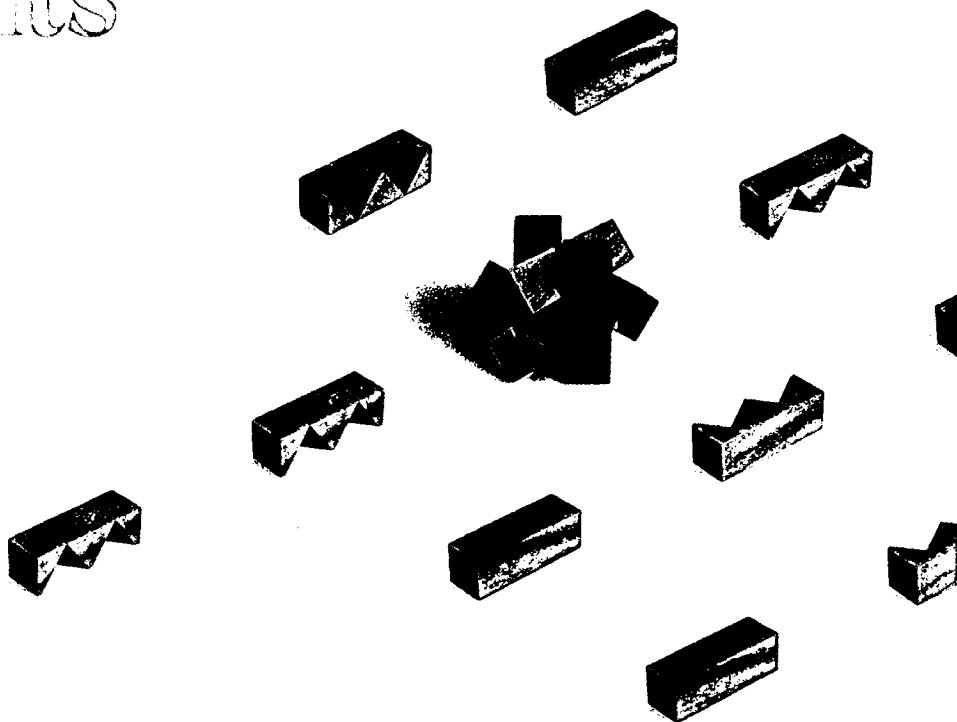


Accept more payments



Annual Report and Financial Statements

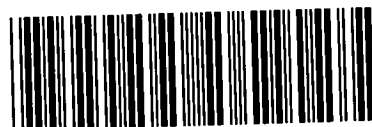
1 Jan - 31 Dec

2018

Checkout Ltd

Registration n°: 08037323

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COMPANIES HOUSE

2018

Continuing on our
growth path.

