Annual financial statements

Checkout Ltd — 08037323

Year Ended 31 December 2020

Contents

Company information

Directors

Guillaume Pousaz
Mike Benchimol **(Appointed 04 December 2020)**
Thomas Hovaguimian **(Resigned 04 December 2020)**

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors

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London
WC2N 6RH

Principal banks

Barclays Bank
One Churchill Place
Canary Wharf
London
E14 5HP

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

Registered address

54 Portland Place
London
England
W1B 1DY
United Kingdom

Strategic report

Overview

The directors present the Strategic Report, Directors' report and the financial statements of Checkout Ltd (the "Company") for the year ended 31 December 2020.

The Company's principal activity is to act as the financial institution responsible for the acquiring and settlement of e-commerce transactions for Checkout Payments Group Limited (the "Group") UK clients.

Business review and results

Turnover has increased by 73% to $252,719,000 during the year as a result of the increase in the company's principal activity. Gross profit has seen a corresponding increase of 57% to $85,977,000

The loss after tax for the year amounts to $25,932,000 (2019: $9,743,000).

Adjusted EBITDA loss* for the year was $11,728,000 (2019: $5,473,000) which has decreased largely as a result of non-cash share option charges, the overall expansion of company operations, a 71% increase in headcount in the UK alone, and our response to the broader geopolitical, macroeconomic and pandemic-related shifts. Despite this, the company remains in a strong cash and net assets position.

*adjusted EBITDA loss = operating loss+ depreciation/ amortisation + share based payments charge (see note 25)

Future Developments

Checkout Ltd will continue to provide acquiring and settlement services to the Group's UK e-commerce clients. Checkout Ltd continues to be a core part of the wider Group and will continue to support the global growth of the Group. In compliance with the end of the Brexit transition period on 31 December 2020, moving forwards a number of clients previously serviced by the company will now be serviced by a sister company, Checkout SAS.

Principal risks

The directors consider that the principal risks faced by the company are as follows:

i) Settlement/Remittance risk

The Company is exposed the risk of failure to remit funds to merchants in a timely manner as a result of operational delays/failures in internal processes or from those of third party institutions and card schemes. The company mitigates this risk through robust reconciliation processes and daily proactive treasury management.

ii) Legal, regulatory and compliance risk

As a business regulated by the Financial Conduct Authority, there is a risk in the failure to fulfil the Company's compliance and regulatory obligations. The Company engages in a voluntary annual Compliance audit, holds quarterly credit, risk and compliance committee (CRCC) meetings and monitors the Company's compliance and regulatory position on a regular basis.

iii) Data security and technology risk

The loss of confidential data or technology disruption caused by either internal or external factors.
The Company ensures ongoing vulnerability monitoring on a Group basis and completes annual technology audits/risk assessments/penetration testing to ensure the robustness of the control environment.

iv) COVID-19

As a result of the Global pandemic, the Company has a risk of disruption to its services, and an increased risk of merchant default. The Company has rolled out a full remote working policy and complete proactive transaction monitoring to identify at risk merchants with specific reviews being completed on future service clients.

Guillaume Pousaz
CEO & Founder

Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so consider a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In reviewing our section 172 duty, we have considered each factor separately below.

Our clients

We have continued to enhance the range of payment options that we are able to offer our merchants. 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.

Employees

We continually look to invest in our biggest asset, our people, in an effort to hire and retain exceptional talent throughout the business via large teams and budget allocated to our recruitment efforts and employees' continuous learning and up-skilling.

We actively listen to our employees, via a monthly engagement survey which gives the executive team data on what's driving engagement and areas to work on to improve culture/performance.

This employer net promoter score (eNPS) is actively monitored by the executive team, as a fundamental driver of success for our enterprise merchants.

We communicate openly and frequently about the business objectives, its performance and future strategy, via monthly All Employee meetings. We also host bi-monthly steering committees with our Senior Management to provide even more in-depth information around business priorities and create a sense of alignment and accountability at all levels.

We actively support a variety of programs and initiatives around employees' mental health and wellbeing in a period of high growth and context of remote/hybrid working, to foster psychological safety, reconnect people in time of loneliness and maintain a sense of belonging and social connection to drive engagement and productivity. In addition to all the above, we are committed to embedding Diversity and Inclusion (D&I) across the business from hiring, on-boarding and policy to community building and business practices.

We understand that it is not one person's role to work on D&I and so we are educating our managers and employees on what D&I means and equipping them with the language to discuss and build an inclusive environment. We believe in equal opportunities and welcome applications from all members of society irrespective of age, sex, disability, sexual orientation, race, religion, or belief. We make recruiting decisions based on experience, skills and personality.

