

CHECKOUT LTD

08037323

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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COMPANY INFORMATION

DIRECTORS

Adrian Asher
Emilie Mathieu
Edward Simmons

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
1 Embankment Place
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

Wenlock Works
Shepherdess Walk
London
N1 7BQ
England

STRATEGIC REPORT

OVERVIEW

The directors present the Strategic Report, Directors' Report and the Audited Financial Statements of Checkout Ltd (the 'Company') for the year ended 31 December 2022.

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

The Company also conducts business through branches in Portugal and in Spain:

- Checkout Ltd – Sucursal em Portugal. Registered address – Avenida António Augusto de Aguiar, Nº 19, 4º andar, Sala B, 1050-012 Lisboa
- Checkout Spain Ltd – Sucursal en España. Registered address – Carrer de Tànger, 86, 08018 Barcelona, Spain.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

Total revenue is slightly down year-on-year at \$246.3m (2021: \$259.6m).

Total revenue includes scheme fees, interchange fees and associated items which are charged onto merchants under a variety of contractual arrangements. The Directors monitor Net Revenue (total revenue less the associated cost of sales) as a key performance indicator. Net revenue was slightly down at \$73.9m (2021: \$76.7m).

Net revenue remained at lower levels following the movement of merchants previously serviced by the Company now being serviced by another group company as a result of Brexit. The Company has also observed a shift in the macro environment and geopolitical backdrop in 2022, with rising inflation and reduced consumer spending/confidence having an impact on the growth of revenue. This is in line with trends seen across the industry. Furthermore, as COVID lockdown restrictions have been lifted, the return of customers to physical retail has also had an impact on the Company's online commerce clients. Clients in the Fintech sector have also been impacted by the macroeconomic conditions, with lower trading volumes observed particularly among emerging digital currency clients.

The Company has continued to invest in new product development and saw the launch of Fraud Detection Pro and Integrated Platforms in 2022. While these are not immediately material revenue contributors, it is expected that they will help drive future growth.

The loss from operating activities was \$126m (2021: \$11.9m), driven by an increase in Personnel expenses. This is after non-cash items relating to share-based payment charges of \$15m (2021:

\$8.4m) and depreciation and amortisation of \$24.8m (2021: \$15.1m). Excluding these non-cash items, the loss from operating activities was \$86.2m (2021: profit of \$11.6m).

At 31 December 2022 the Company had net assets of \$116.1m (2021: net liabilities of \$7.6m).

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 April of 2023, the Checkout Group assigned a sibling entity, Checkout Technology Limited, to be the core intra-group service company for the Group in the UK. As a result of this, Checkout Ltd transferred all of its Intellectual Property and novated most of the UK vendor contracts to the core intra-group service company. Further, most of the Checkout Group's employees based in the UK, Portugal and Spain changed their employing entity from Checkout Ltd to the core intra-group service company (with enough senior management, staffing, expertise and internal control remaining in Checkout Ltd for the purposes of continuing to operate and comply with its regulatory requirements).

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 FCA, there is a risk in the failure to fulfil the Company's compliance and regulatory obligations.

To mitigate this risk, the Company engages in a voluntary, third-party Compliance audit on an annual basis, covering anti money laundering; engages in an annual Safeguarding audit; holds quarterly credit, risk and compliance committee meetings; and monitors the Company's compliance and regulatory position on a regular basis.

STRATEGIC REPORT

(continued)

PRINCIPAL RISKS (continued)

III) IT SYSTEM AND IT GENERAL CONTROLS

As we continue to grow in size, scale and complexity, management is committed to ensuring we have reliable and resilient IT systems, processes and controls in order to protect both Company and Merchant data. As a Financial Services provider, failure in our layers of protection could result in misappropriation of customer or financial data; manipulation of controls, leading to fraud, and impact to the availability of systems, all of which could cause financial damage, reputational damage or both.