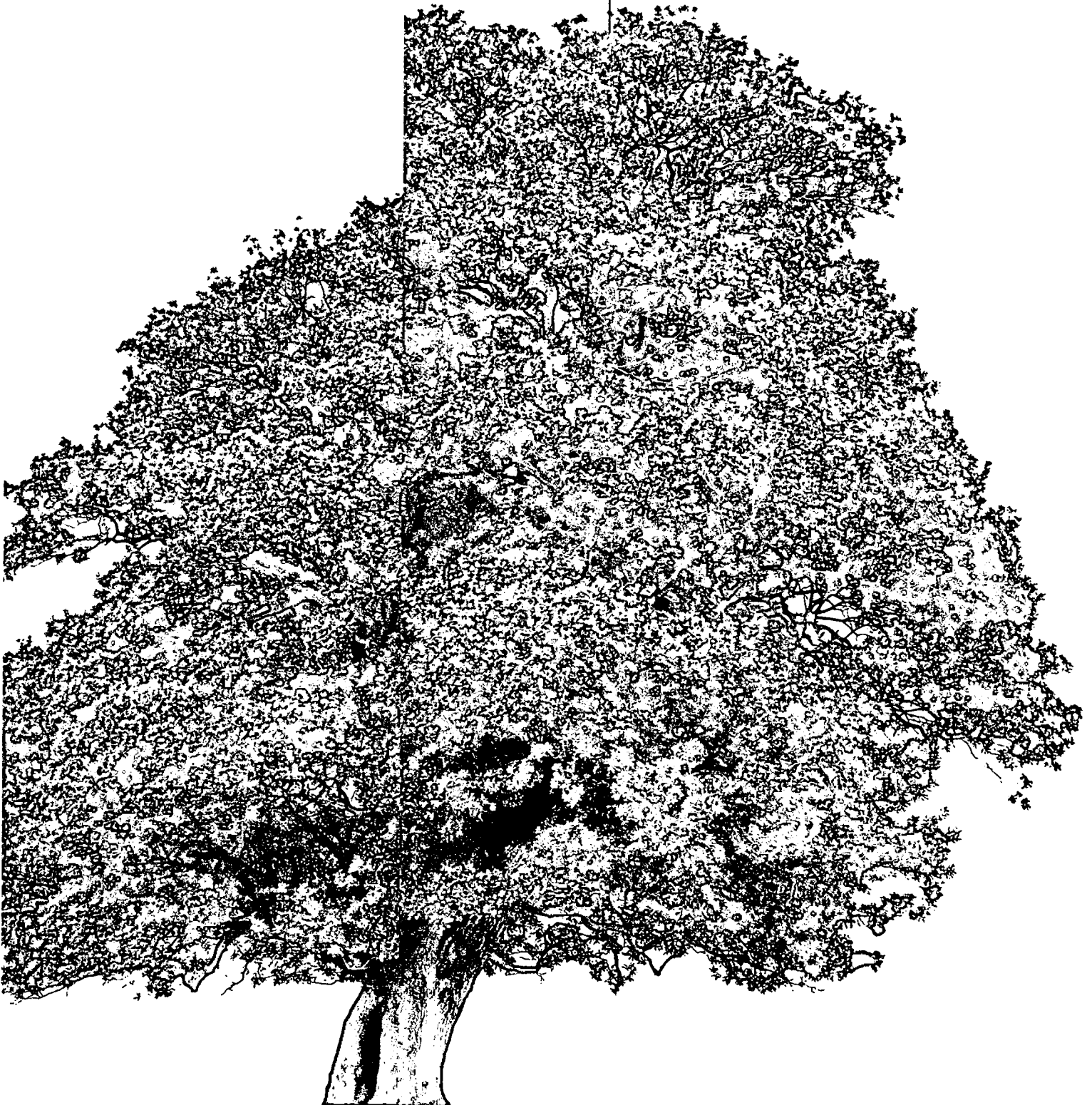


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Company Information

for Checkout Ltd

Directors.

Guillaume Pousaz
Thomas Hovaguimian

Registered office.

54 Portland Place
London
England
W1B 1DY
United Kingdom

Independent auditors.

Pricewaterhouse Coopers LLP
Chartered Accountants and
Statutory Auditors

1 Embankment Place
London
WC2N 6RH

Registration n°.

08037323

Principal Banks

Barclays Bank
One Churchill Place
Canary Wharf
London
E14 5HP

J.P. Morgan
25 Bank Street
Canary Wharf
London
E14 5JP

Strategic Report

Checkout Ltd at a glance.

We measure the development, performance and position of our business against several performance indicators, which are listed below:

Total revenue

\$74,826_m +60%

(2017: \$46,767m)

Gross profit

\$35,964_m +50%

(2017: \$23,906m)

Gross profit margin

48% -6%

(2017: 51%)

Equity

\$16,888_m +16%

(2017: \$14,527m)

Employee numbers at year end

155 individuals +65%

(2017: 94 individuals)

Chief Executive's letter

I am pleased to report another year of strong growth for Checkout Ltd across all metrics.

Checkout Ltd, the FCA regulated financial services arm of the Checkout.com group ('The Group') serving the European market, once again delivered strong growth in revenue, profits and net assets. This pillar of our current European strategy also continued to significantly develop its employee base and payment methods offering.

Growing our biggest asset: People

To accommodate our fast employee growth in the UK, we moved into a new central London location. We also opened a Paris office as a focal point to attract talent, enhance our commercial proposition in France, and gain optionality amidst the ongoing Brexit uncertainty.

Overall, our UK headcount (not including contractors) grew significantly from 94 to 155, which is approximately 50% of the Group total workforce at the end of 2018.

The investment in our People was also reflected in the pronounced growth in our People team, which more than doubled during 2018 to 14 professionals in London alone. People now includes 5 departments: Acquisition, Development, Experience, Culture and Operations. As I consistently say in our all-employee meetings, "a company is only as good as its people" and as such I am extremely pleased to see us stay above the 8% People team to total team ratio, which I have publicly commented as being my magic number for success (also maintained at Group level).

Making the most of the Group's new Product organisation

In 2018, the wider Group adopted a new structure in its Product organisation, geared towards greater product independence and heightened ability to adapt to changing market conditions.

Checkout Ltd logically benefited greatly from this nimbler product structure, which is ideally positioned to deliver all relevant payment processing and core payment features that our European financial services arm requires when offering the best possible acquiring solution to its merchants. To oversee this fast-evolving organisation, we also hired a new Head of Product at the Group level to complement the existing management team.

Continuously adding payment schemes, growing the European footprint

In 2018 we added Google Pay, Klarna, SEPA Direct Debit, GiroPay and EPS to the suite of payment methods we offer to European merchants. Constantly enhancing the range of payment options that we enable for our merchants continues to be a key part of our strategy in Europe. For our clients, the ability to offer all relevant payment methods to their customers, whilst utilising the Checkout.com unified API, reporting and real-time data streams continues to add significant value as they scale. Globally, we continue to witness payments as a fundamental driver of success for our enterprise merchants.

Our commercial efforts in the UK and the continent were highly successful, with processing volumes increasing more than 150% and revenues increasing 60%, as our reach with enterprise merchants across Europe deepened. This growth was also mirrored in the development of the commercial organisation in Europe, and the enhancement of our Customer Success and Implementation Support functions.

Future developments

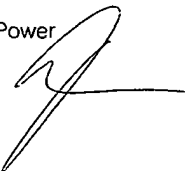
In 2019, we will continue to increase our UK headcount as our acquiring volume increases alongside enhancing our range of payment methods; with Przelewy24, Bancontact, and

Multibanco as priority schemes to add to our unified solution.

We have sought another EMI license with EU passport through our French subsidiary Checkout SAS to counter the possible adverse consequences of a UK exit from the single market. This sister company will offer full continuity plan to our current continental merchant base via fully independent principal memberships of Visa, MasterCard and all relevant Schemes, as well as some additional payment and proprietary methods such as Carte Bancaire.

For the time being Checkout Ltd continues to be an important part of the Group enabling us to build the future of banking, and I am very proud of what our UK team has achieved this year.

Peace & Power



Guillaume Pousaz
CEO



Chief Financial Officer report

Once again this year Checkout Ltd achieved substantial growth in revenue and assets whilst continuing to be profitable.