We believe that employing a diverse workforce is the right thing to do and is central to our success. We have a zero-tolerance stance on any kind of discrimination, and we ensure this is achieved via training and educating our employees as well as with policies and procedures: Code of conduct, a Dignity at Work one pager, a Building Belonging policy, a Whistle-blower policy, a Disciplinary policy and a Grievance policy.

Partners and suppliers

We maintain the highest level of integrity in all business relationships and only engage with suppliers and partners that align with our values. We do this by undertaking a fair and transparent procurement process to identify the product or service that is in our customers' and our best interest. In addition, we actively engage with the major card networks to offer new products to the market to improve the end customer experience.

The impact of the company's operations on the community and the environment

The Company is committed to the environment with a dedicated focus group concentrating on the enhancement and development of environmentally friendly practices.

Each employee is provided with paid leave to complete community or charitable projects either in their local or wider community. Whilst COVID-19 has increased the challenge of supporting our community in FY2020, the Company has continued its efforts through supporting programs such as Movember.

The desirability of the company maintaining a reputation for high standards of business conduct

We place great importance on compliance, integrity, and ethical behaviour. We ensure that we comply with all relevant regulations and require employees to undertake mandatory training at all levels and to confirm annually that all required units have been completed.

Likely consequence of any decision in the long term

All decisions taken by the executive team and the Board of Directors in the running of the business consider the various consequences to the stakeholder groups. This includes assessing the risks associated with each of the decisions and the interests that each stakeholder group holds.

The need to act fairly as between members of the company

The company is committed to acting fairly with all members.

Directors' report

The review of the results of the year, the review of the business, operations and principal risks and outlook are included in the Strategic report on page 4.

The directors of the Company during the year were those listed on page 3.

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

The company is regulated as an Authorised Electronic Money Institution (e-money) under reference number 900816 by the 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
- JCB
- UnionPay

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

Going Concern

On the basis of the director's assessment of the Company's financial position and of the enquiries made by the directors of Checkout Ltd, the directors have a reasonable expectation that the Company will be able to meet its obligations and liabilities as they fall due for at least 12 months from the approval of the financial statements and for the foreseeable futures. 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 **(resigned 04/12/2020)**
Mike Benchimol **(appointed 04/12/2020)**

Dividends

In 2020, the Company did not declare or pay any dividends (2019: $10m).

Political donations

The Company made no political donations during the year (2019: $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 accounting standards in conformity with the requirements of the Companies Act 2006. In preparing the financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

The company has also prepared financial statements in accordance with and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRSs issued by IASB 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 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 also 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.

Guillaume Pousaz
CEO & Founder

30 September, 2021

Approved by the Board and signed on behalf of the Board

Independent auditor's report to the members of Checkout Ltd

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 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2020; the Income statement, the Statement of comprehensive income, the Statement of changes in equity and the Statement of cash flows 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

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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 Directors' responsibilities statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the company's provision of regulated products and services under its Financial Conduct Authority ("FCA") licence, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journals to increase revenue or reduce costs and the application of management bias in key areas of estimation or judgement.

Audit procedures performed by the engagement team included:

- Review of key correspondence with, and reports to, the FCA;
- Reviewing of customer complaints made to the FCA to identify any indicators of breaches in laws and regulations;
- Enquiries of management, the Directors, the Group's head of compliance and money laundering reporting officer, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Tests of control to ensure the Group complies with its documented policies and procedures in relation to onboarding of new customers and safeguarding of client funds;
- Identifying and testing journal entries and period end adjustments, including those with unusual account combinations and posted with certain descriptions;
- Incorporating unpredictability into our testing, including sample testing of key management expenses; and
- Challenging assumptions and judgements made by management in its accounting estimates, in particular in relation to the fair value of share-based payment transactions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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

- we have not obtained 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
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 September 2021

Financial statements

For the year ended December 31, 2020

Income statement

(US Dollars $'000)	Notes	2020	2019
Revenue	3	252,719	146,384
Cost of sales		(166,742)	(91,738)
Gross profit		**85,977**	**54,646**
General and administrative expenses	5	(122,424)	(67,718)
Other operating income		757	3,286
(Loss) from operating activities		**(35,690)**	**(9,786)**
Finance income	7	28	221
Finance costs	7	(2,661)	(70)
Net finance (costs)/income		**(2,633)**	**151**
(Loss) before income tax		**(38,323)**	**(9,635)**
Income tax credit/(expense)	8	12,391	(108)
Net (loss) for the financial year		**(25,932)**	**(9,743)**

The notes on pages 18 to 44 form an integral part of these financial statements.