IT General Controls (ITGC)

We continue to mature and strengthen our IT General Control environment with a particular focus on change management, access management as well as privileged access across key IT systems and processes. At the date of signing, significant progress has been made to date and we will continue to further develop and embed these controls to reduce any related risk:

- Establishing change management processes and controls to ensure we do not compromise the data integrity and security of financial or merchant data. This includes introduction of automated tooling, establishing secure coding standards, testing and approval of changes prior to implementation;
- Identification of privileged access and restricting this to a smaller group of individuals to ensure we do not have conflicting priorities that could result in fraud or error due to excessive access. Rationale is documented for any privileged access that is required as part of core business activity along with implementation of governance, oversight and monitoring activity over the access, and;
- Continuing to enhance our identity and access management programme specifically related to periodic user access review to ensure system access is still appropriate and in line with roles and responsibilities of users including segregation of duties where needed.

Maturing our IT control environment continues to be a priority and we take a proactive approach in establishing and managing a robust control framework to support the above.

In addition, we continue to invest heavily in our Financial Infrastructure to ensure we have scalable, automated and well controlled financial systems

and processes to support the future growth of our business.

Cyber Security

As a Tier 1 PCI Service Provider we have stringent cyber security requirements enforced on us and we see this as the minimum level that we should attain. PCI certification requires independent penetration testing, automated monthly scanning and we exceed this with internal red team testing and pair it with an external vulnerability disclosure program.

In 2022 we achieved ISO27001 certification on our Information Security Management Systems, in addition to our PCI certification, recognising the investment in information security we continue to make.

The control environment also includes Segmentation of environments; automated monitoring of production environments; training and tooling that is available for developers and source code; and cyber security training for all staff, which all help in our continued vigilance.

CSPM tooling was rolled out in 2022 and we have continued to leverage that to monitor the efficacy of our security controls in production.

With a primarily cloud hosted environment, we default to cloud native solutions to protect, scale and serve our merchants in the safest possible way. This allows us to move rapidly whilst maintaining appropriate security controls as the PCI and ISO27001 certifications demonstrate.

IV) COMPETITOR RISK

The Company's competition within the existing market includes both legacy companies and newer entrants. The Company competes strongly with these market participants by providing a holistic end-to-end lifecycle for our clients' payment flows. The Company's offering ensures that it is able to provide clients access to important analytical opportunities to assess their own business needs as well as provide a bespoke solution based on their line of business. Moreover, the Company's integrated proprietary technology solution means that there is less reliance on external parties to facilitate services, resulting in a commercially competitive price offering that is bespoke to clients' and prospects' particular business models.

On behalf of the Board

Adrian Asher

Adrian Asher
Director

1 February 2024

SECTION 172(1) OF THE COMPANIES ACT 2006

Section 172(1) 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(1) 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 quarterly 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, Inclusion, Equity, and Belonging ("DIEB") across the business from hiring, on-boarding and policy to community building and business practices. We sponsor affinity networks, undertake pay equity reviews, and communicate the results transparently. We understand that it is not one person's role to work on DIEB, so we offer a range of DIEB-related

training curricula, related to hiring, performance appraisals, compensation, and working across borders. We believe in equal opportunities and welcome employment 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 ongoing educating of our employees, as well as with the dissemination and application of DIEB 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.

THE NEED TO FOSTER BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

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.

Disclosures in respect of Streamlined Energy & Carbon Reporting (SECR) as required by the Companies Act 2006 are provided for the Group in the annual financial statements of our sibling company, Checkout Technology Ltd, as we consider this to be the UK hub for corporate services, following the restructuring, described in the Future Developments section of the Strategic Report.

SECTION 172(1) OF THE COMPANIES ACT 2006 (continued)

THE DESIRABILITY OF THE COMPANY MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

We place great importance on compliance, integrity, and ethical behaviour. Our operating processes are designed to assist management in their obligation to comply with all relevant regulations; and we 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.