2018 has been another exceptional year for Checkout Ltd. That fundamental area of our business once again recorded growth in net revenues and equity whilst the Company, and the wider Group, continued to be profitable and self-funded.

This year's commitment to scaling the business has seen significant investments, not only in our people but also in the infrastructures that support the Group and its development plans. This commitment to building the right foundations for our ambitions, combined with continuous momentum in our revenues and profitability, has enabled the Checkout.com Group to complete a record-breaking Series A fundraising in the first half of 2019.

This year, revenue growth again reached 60% demonstrating the strong appetite of European digital commerce merchants for a value enhancing, unified payment solution that addresses their increasingly complex needs. Adding to the significant development in revenue in 2018, gross profit margins have remained strong, in excess of 48% whilst gross profit increased by 50% year on year, demonstrating the strong traction of our European business and of our sales efforts in that region.

The significant investment in both Checkout Ltd (and the Group therein) has translated in headcount increasing 65% year on year, with Checkout Ltd employing 155 individuals as of the year end. The corresponding 65% movement in wages confirms our desire to hire and retain exceptional talent throughout the business, ensuring we continue to build the right team and ensure further growth in the years to come.

Our people growth has also required significant investment in our European office space. Our \$1.7m investment in our Central London offices this year shows our commitment to the UK in the long term, despite the ongoing uncertainty and political developments relating to the potential exit of the UK from the single market.

As a result of its continuous strong net asset position, Checkout Ltd has continued to extend fixed rate bonds to Group entities in the US, Hong Kong, Australia and Germany.

I am proud of the team and the financial results we produced this year. We look forward to a great 2019, and to capitalising on the investments made in 2018.



Thomas Hovaguimian
CFO

Revenue growth

60%

Gross margin

48%

Gross profit increase

50%

Equity increase

16%

Headcount at year end increase

65%



Principal Risks

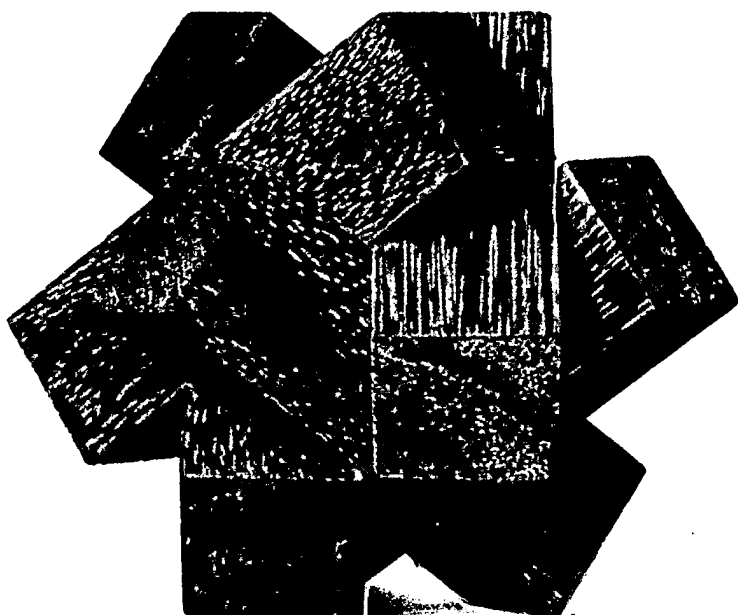
There is an array of potential risks which could have a material impact on the long-term performance of the Company.

These arise from internal or external events, acts or omissions which could pose a threat to the Company.

The Company has in place a quarterly Corporate Risk and Compliance Committee ("CRCC") whose purpose is to monitor and assess all risks the Company is exposed to on a regular basis.

The following table outlines the most significant risks to Checkout Ltd's business.

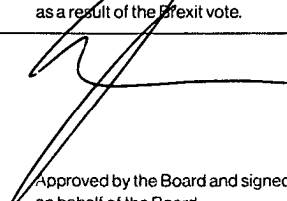
The risks below do not purport to be exhaustive. There may be additional risks that materialise over time that the Company has not yet identified or not yet deemed to have a potentially material adverse effect on the business.



Strategic Risk

Risk category	Risk description	Mitigating factors
Settlement and remittance risk	The failure to remit funds to merchants in time due to the lack of funds' availability, resulting from delays/ operational failures in third party financial institutions or card scheme payments. This could result in financial loss and/or reputational damage.	<ul style="list-style-type: none"> • Daily reconciliations of all transactions • Daily treasury management • De minimis proportion of Checkout Ltd.'s processing with third party financial institutions • Excess liquidity gives flexibility to meet ongoing remittance obligations in case of operational failure by a bank or scheme partner
Currency fluctuation risk	The failure to adequately manage the Company's FX exposure resulting in financial loss to the business.	<ul style="list-style-type: none"> • Elimination of exposure by constantly rebalancing cash reserves' currencies, to minimise any currency fluctuation risk and related financial impact
Credit risk (counterparty)	The risk of financial loss as a result of third parties' failure to meet their obligations as they fall due.	<ul style="list-style-type: none"> • Strong client on-boarding procedures • Daily transaction monitoring • Dedicated credit risk monitoring for certain merchants or verticals • Guarantees for targeted merchants or verticals
People risk	The risk that the Company fails to retain and develop its people. This could result in the loss of the dynamic, high-performing working environment that has been created.	<ul style="list-style-type: none"> • Meritocratic working environment where people are encouraged take ownership and get rewarded for it • Dynamic corporate culture that focuses on personal growth and tailored career path • Alignment with industry best practices in terms of benefits and team building • Large and constantly growing People team relative to overall size of the Company
Data security and technology risk	The loss of confidential data or technological disruption caused by either internal or external factors. This could result in financial loss and/or reputational damage.	<ul style="list-style-type: none"> • PCI DSS Level 1 certified solution within the Group • Ongoing vulnerability monitoring • Business critical technology developed within The Group on an exclusive basis • Quarterly CRCC • Annual technology audit and risk assessments, monitoring, and penetration testing • Redundancy built at various levels of the platform to ensure de minimis risk of downtime or failure • Strong Disaster Recovery Plan and Business Continuity Plan in place
Legal, regulatory and compliance risk	<p>The failure to fulfil the Company's compliance and regulatory obligations and have failings in our financial crime reporting/compliance processes.</p> <p>Failure to comply with regulations as and when they change.</p>	<ul style="list-style-type: none"> • Voluntary annual Compliance audit by an independent 3rd party compliance auditor • Quarterly CRCC • Ongoing monitoring of the Company's compliance and regulatory position • Strong AML/CTF mitigation framework in place • Strong client on-boarding procedures
Brexit risk	The failure to adapt to the changing political and regulatory environment as a result of the Brexit vote.	<ul style="list-style-type: none"> • Second European EMI Licence obtained