Statement of comprehensive income

(US Dollars $'000)	Notes	2020	2019
Net (loss) for the financial year		**(25,932)**	**(9,743)**
Deferred tax credit	8	4,387	-
Other comprehensive income for the financial year (net of tax)		**4,387**	**-**
Total comprehensive expense for the financial year		**(21,545)**	**(9,743)**

The notes on pages 18 to 44 form an integral part of these financial statements.

Statement of financial position

(US Dollars $'000)	Notes	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	10	11,107	2,091
Intangible assets	11	12,118	4,620
Right-of-use asset	18	34,508	351
Investment in subsidiaries	9	4	2
Long-term loan	12	327	303
Total non-current assets		**58,064**	**7,367**
Current assets			
Scheme debtors	21	71,703	74,083
Trade and other receivables	12	107,104	21,645
Current tax assets	8	1,342	85
Deferred tax asset	8	17,752	974
Cash and cash equivalents	14	48,052	51,117
Total current assets		**249,753**	**147,904**
Total assets		**304,017**	**155,271**

Statement of financial position

(US Dollars $'000)	Notes	2020	2019
Liabilities			
Current liabilities			
Trade and other payables	13	(147,249)	(29,505)
Merchant creditors	21	(104,984)	(116,476)
Total current liabilities		**(252,233)**	**(145,981)**
Non-current liabilities			
Lease liability	18	(38,753)	-
Total non-current liabilities		**(38,753)**	**-**
Total liabilities		**(290,986)**	**(145,981)**
Net assets		**13,031**	**9,290**
Equity			
Called up share capital	15	10,837	837
Retained earnings		2,194	8,453
Total equity		**13,031**	**9,290**

The notes on pages 18 to 44 form an integral part of these financial statements. The financial statements were approved by the Board of Directors on 30 September 2021, and were signed on its behalf by:
Company Number 08037323

Guillaume Pousaz
CEO & Founder

Statement of changes in equity

2020

(US Dollars $'000)	Called up share capital	Retained earnings	Total equity
Balance at 1 January	837	8,453	9,290
Loss for the year	–	(25,932)	(25,932)
Other comprehensive income	–	4,387	4,387
Capital contributed by Parent	–	15,286	15,286
Total comprehensive income	–	**(6,259)**	**(6,259)**
Transactions with owners:			
Shares issued	10,000	–	10,000
Balance at 31 December	**10,837**	**2,194**	**13,031**

2019

(US Dollars $'000)	Called up share capital	Retained earnings	Total equity
Balance at 1 January	837	16,051	16,888
Loss for the year	–	(9,743)	(9,743)
Other comprehensive income	–	–	–
Capital contributed by Parent	–	12,145	12,145
Total comprehensive income	–	**2,402**	**2,402**
Transactions with owners:			
Dividends paid	–	(10,000)	(10,000)
Balance at 31 December	**837**	**8,453**	**9,290**

The notes on page 18 to 44 form an integral part of these financial statements.

Statement of cash flows

	Notes	2020	2019
Cash generated from operating activities	19	**10,998**	**8,895**
Income taxes paid		(1,257)	(847)
Net cash inflow from operating activities		**9,741**	**8,048**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(11,236)	(1,734)
Purchase of intangible assets	11	(10,113)	(4,284)
Initial direct costs - right-of-use assets		(1,007)	(4,284)
Investment in subsidiaries	9	(2)	(2)
Net cash outflow from investing activities		**(22,358)**	**(6,020)**
Cash flows from investing activities			
Interest received	7	28	221
Interest paid		(46)	(70)
Payment of lease liabilities	18	(430)	(983)
Dividends paid	16	-	(10,000)
Net proceeds from issuance of ordinary shares	15	10,000	-
Net cash inflow/(outflow) from financing activities		**9,552**	**(10,832)**
Net (decrease) in cash and cash equivalents		(3,065)	(8,804)
Cash and cash equivalents at the beginning of year		51,117	59,921
Cash and cash equivalents at end of year	14	**48,052**	**51,117**

Notes to the financial statements

2019

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 Financial Conduct Authority in the UK and benefits from principal memberships, or equivalent licensing arrangements, from all the global debit/credit card schemes:

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

Checkout Ltd is a subsidiary of Checkout Payments Group Limited.

The Company has taken the exemption from preparing consolidated financial statements on the grounds of materiality.

Note 2
Significant accounting policies

a

Basis of preparation

The directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. In preparing the financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

The Company has also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 loss before tax of $38.3m in 2020 (2019: $9.6m) and has net assets of $13.0m (2019: $9.3m). This is partly as a result of the non-cash share option charge of $15.3m.
The operating loss results in part from non-cash share option charges, the overall expansion of company operations, a 71% increase in headcount in the UK alone, and our response to the broader geopolitical, macroeconomic and pandemic-related shifts. Despite this, the company remains in a strong cash and net assets position.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to meet its obligations and liabilities as they fall due for at least 12 months from the approval of the financial statements and for the foreseeable future. As such, they continue to adopt the going concern basis in preparing these financial statements.

b

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 in line with the contractual terms.

ii. Treasury management
Revenue from treasury management is generated from settling foreign currency transactions. Revenue is recognised when the Company's obligation in relation to the transaction is fulfilled.

c 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 cardholders' banks for the acceptance of card-based transactions.

d Share based payments

Where the issuance of the option to purchase shares are awarded to employees, the fair value of the options at the date of grant is charged to income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, the cumulative amount recognised in the income statement over the vesting period is based on the number of options that eventually vest.

In addition, non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

A credit equal and opposite to the share based payment charge is recognised in reserves as a capital contribution from the parent.

e Finance income and costs

Finance income comprises interest receivable on cash at bank. Interest income is recognised within the statement of comprehensive income as it accrues. Finance costs comprises 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 Other operating income

Other operating income is recognised in the income statement in the period that it is earned (on an accruals basis).

h Income taxation

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

Property, plant and equipment

Property, plant and equipment are recognised at cost 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 – three years.
Furniture & fittings – shorter of leaseor four years.
Leasehold improvements - over the period of the 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.

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 and in compliance with the terms set out in IAS 38.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 income statement over the estimated useful life of 3-4 years. The amortisation periods used are reviewed annually.

k
Investment in subsidiaries

Investments in subsidiaries are held at historical cost less impairment. The Company assess impairment annually or as and when there are any indicators of impairment.

l
Cash and cash equivalents

Cash is represented as cash in hand with financial institutions. Clients' funds are held in segregated bank accounts in compliance with the Company's safeguarding policy and considered restricted for general use.

m
Scheme debtors and merchant creditors

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.

n
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.

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 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.

o
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 lability.

The Company's ordinary shares are classified as equity instruments.

p
Dividends

Dividends are recognised when they become legally payable. This is when declared by directors and approved at the relevant board meeting.

q
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.

r
Judgements

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts.

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) Classification of scheme debtors, restricted cash and merchant creditors.
The Company recognises scheme debtors, restricted cash and merchant creditors on the balance sheet. This judgement is due to these items meeting the definition of assets and liabilities.

s
Estimates

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.

i) Valuation of share based payments
Estimating the fair value for share based payment transactions requires determination of the most appropriate valuation method, which depends on the terms and conditions of the award.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and the dividend yield and making assumptions about them. The Company uses a Black-Scholes option pricing model for the employee share scheme. The Company has assumed an attrition rate between 0-20%. The assumptions for estimating the fair value for share based payment transactions are disclosed in note 17.

Note 3
Revenue

(US Dollars $'000)	2020	2019
Revenue generated in the UK	139,237	66,869
Revenue generated in the EU	113,482	79,515
Total revenue	**252,719**	**146,384**

Note 4
Auditors' remuneration

(US Dollars $'000)	2020	2019
Fees payable to the Companies auditors for the audit of the Companies annual report and financial statements	300	153
Fees payable to the Companies auditors and its associates for tax services	–	106
Total	**300**	**259**

Note 5
Operating (loss)/profit

The operating (loss)/profit is calculated after charging:

(US Dollars $'000)	2020	2019
Wages and salaries, including bonus and termination benefits	43,164	22,340
Depreciation of property, plant and equipment and right-of-use assets	5,866	2,319
Amortisation of intangible assets	2,810	793
Property costs	1,426	1,321
Expected credit loss	3,254	576
Share-based payment	15,286	12,145

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

Note 6
Personnel expenses

(US Dollars $'000)	2020	2019
Employee costs for the Company during the year amounted to (including directors):		
Wages and salaries	37,965	19,601
Social security costs	4,435	2,379
Other pension costs	764	360
Share-based payments	15,286	12,145
Total	**58,450**	**34,485**

The average number of employees, including Directors, during the year was:		
Corporate	107	53
Operations	46	38
Sales	35	19
Technology & Product	236	117
Total	**424**	**227**

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	1,021	1,726
Post-employment benefits	23	26
Share-based payments	9,964	10,407
Total	**11,008**	**12,159**

*One director is paid through another Group company.

Highest paid Director

Short-term employee benefits	80	311
Post-employment benefits	1	2
Share-based payments	4,192	7,455
Total	**4,273**	**7,768**

The above figures reflect what is expensed to the P&L as the company deem it not practicable to re-allocate the compensation of key management employed by another Group company

Note 7
Finance (costs)/income

(US Dollars $'000)	2020	2019
Interest on bank deposits and other finance income	28	221
Interest Expense	(2,661)	(70)
Net Finance (cost)/income	**(2,633)**	**151**

Note 8
Income tax (credit)/expense

Tax on the profit or loss for the year comprises current and deferred tax. Current tax, including all applicable UK 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.