Guillaume Pousaz
Director



27 September 2019

Approved by the Board and signed
on behalf of the Board

Directors' Report

The Directors are pleased to present their audited annual financial statements of Checkout Ltd ('The Company') for the year ended 31 December 2018.

The review of the results of the year, the review of business, operations, principal risks and outlook are included in the Strategic Report on pages 5 to 11. The directors of the Company during the year were those listed on page 4.

The principal activity of Checkout Ltd, registration number 08037323, (herein known as the company) is to act as the financial institution responsible for the acquiring and settlement of e-commerce transactions for the Group's European clients.

The Company is regulated as an Authorised Payment Institution under reference number 584615 by the UK Financial Conduct Authority (FCA) and benefits from principal memberships, or equivalent licensing arrangements, from all the global debit/credit card schemes:

- Visa
- MasterCard
- American Express
- Diners/Discover
- UnionPay
- JCB

The Company is also the financial intermediary for many of the leading alternative payment methods such as iDeal, Sofort, AliPay or TenPay. Among other auxiliary services, the Company provides advanced reconciliation and multi-currency remittances to its clients.

Going concern

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Checkout Ltd, the directors have a reasonable expectation that the Company will be able

to continue in operational existence for the foreseeable future. Further information supporting the going concern basis may be found in note 2 to the financial statements.

Directors

The directors of the Company during the year and for the period up to the date of this report were:

- Guillaume Pousaz
- Thomas Hovaguimian

Dividends

The directors did not recommend a dividend in 2018. Subsequent to the year end, Checkout Ltd declared a dividend of \$10m to Checkout Group Ltd.

Political donations

The Company made no political donations during the year (2017: \$nil).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they

ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

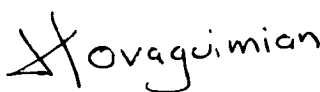
Website publication

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

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditor.

Thomas Hovaguimian

Director



27 September, 2019

Approved by the Board and
signed on behalf of the Board

Independent Auditors' Report

Report on the audit of the financial statements

Opinion

In our opinion, Checkout Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial

statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any

form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities on page 12, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting.

Companies Act 2006 exception reporting.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Jordan

Senior Statutory Auditor

27 September 2019

for and on behalf of
PricewaterhouseCoopers
LLP Chartered Accountants
and Statutory Auditors
London

Financial Statements

For the year ended December 31, 2018

Income Statement

(US Dollars \$'000)	Notes	2018	2017
Revenue	3	74,826	46,767
Cost of sales		(38,862)	(22,861)
Gross profit		35,964	23,906
General and administrative expenses	5	(33,578)	(15,799)
Other operating income		413	106
Profit from operating activities before exceptional items		2,799	8,213
Finance income	7	72	1
Net finance income		72	1
Profit before income tax		2,871	8,214
Income tax expense	8	(510)	(1,561)
Net profit for the financial year		2,361	6,653

The notes on pages 22 to 39 form an integral part of these financial statements.

Statement of Comprehensive Income

(US Dollars \$'000)	Notes	2018	2017
Profit for the financial year		2,361	6,653
Other comprehensive income for the financial year (net of tax)		-	-
Total comprehensive income for the year		2,361	6,653

The notes on pages 22 to 39 form an integral part of these financial statements.

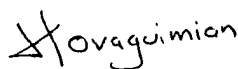
Statement of Financial Position

(US Dollars \$'000)	Notes	31 December 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	9	1,629	651
Intangible assets	10	1,129	-
Long term loan	11	335	-
Total non-current assets		3,093	651
Current assets			
Merchant float and scheme debtors		82,514	60,133
Trade and other receivables	11	17,128	9,788
Current tax assets	8	322	-
Cash and cash equivalents	16	13,704	16,845
Total current assets		113,668	86,766
Total assets		116,761	87,417
Liabilities			
Current liabilities			
Trade and other payables	12	(17,359)	(11,519)
Merchant creditors		(82,514)	(60,133)
Current tax liabilities	8	-	(1,238)
		(99,873)	(72,890)
Total liabilities		(99,873)	(72,890)
Net assets		16,888	14,527
Equity			
Called up share capital	13	837	837
Retained earnings		16,051	13,690
Total equity		16,888	14,527

The notes on pages 22 to 39 form an integral part of these financial statements.