(US Dollars $'000)	2020	2019
Current taxation		
UK corporation tax (credit)/charge for the financial year	(12,391)	108
Total	**(12,391)**	**108**

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% (2018: 19%) as follows:

(US Dollars $'000)	2020	2019
Tax on (loss)/profit at standard UK tax rate of 19.00% (2018: 19.00%)	(7,281)	(1,830)
Effects of:		
Adjustments in respect of prior years	–	307
Amounts not recognised	–	(108)
Re-measurement of deferred tax for tax rate changes	(114)	115
Provisions and expenditure not deductible for tax purposes	2,971	1,624
Expected temporary differences	(134)	–
Share options	(8,399)	–
Group relief	566	–
Total	**(12,391)**	**108**

Current tax (assets)/liabilities

(US Dollars $'000)	2020	2019
Current tax:		
Corporation tax	(1,342)	(85)
Total current tax	**(1,342)**	**(85)**

Deferred tax (assets)/liabilities

(US Dollars $'000)	2020	2019
Deferred tax:		
Carried forward deferred tax (asset)	(974)	–
Deferred tax credit to I/S for the period	(12,391)	(974)
Deferred tax credit to OCI for the period	(4,387)	–
Total deferred tax	**(17,752)**	**(974)**

The company recognises deferred tax assets in respect of:

(US Dollars $'000)	2020	2019
Fixed assets	(31)	(39)
Temporary differences trading	–	(250)
Share option	(9,463)	(685)
Losses	(8,258)	
Total	**(17,752)**	**(974)**

Note 9
Investment in Subsidiaries

(US Dollars $'000)	Place of business	% Ownership	Nature of relationship	Carrying value 2020	Carrying value 2019
Checkout do Brasil LTDA.	Brazil	1.1%	Investment	2	2
Checkout KSA For Communication and Information Technology Co.	Saudi Arabia	100%	Investment	2	0
Total investment in subsidiaries				**4**	**2**

The combined net assets value of the subsidiaries invested in is $32.7k

Branches
Checkout Ltd conducts business through a branch in Portugal.
• Checkout Ltd – Sucursal em Portugal. Registered address – Avenida António Augusto de Aguiar, Nº 19, 4º andar, Sala B, 1050-012 Lisboa

Note 10
Property, plant and equipment

(US Dollars $'000)	Furniture and fittings	Leasehold Improvements	Computer equipment	Total	Furniture and fittings	Leasehold Improvements	Computer equipment	Total
Cost				**2020**				**2019**
Balance at 1 January	2,607	-	1,561	4,168	1,790	-	664	2,454
Additions	3,953	4,191	3,092	11,236	817	-	917	1,734
Asset Transfer	-	-	(261)	(261)		-	-	-
Disposals	-	-	(14)	(14)		-	(20)	(20)
Balance at 31 December	**6,560**	**4,191**	**4,378**	**15,129**	**2,607**	-	**1,561**	**4,168**
Accumulated depreciation								
Balance at 1 January	1,491	-	586	2,077	545	-	280	825
Charge for the year	816	384	824	2,024	946	-	319	1,265
Asset Transfer	-	-	(66)	(66)		-	-	-
Disposals	-	-	(13)	(13)		-	13	13
Balance at 31 December	**2,307**	**384**	**1,332**	**4,022**	**1,491**	-	**586**	**2,077**
Net book value at 31 December 2020	**4,253**	**3,809**	**3,046**	**11,107**				
Net book value at 31 December 2019					**1,116**	-	**975**	**2,091**

Note 11
Intangible assets

(US Dollars $'000)	Technology costs	Total	Technology costs	Total
Cost		**2020**		**2019**
Balance at 1 January	5,553	5,553	1,269	1,269
Additions	10,113	10,113	4,284	4,284
Asset Transfer	261	261	-	-
Balance at 31 December	**15,927**	**15,927**	**5,553**	**5,553**
Accumulated amortisation				
Balance at 1 January	933	933	140	140
Charge for the year	2,810	2,810	793	793
Asset Transfer	66	66	-	-
Balance at 31 December	**3,809**	**3,809**	**933**	**933**
Net book value at 31 December 2020	**12,118**	**12,118**	-	-
Net book value at 31 December 2019	-	-	**4,620**	**4,620**

Note 12
Trade and other receivables

(US Dollars $'000)	2020	2019
Trade receivables	2,929	1,191
Intercompany receivables (note 20)	67,614	7,921
Other receivables	22,310	9,238
Prepayments and accrued income	14,251	3,295
Total	**107,104**	**21,645**