Thomas Hovaguimian

Director



27, September 2019
Approved by the Board and
signed on behalf of the Board

Financial Statements

Statement of Changes in Equity

	2018			2017		
(US Dollars \$'000)	Called up share capital	Retained earnings	Total equity	Called up share capital	Retained earnings	Total equity
Balance as at 1 January	837	13,690	14,527	837	7,037	7,874
Profit for the year	-	2,361	2,361	-	6,653	6,653
Total comprehensive income	-	2,361	2,361	-	6,653	6,653
Balance at 31 December	837	16,051	16,888	837	13,690	14,527

The notes on pages 22 to 39 form an integral part of these financial statements.

Statement of Cash Flows

(US Dollars \$'000)	Notes	2018	2017
Cash flows from operating activities			
Profit for the year before tax		2,871	8,214
Adjustments for:			
Depreciation of property plant and equipment	9	757	167
Amortisation of intangible assets	10	140	-
Loss on disposal of property, plant and equipment		342	-
Finance income	7	(72)	(1)
		4,038	8,380
Changes in working capital			
Increase in trade and other receivables		(29,721)	(29,243)
Increase in trade and other payables		28,221	29,401
Cash generated from operating activities		2,538	8,538
Income taxes paid			
		(2,069)	(2,074)
Net cash inflow from operating activities		469	6,464
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(2,078)	(751)
Purchase of intangible assets	10	(1,269)	-
Issuance of intercompany debt		(335)	-
Net cash outflow from investing activities		(3,682)	(751)
Cash flows from financing activities			
Interest received		72	1
Net cash outflow from financing activities		72	1
Net (decrease)/increase in cash and cash equivalents		(3,141)	5,714
Cash and cash equivalents at the beginning of year		16,845	11,131
Cash and cash equivalents at end of year		13,704	16,845

The notes on pages 22 to 39 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2018.

Note 1 – General Information

These Financial Statements present the operations and financial position of Checkout Ltd (hereinafter referred to as 'the Company'). The Company is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 (registration number 08037323).

The address of the registered office is 54 Portland Place, London, W1B 1DY. The Company is regulated as an Electronic Money Institution under reference number 900816 by the UK Financial Conduct Authority (FCA) and benefits from principal memberships, or equivalent licensing arrangements, from all the global debit/credit card schemes:

Visa, MasterCard, American Express, Diners/Discover, UnionPay and JCB.

Checkout Ltd is a subsidiary of Checkout Group Ltd. The wider group provides payment services worldwide.

The Company's intermediate Parent entity is Checkout Group Ltd, a company incorporated in the Isle of Man. Subsequent to year end, Checkout Payments Group Ltd, a company incorporated in Jersey, became the ultimate Parent company of Checkout Ltd.

Note 2 – Significant accounting policies

a) Basis of preparation.

The financial statements are prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and International Financial Reporting Standards Interpretations Committee ('IFRS IC') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The financial statements are presented in US dollars. Unless otherwise indicated, all amounts are rounded to the nearest thousand US dollars. The financial statements are prepared on a going concern basis under the historical cost convention, except for certain financial instruments that have been measured at fair value. The preparation of financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not

readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the financial statements within note 2.

i. Going concern.

The Company made a profit before tax of \$2.9m in 2018 (2017: \$8.2m) and has net assets of \$16.9m (2017: \$14.5m). After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As such, they continue to adopt the going concern basis in preparing these financial statements.

b) Amendments to published standards.

i. New standards, amendments and interpretations.

IFRS 9

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of

financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

From a classification and measurement perspective, the new standard requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The accounting for financial liabilities is largely the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at fair value through profit and loss (FVPL).

The adoption of IFRS 9 for the financial year beginning 1 January 2018 has not resulted in a significant change to the current financial asset and liability classification, with cash and balances at bank and loans and receivables continuing to be measured at amortised cost under IFRS 9. The most significant change is the introduction of the expected credit loss which will require the Company to continually consider any future credit impairments.

IFRS 15

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Company has chosen to apply the Standard only from the date of initial application under the modified approach, and therefore no prior year comparatives will be adjusted.

There is minimal impact on the financial statements with the only impact being on the foreign exchange aspect of transaction revenue. Previously foreign exchange revenue was recognised on the settlement date because foreign exchange translation occurred at the settlement date. The Company therefore bore the risks and rewards of the foreign exchange movement until the

funds were remitted on the statement date.

However, under IFRS 15 foreign exchange revenue is deemed to be 'bundled' with transaction revenue and will therefore be recognised at transaction date. As The Company has chosen to apply the Standard only from the date of initial application under the modified approach, this would require only the 2018 opening equity balance to be adjusted. However, the change did not result in a material adjustment and therefore no adjustment has been made.

New standards, amendments and interpretations not yet adopted

IFRS 16 is effective for accounting periods beginning on or after 1 January 2019. IFRS 16 will supersede the current lease guidance including IAS 17: "Leases" and related interpretations. It will require all leases to be recognised on the Statement of Financial Position. Currently, IAS 17 only requires arrangements categorised as finance leases to be recognised on the Statement of Financial Position, with other arrangements categorised as operating leases not recognised on the Statement of Financial Position but expensed through the Income Statement instead. The impact of IFRS 16 will be to recognise a lease liability and a corresponding asset in the Statement of Financial Position for leases currently classified as operating leases, except for short-term leases and leases of low value assets. There will also be a specific reclassification from operating costs to finance costs. IFRS 16 will be adopted for the year ending 31 December 2019.

The impact will be noted in future years when long term leases are capitalised in accordance with IFRS 16. Leases in place at the reporting date are just over one year. As a result, any adjustment is expected to be less than \$400,000.