Terms of intercompany balances are disclosed in note 20

(US Dollars $'000)	2020	2019
Non-current		
Intercompany loan	327	303
Total	**327**	**303**

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 13
Trade and other payables

(US Dollars $'000)	2020	2019
Current payables		
Trade payables	5,442	4,710
Social security and other taxes	16,699	945
Intercompany payables (note 20)	107,201	18,140
Other payables	8,429	1,357
Accruals	9,478	4,353
Total	**147,249**	**29,505**

Terms of intercompany balances are disclosed in note 20

Note 14
Cash and cash equivalents

(US Dollars $'000)	2020	2019
Cash and cash equivalents	14,772	8,724
Client funds' accounts	33,280	42,393
Total	**48,052**	**51,117**

Note 15
Called up share capital

(US Dollars $'000)	2020	2019
Issued, authorised and fully paid ('000)	10,019	710
Ordinary Shares of £0.80 each (US Dollars '000)	10,837	837

The historical exchange rate used to convert the share capital is £1:$1.6 (2019: £1:$1.6)

Note 16
Dividends

(US Dollars $'000)	2020	2019
Dividends declared and paid during the year (2019: $14.1 per share)	–	10,000

Note 17
Employee Share Option Plan

During the year, employees of the Company benefited from participating in an Employee Share Option Plan ("ESOP") put in place by CPGL, the immediate parent company. The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the Group. These options vest monthly following a 12 month cliff with the accounting according to the amortisation period of each award.

The shares are held by Checkout Employee Trust Limited

	Year ended 31 December 2020	Year ended 31 December 2019
Option pricing model used	Black-Scholes model	Black-Scholes model
Share price at the grant date	\$14.56 - \$43.53	\$14.56
Vesting period	5 years	5 years
Fair value per award at the grant date	\$0 - \$14.56	\$0 - \$14.56
Exercise price	\$0 - \$14.56	\$0 - \$14.56
Expiry date	June 2024 - December 2025	June 2024
Grant date	August 2019 - December 2020	August 2019

Options Granted during the year	Year ended 31 December 2020	Year ended 31 December 2019
Balance at 1 January	4,030	-
Granted during the year ('000)	246	4,030
Options exercised during the year	-	-
Options cancelled during the year	(23)	-
Balance at 31 December	4,253	4,030

The total expense recognised within administrative expenses (note 5) is $15,286,000 (2019: $12,145,000)

Weighted average exercise price

	Year ended 31 December 2020	Year ended 31 December 2019
Balance at 1 January	–	-
Exercised	0.037	-
Forfeited	-	-
Balance at 31 December	–	–

The weighted average remaining contractual life of the plan is 3.57 years, 4,253,423 options (2019: 4.42 years, 4,030,243 options)
The weighted average exercise price at grant was $2.41 (2019: $1.73)

Options Granted in the year

	Year ended 31 December 2020	Year ended 31 December 2019
Market value at grant date	$14.56 – $43.53	**$14.56**
Volatility rate	30%	30%
Dividend yield	-	-
Risk free rate	2%	2%

Volatility was determined by reviewing peer companies.

Note 18
Leases

Lands and buildings

(US Dollars $'000)	2020	2019
Current	-	-
Effect of changes in accounting policies	-	1,405
Balance at 1 January	351	1,405
New leases	37,999	-
Depreciation charge for the year	(3,842)	(1,054)
Balance at 31 December	**34,508**	**351**

Right-of-use assets included in the statement of financial position at 31 December:

Current	-	351
Non-current	34,508	2

Lands and buildings

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

Current	-	422
Non-current	38,753	-

The $422k lease liability was recognised in trade and other payables in 2019.

Amounts recognised in profit or loss

Interest on lease liabilities	(1,264)	(69)
Expenses relating to short-term leases	(430)	-
FX Loss	(1,406)	-

Amounts recognised in the statement of cash flows

Total cash outflow for leases	**430**	**1,052**

(US Dollars $'000)	2020	2019
Maturity analysis – contractual undiscounted cash flows		
Less than one year	–	422
One to five years	29,952	-
More than five years	16,408	-
Total undiscounted lease liabilities at 31 December	**46,360**	422

Note 19
Cash from operating activities

(US Dollars $'000)	2020	2019
(Loss) for the year before tax	(38,323)	(9,635)
Adjustments for:		
Depreciation of property, plant and equipment	2,024	1,265
Amortisation of intangible assets	2,810	793
Depreciation of right-of-use asset	3,842	1,054
Loss on disposal of property, plant and equipment	1	7
Non-cash employee benefits expense - share based payments	15,286	12,145
Finance expense	2,661	70
Finance income	(28)	(221)
	(11,727)	**5,478**
Changes in working capital		
Increase in receivables	(85,484)	(4,484)
Decrease/(increase) in scheme debtors	2,380	(37,786)
Increase in payables	117,321	11,725
Increase/(Decrease) in merchant creditors	(11,492)	33,962
Cash generated from operating activities	**10,998**	**8,895**

Note 20
Related party transactions

Balances with Group companies as at 31 December 2020 and 31 December 2019.

(US Dollars $'000)

Amounts due from related parties (current)	**2020**	**2019**
Checkout Payment (Mauritius) Ltd	2,192	2,181
Checkout Group Ltd	-	19
Checkout.com Australia Pty. Ltd	4,695	592
Checkout LLC	-	1,445
Checkout GmbH	559	111
Checkout Technology Ltd	1,190	-
CKO Technology Services Ltd	2,308	550
Checkout APAC Pte Ltd	19,929	118
Checkout Limited (HK)	8,756	2,184
Checkout SAS	27,264	667
Checkout Limited (NZ)	156	-
Checkout Ltd - Sucursal em Portugal	231	48
Checkout KSA for Communication and Information Technology Co.	-	7
Checkout Support Services Limited	320	-
Checkout Payment Systems Canada Inc	10	-
Checkout Technology Ltd (UK)	4	-
Total	**67,614**	**7,921**

All balances are repayable on demand and are not interest bearing.

(US Dollars $'000)

Amounts due to related parties (current)	**2020**	**2019**
Checkout Technology Ltd	–	6
Checkout Group Ltd	82	-
Checkout KSA for Communication and Information Technology Co.	1	–
Checkout Support Services Limited	–	177
Checkout MENA-FZ LLC	16,737	7,897
ProcessOut SAS	3,278	-
Checkout LLC	1,483	-
Checkout Payments Group Limited	83,717	10,058
Checkout do Brasil LTDA	8	2
Southern Payments Systems Pty Ltd	1,895	–
Total	**107,201**	**18,140**

All balances are repayable on demand and are not interest bearing.

(US Dollars $'000)

Revenue and cost of services	**2020**	**2019**
Revenue generated from the provision of services to related parties		
Checkout Technology Ltd	757	-
Checkout MENA FZ-LLC	–	3,137
Other	–	134
Total	**757**	**3,270**
Cost of services obtained from related parties		
Checkout GmbH	4,531	1,953
Checkout Support Services Limited	2,603	1,872
Checkout LLC	1,555	4,104
Checkout SAS	770	2,301
Other	2,293	1,068
Total	**11,752**	**11,298**

(US Dollars $'000)

Current receivables and payables arising in the year	**2020**	**2019**
Current receivables		
Checkout Technology Ltd	2,438	6,571
Checkout Support Services Limited	9,425	2,682
Checkout MENA FZ-LLC	15,352	6,930
Checkout LLC	4,073	3,328
Checkout Limited (HK)	8,594	2,008
Checkout SAS	32,085	3,088
Checkout GmbH	10,338	1,961
Checkout Payments Group Limited	31,003	942
Checkout APAC Pte Ltd	21,077	725
Checkout Group Ltd	17	-
CKO Technology Services Ltd	3,226	1,434
Checkout.com Australia Pty. Ltd	4,179	1,641
Checkout Ltd - Sucursal em Portugal	1,089	274
Checkout Payment (Mauritius) Ltd	138	44
Checkout KSA for Communication and Information Technology Co.	9	7
Checkout Payment Systems Canada Inc.	205	-
Checkout do Brasil LTDA	2	-
Checkout Limited (NZ)	161	-
ProcessOut Inc	251	-
ProcessOut SAS	1,096	-
Pin Payments UK Ltd	3	-
Southern Payments Systems Pty Ltd	18	-
Checkout Technology Ltd (UK)	4	-
Total	**144,783**	**31,635**

(US Dollars $'000)

Current payables	2020	2019
Checkout Support Services Limited	8,928	2,143
Checkout MENA FZ-LLC	24,192	13,556
Checkout LLC	7,001	4,105
Checkout SAS	5,488	2,421
Checkout Payments Group Limited	104,662	11,000
Checkout GmbH	9,890	1,907
Checkout Group Ltd	118	-
Checkout Payment (Mauritius) Ltd	127	-
Checkout Technology Ltd	1,242	(108)
CKO Technology Services Ltd	1,468	(103)
Checkout APAC Pte. Ltd	1,266	(69)
Checkout.com Australia Pty. Ltd	76	986
Checkout Limited (HK)	2,022	164
Checkout Ltd - Sucursal em Portugal	906	106
Checkout KSA for Communication and Information Technology Co.	17	1
Checkout Payment Systems Canada Inc.	195	-
Checkout do Brasil LTDA	8	2
Checkout Limited (NZ)	5	-
ProcessOut Inc	251	-
ProcessOut SAS	4,374	-
Pin Payments UK Ltd	3	-
Southern Payments Systems Pty Ltd	1,913	-
Total	**174,152**	**36,111**