The Company has not elected to apply any pronouncements before their operative date in the financial year beginning 1 January 2018.

Notes to the Financial Statements

c) Revenue

Revenue represents the consideration received or receivable from the merchants for services provided. Key revenue streams that the Company reports are:

i. Transaction services

Transaction service charges relate to services provided to process transaction between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks. Revenue is recognised on every successfully processed transaction.

ii. Treasury management

Revenue from treasury measurement is generated from settling foreign currency transactions on behalf of customers. Revenue is recognised when the Company's obligation in relation to the transaction is fulfilled.

d) Cost of sales

Cost of sales consist of the following key components:

i. Scheme fees

Scheme fees represent amounts charged by card networks to provide the functionality necessary to allow the processing of the transactions.

ii. Interchange fees

Interchange fees represent fees paid to the cardholder banks for the acceptance of card based transactions.

iii. Third party acquirer (TPA) fees

TPA fees represent amounts charged by banking partners who provide card acquiring services in regions where a direct acquiring licence is not held by the Company. All cost of sales are recognised on each transaction processed and as a consequence are recognised in the same period as the related revenue.

e) Finance income and costs

Finance income comprise interest receivable on cash at

bank. Interest income is recognised within the statement of comprehensive income as it accrues.

Finance costs comprise of amounts payable on borrowings. Finance costs are recognised using the effective interest rate method.

f) Pensions

The Company operates a defined contribution scheme. Pension contributions are charged to the statement of comprehensive income in the period that the liability for paying the contributions arises.

g) Operating leases

Rentals under operating leases are charged on a straight-line basis over the term of the lease, even if the payments are not made on such a basis. Benefits receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

h) Income taxation

Income tax is recognized in the income statement except to the extent that it relates to a business combination or to items recognized directly in 'Equity' or in 'Other comprehensive income', in which case it is also recognized respectively in 'Equity' or 'Other comprehensive income'.

i. Current taxation

Current tax is provided at the expected tax payable on taxable income for the financial year, using tax rates enacted or substantively enacted at the reporting date; any adjustment to the amount of current tax payable in respect of previous periods and all other taxes calculated on a net amount of revenue and expenses.

ii. Deferred taxation

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have

occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

i) Property, plant and equipment

Property, plant and equipment are recognised at fair value and subsequently measured at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful economic life of that asset as follows:

Computer Equipment	3 years
Furniture & Fittings	Shorter of term of lease or 4 years

Fixtures and fittings include costs of acquiring the office lease.

The asset's residual value and useful life is reviewed, and adjusted if appropriate at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds less any associated costs of disposal with the asset's carrying amount and are recognised

within operating profit. These are included in the income statement. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year.

j) Intangible assets

The Company applied IAS 38: Intangible Assets to the capitalisation of certain expenditure relating to technology development costs.

Technology costs are capitalised as intangible assets if it is probable that the asset created will generate future economic benefits. Technology costs are recognised in the Statement of Financial Position as non-current assets and amortised using the straight line method over their estimate useful lives from the date the technology becomes operational.

The carrying values of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount, based on value use calculations.

Amortisation on Technology Costs is included in the Operating Costs in the Statement of Comprehensive Income over the estimated useful life of 3-4 years. The amortisation periods used are reviewed annually.

k) Merchant float, scheme debtors and merchant creditors

Merchant float represents surplus cash balances that the Company holds on behalf of its customers when the incoming amount from the card schemes, networks or third party processors precedes when the funding to customers falls due. Merchant creditors represents processed transactions that are yet to be paid to merchants. These are recognised at fair value and subsequently measured at amortised cost. Scheme debtors represent funds that have been processed but are yet to be received from the schemes.

Notes to the Financial Statements

The funds are held in a fiduciary capacity and cannot be utilised by the Company to fund its own cash requirements.

l) Financial instruments

i. Financial assets

The Company determines the classification of its financial assets at initial recognition. Trade receivables are amounts due from customers for services performed in the ordinary course of business. Scheme debtors are amounts due but not yet received from schemes.

Merchant float represents surplus cash balances that the Company holds on behalf of its customers when the incoming amount of cash from the card schemes or networks precedes when the funding to customers falls due. These are all recognised initially at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, however given the nature of the assets there is no difference between the fair value and amortised cost.

Financial assets are derecognised only when the contractual rights to the cash flows are fulfilled.

IFRS 9 establishes a new model for recognition and measurement of impairments in loans and receivables that are measured at Amortised Cost or FVOCI — the “expected credit losses” model. Where appropriate, the Company has calculated expected credit losses based on the relevant approach applicable to each class of asset and provided for accordingly.

Cash and bank balances in the Company's Statement of Financial Position are also classified as a financial asset and comprise cash in hand and at bank.

ii. Financial liabilities

Financial liabilities are categorised IFRS 9 as financial liabilities at fair value through profit or loss.

Financial liabilities included within trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

m) Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

n) Foreign currencies

The Company's financial statements are presented in US dollars which is also the Company's functional currency.

Transactions in foreign currencies are recorded at the rates of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange prevailing at that date. Differences arising on settlement on translation of monetary items are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the earlier of the date of initial transaction or at the date of conversion to USD functional currency.

o) Judgement and estimates

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

i) Income taxes

The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made. Details of the tax charge are set out in note 8.