(US Dollars $'000)

Loans to related parties		
Loans paid to related parties	-	-
Interest received on loans	101	124
Total	**101**	**124**
Dividends paid to related parties		
Dividend paid to Parent company	-	10,000

Transactions with related parties of the Company are detailed below:

Management services provided by the Company and received from subsidiary undertakings were made on normal commercial terms and conditions are at market rates.

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.

In addition, there are Revolving Credit Facilities (RCF's) with Checkout LLC and Checkout Limited Hong Kong. These are both repayable on demand with interest accruing at LIBOR +5%.

Note 21
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

(US Dollars $'000)	2020	2019
Financial Assets		
Cash and cash equivalents*	48,052	51,117
Trade and other receivables	92,853	18,349
Scheme debtors	71,703	74,083
Long-term loan	327	303
Total	**212,935**	**143,852**

*$33,280,428 is held as restricted cash (2019: $44,911,000).

(US Dollars $'000)	2020	2019
Financial Liabilities		
Trade and other payables	137,772	25,152
Merchant creditors	104,984	116,476
Lease liability	38,753	116,476
Total	**281,509**	**141,628**

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 22
Financial risk management

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

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group'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 Group will not be able to meet its financial obligations as they fall due. Liquidity risk arises from the Group's management of working capital and finance charges.

The Group'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.

2020

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows
Trade payables	5,442	-	-	-	-	**5,442**
Intercompany payables	107,201	-	-	-	-	**107,201**
Merchant creditors	104,984	-	-	-	-	**104,984**
Lease liability	-	-	5,661	14,532	18,560	**38,753**
Other payables	24,229	-	-	-	900	**25,129**
Total	**241,856**	-	**5,661**	**14,532**	**19,460**	**281,509**

2019

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows
Trade payables	4,710	-	-	-	-	**4,710**
Intercompany payables	18,140	-	-	-	-	**18,140**
Merchant creditors	116,476	-	-	-	-	**116,476**
Lease liability	422	-	-	-	-	**422**
Other payables	1,880	-	-	-	-	**1,880**
Total	**141,628**	-	-	-	-	**141,628**

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 is exposed to currency risk from 2 main sources:

a) The Company is exposed to risk due to merchants processing payments in multiple currencies.

b) The Company is also exposed to currency risk which arises from the timing of settlements, caused by the delay between receiving scheme settlements and settlements being paid to merchants. The Company has material exposure to the following currencies - other currencies are not considered to be individually material:

(US Dollars $'000)	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Currency Risk		**2020**		**2019**
GBP	129,477	215,096	36,269	52,138
USD	33,656	19,398	57,884	37,821
AED	192	45	157	331
EUR	10,686	20,606	14,502	35,450
JPY	7,365	5,920	8,298	8,506
Other	31,559	20,444	26,742	7,382

Currency risk is managed at a Company level and is focused on Company's 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 Group at the year- end are as follows:

(US Dollars $'000)	Average	Reporting date	Average	Reporting date
Currency Risk		**2020**		**2019**
GBP	0.7793	0.7337	0.7831	0.7626
EUR	0.8760	0.8132	0.8929	0.8927
AED	3.6731	3.6732	3.6731	3.6732

iii. Interest rate risk
The Company's main interest rate risk arises from its holdings of cash. There is no interest rate risk exposure on financial liabilities as the Company has no external borrowings at the statement of financial position date.

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.

The Company also monitors regulatory capital requirements to ensure compliance with FCA guidance.

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.

The Company has assessed the expected credit loss and has determined that this balance is immaterial.

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

Note 23
Ultimate controlling party

Checkout Payments Group Limited, a company incorporated in Jersey, is the parent of the Company.

Guillaume Pousaz continues to be considered the ultimate controlling party by virtue of being the majority shareholder of Checkout Payments Group Limited.

Note 24
Post balance sheet events

The following events have taken place subsequent to the year end:

- Subsequent to year end, the Company opened a branch in Spain, Checkout Ltd – Sucursal en Espana, from which it began to conduct business

Note 25
Adjusted EBITDA

(US Dollars $'000)	2020	2019
(Loss) from operating activities	(35,690)	(9,786)
Depreciation and amortisation	8,676	3,113
Share-based payment expense	15,286	12,145
Adjusted EBITDA	**(11,728)**	**5,472**