Notes to the Financial Statements

Note 3 - Revenue

(US Dollars \$'000)	2018	2017
Revenue generated in the UK	42,919	31,802
Revenue generated overseas	31,907	14,965
Total revenue	74,826	46,767

Note 4 – Auditors' remuneration

(US Dollars \$'000)	2018	2017
Fees payable to the Company's auditors for the audit of the Company's Annual report and financial statements	67	98
Fees payable to the Company's auditors and their associates for other services	83	-
Total	150	98

Note 5 – General and administrative expenses

(US Dollars \$'000)	2018	2017
Wages and salaries	12,922	7,812
Depreciation of property plant and equipment	757	167
Amortisation of intangible assets	140	-
Operating lease costs	2,082	746
Professional fees	996	567
Technology and communication	4,351	1,064
Foreign exchange losses/(gains)	74	(56)
Travel	473	162
Expected credit loss	487	5
Advertising and marketing costs	786	354
Intercompany fees	7,090	4,351
Loss on disposal of property, plant and equipment	342	-
Other	3,078	627
Total	33,578	15,799

All other expenses are incurred in the ordinary course of business.

Note 6 – Personnel expenses*(US Dollars \$'000)*

	2018	2017
Employee costs for the Company during the year amounted to (including directors):		
Wages and salaries	11,651	7,026
Social security costs	1,115	748
Pension costs	156	38
Total	12,922	7,812
The company operates a defined contribution pension scheme. Outstanding contributions as at 31 December 2018 were \$46,000 (2017: \$17,000)		
The average number of employees, including Directors, during the year was:		
Corporate	37	24
Operations	16	5
Sales	12	10
Technology engineering	55	32
Total	120	71
Key management compensation (including Directors' remuneration)		
Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company (including Directors).		
Short-term employee benefits	1,332	444
Post-employment benefits	15	2
Total	1,347	446

During the year, the highest paid director, and total director emoluments was \$287,000 (2017: \$279,000) including post employment benefits of \$1,000 (2017: \$1,000).

Notes to the Financial Statements

Note 7 – Finance income

(US Dollars \$'000)	2018	2017
Interest on bank deposits and other finance income	72	1
Finance income	72	1

Note 8 – Income tax expense

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 period, 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 taken into account where appropriate.

(US Dollars \$'000)	2018	2017
Current taxation		
UK corporation tax charge for the financial year	510	1,561

The Company is exposed to UK tax. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 19% (2017: 19.25%) as follows:

(US Dollars \$'000)	2018	2017
Profit from operating activities at 19% (2017: 19.25%)	545	1,581
Non-deductible items	-	-
Capital allowances in excess of depreciation	(35)	(20)
Actual tax credit for the financial year	510	1,561

Current tax (assets)/liabilities

(US Dollars \$'000)	2018	2017
Current tax - UK	(322)	1,238

Note 9 – Property, plant and equipment

	2018			2017		
<i>(US Dollars \$'000)</i>	Furniture & fittings	Computer equipment	Total	Furniture & fittings	Computer equipment	Total
Cost						
Balance as at 1 January 2018	552	354	906	28	127	155
Additions	1,761	317	2,078	524	227	751
Disposals	(523)	(7)	(530)	-	-	-
Balance as at 31 December 2018	1,790	664	2,454	552	354	906
Accumulated depreciation						
Balance as at 1 January 2018	120	135	255	18	70	88
Charge for the year	609	148	757	102	65	167
Disposals	(184)	(3)	(187)	-	-	-
Balance as at 31 December 2018	545	280	825	120	135	255
Net book value at 31 December	1,245	384	1,629	432	219	651
Net book value at 1 January	432	219	651	10	57	67

Notes to the Financial Statements

Note 10 – Intangible assets

		2018
(US Dollars \$'000)	Technology costs	Total
Cost		
Balance as at 1 January 2018	-	-
Additions	1,269	1,269
Disposals	-	-
Balance as at 31 December 2018	1,269	1,269
Accumulated amortisation		
Balance as at 1 January 2018	-	-
Charge for the year	140	140
Disposals	-	-
At 31 December 2018	140	140
Net book value at 31 December 2018	1,129	1,129

Note 11 – Trade and other receivables

<i>(US Dollars \$'000)</i>	2018	2017
Current		
Prepayments and accrued Income	1,748	1,508
Intercompany receivable (note 15)	6,368	5,479
Trade receivables	1,416	62
Other receivables	7,596	2,739
Total	17,128	9,788

<i>(US Dollars \$'000)</i>	2018	2017
Non-current		
Intercompany loan	335	-
Total	335	-

This long term loan is an intercompany loan issued to Checkout Australia Pty Ltd. This represents 2 loans each redeemable 3 years from the date of issuance with interest accruing at LIBOR + 5%. These loans are unsecured.

Note 12 – Trade and other payables

<i>(US Dollars \$'000)</i>	2018	2017
Current		
Trade payables	1,991	1,391
Accruals and deferred income	1,546	1,077
Intercompany payable (note 15)	11,989	8,655
Social security and other taxes	437	286
Other payables	1,396	110
Total	17,359	11,519

Notes to the Financial Statements

Note 13 – Called up share capital

<i>(US Dollars \$'000)</i>	2018	2017
Issued and fully paid up ('000)	710	710
Ordinary Shares of £0.80 each (US Dollars '000)	837	837

Note 14 – Operating lease commitments

Future minimum payments under non-cancellable operating leases.

<i>(US Dollars \$'000)</i>	2018		2017	
	Land and buildings	Other leases	Land and buildings	Other leases
Within one year	825	-	258	-
Due between one and five years	206	-	601	-
After five years	-	-	-	-
Total	1,031	-	859	-

Note 15 – Related party transactions

Balances with Group companies as at 31 December 2018 and 31 December 2017.

<i>(US Dollars \$'000)</i>	2018	2017
Amounts due from related parties (current)		
Checkout Payment (Mauritius) Ltd	2,137	5,287
Checkout Group Ltd	19	19
Checkout Australia Pty Ltd	-	20
Checkout LLC	2,702	122
Checkout GmbH	58	31
Checkout MENA FZ LLC	1,111	-
Checkout Limited	341	-
Total	6,368	5,479
Amounts due from related parties (non-current)		
Checkout Australia Pty Ltd	335	-
Total	335	-
Amounts due to related parties		
Checkout Technology Ltd	6,685	3,651
CKO Technology Services Ltd	986	766
Checkout APAC Pte Ltd	676	630
Checkout Support Services Ltd	716	1,014
Checkout MENA-FZ LLC	2,382	2,594
Checkout Australia Pty Ltd	63	-
Checkout LLC	481	-
Total	11,989	8,655

Notes to the Financial Statements

Note 16 – Financial instruments

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risks arise are as follows:

- i. Trade and other receivables
- ii. Cash and cash equivalents
- iii. Trade and other payables

The Company does not issue or use financial instruments of a speculative nature. A summary of the financial instruments held by category is provided below:

<i>(US Dollars \$'000)</i>	2018	2017
Financial Assets		
Cash and cash equivalents*	13,704	16,845
Trade and other receivables	15,380	8,280
Merchant float and scheme debtors	82,514	60,133
Total	111,598	85,258
* \$2,600,000 is held as restricted cash (2017: \$367,000).		
<i>(US Dollars \$'000)</i>	2018	2017
Financial Liabilities		
Trade and other payables	15,813	10,442
Merchant creditors	82,514	60,133
Total	98,327	70,575

The Company considers that the carrying value of the above financial assets and financial liabilities, which are carried at amortised cost, to be equal to the fair value due to their short-term nature.

Note 17 – Financial risk management

The Company's activities expose it to liquidity risk, market risk and credit risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk arises from the Company's management of working capital and finance charges.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities.

(US Dollars \$'000)	2018	2017
Financial Liabilities - due within one year		
Trade payables	1,991	1,391
Accruals and deferred income	1,546	1,077
Other payables	1,396	110
Merchant creditors	82,514	60,133
Total	87,447	62,711

b) Market risk

i. Price risk

The Company does not hold any financial instruments, which are subject to price risk.

ii. Currency risk

The Company's merchants process payments in multiple currencies and therefore is exposed to currency risk.

The Company has material exposure to the following currencies – other currencies are not considered to be individually material:

Currency Risk	2018		2017	
(US Dollars \$'000)	Assets	Liabilities	Assets	Liabilities
GBP	27,457	33,597	9,427	11,193
USD	30,282	30,282	27,707	30,775
AED	2,086	2,086	3,525	3,525
EUR	28,287	22,737	19,827	17,026
JPY	6,710	6,710	7,500	7,500
Other	2,971	2,971	1,187	1,187

Notes to the Financial Statements

Currency risk is managed at a Company level and is focussed on Company assets and liabilities. Scheme receipts and merchant payments generally match currency which mitigates the Company's currency risk. Where there is a difference in settlement currency, the

time between receipt and settlement limits the currency risk to the Company.

The foreign exchange rates used by the Company at the year-end are as follows:

(US Dollars \$'000)	Average	2018		2017	
		Reporting date	Average	Reporting date	Average
GBP	0.7490	0.7881	0.7761	0.7399	
EUR	0.8465	0.8738	0.9038	0.9501	
AED	0.2722	0.2723	3.6728	3.6730	

iii. Interest rate risk

The Company's main interest rate risk arises from its holdings of cash. There is no material interest rate risk exposure on financial liabilities as interest on borrowings is charged at a fixed rate of interest.

Interest rate risk is the risk of increased costs or lower income arising from unexpected movements in interest rates and inflation rates impacting on the Company's cash balances. The Company does not hold any long-term debt.

iv. Capital risk management

The Company defines capital as total equity plus net debt which the Directors review on an ongoing basis. The Company's capital objective is to maintain a strong and efficient capital base to support the Company's strategic objectives, provide optimal returns for shareholders and safeguard the Company's status as a going concern. The Directors will only declare dividends to the extent that the Company can maintain its capital objective.

There has been no change to capital risk management policies during the year.

c) Credit risk

Credit risk arises from the failure of merchants, partner banks or alternative payment providers to meet their obligations in accordance with the agreed terms. The Company 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.

No amounts owed at the year-end are either past due or impaired.

All cash is held at banks with at least a Baa2 credit rating (investment grade). The Company regularly monitors and assesses counterparty risk.

Note 18 – Ultimate controlling party

The intermediate parent entity is Checkout Group Ltd, a company incorporated in the Isle of Man. Subsequent to the year end, Checkout Payments Group Ltd, a company incorporated in Jersey, became the ultimate Parent company of Checkout Ltd. Guillaume Pousaz is considered to be the ultimate controlling party by virtue of majority shareholding of Checkout Payments Group Ltd.

Note 19 – Contingent liabilities

During the year, Checkout Ltd issued a \$1m guarantee to Checkout Australia Pty Limited, a fellow member of the Group. This guarantee is secured on the assets of the Company.

Note 20 – Post balance sheet events

Subsequent to the year end, Checkout Ltd declared a dividend of \$10m to Checkout Group Ltd.

Checkout Ltd created two branches subsequent to year end, Checkout Ltd. – Sucursal Em Portugal, a company based in Portugal and Checkout KSA for Communication and Information Technology, a company based in Saudi Arabia.