On behalf of the Board

Adrian Asher

Adrian Asher
Director

1 February 2024

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

Checkout Ltd is a United Kingdom company, limited by shares.

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

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

In considering their going concern assessment, the Directors have considered cash flow forecasts for a 15 month period. This included detailed downside scenarios such as declines in key customer markets and short term liquidity tests. As a result, the Company continues to rely on group support. A letter of support is in place from Checkout Payments Group Limited to enable the Company to meet its financial obligations as they fall due.

Accordingly 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 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:

Adrian Asher (appointed 28 November 2022)

Emilie Mathieu (appointed 26 September 2023)

Edward Simmons (appointed 17 November 2023)

Mike Benchimol (resigned 28 November 2022)

Michael Weigand (appointed 28 November 2022; resigned 17 November 2023)

Guillaume Pousaz (resigned 31 January 2023)

Wolfgang Bardorf (appointed 28 November 2022; resigned 26 September 2023)

DIVIDENDS

In 2022, the Company declared and paid no dividends (2021: \$nil).

POLITICAL DONATIONS

The Company made no political donations during the year (2021: \$nil).

COLLEAGUES WITH DISABILITIES

The Company partners with Checkout's wider diversity, equity, inclusion and belonging function to accelerate accessibility progress, and focus on enhancing support for colleagues with disabilities. The Company has a specific disability community increase accessibility awareness and meaningfully improve inclusion for team members with visible and invisible disabilities.

The Company is a Level 2 Disability Confident employer and has a disability recruitment partner to support applications from disabled persons.

DIRECTORS' REPORT

(Continued)

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.

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;
- 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.

PRINCIPAL RISKS AND UNCERTAINTIES

Details of the Company's principal risks and uncertainties are included in the Strategic Report on page 4.

FINANCIAL RISK MANAGEMENT

Refer to Note 22 in the Audited Financial Statements.

FUTURE DEVELOPMENTS

In April of 2023, the Checkout Group assigned a sibling entity to be the core intra-group service company for the Group in the UK. As a result of this,

Checkout Ltd transferred all of its Intellectual Property and novated most of the UK vendor contracts to the core intra-group service company. Further, most of the Checkout Group's employees based in the UK, Portugal and Spain changed their employing entity from Checkout Ltd to the core intra-group service company (with enough senior management, staffing, expertise and internal control remaining in Checkout Ltd for the purposes of continuing to operate and comply with its regulatory requirements).

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.

Approved by the Board and signed on behalf of the Board

Adrian Asher

Adrian Asher
Director

1 February 2024

Independent auditors' report to the directors 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 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2022; 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 2022 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' report, 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 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 and tax legislation. 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 inappropriate journal entries and management bias included within significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates, and assessing these judgements and estimates for management bias;
- Reviewing 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; and
- Inquiry of management including the ultimate parent's legal counsel regarding their consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

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 directors 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.

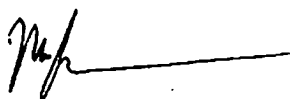
Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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
1 February 2024

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

| (US dollars \$'000) | Note | 2022 | 2021 |
|--|----------|------------------|-----------------|
| Revenue | 3 | 246,264 | 259,635 |
| Cost of sales | | (172,387) | (182,947) |
| Gross profit / net revenue | | 73,877 | 76,688 |
| General and administrative expenses | | (409,383) | (280,180) |
| Other operating income | | 209,526 | 191,591 |
| Loss from operating activities | 5 | (125,980) | (11,901) |
| Net revenue | | 73,877 | 76,688 |
| Operating income and expenses | | (160,132) | (65,059) |
| Share-based payment expense | | (14,951) | (8,437) |
| Depreciation and amortisation | | (24,774) | (15,093) |
| Loss from operating activities | | (125,980) | (11,901) |
| Finance income | 7 | 1,124 | - |
| Finance costs | 7 | (1,448) | (1,522) |
| Net finance costs | | (324) | (1,522) |
| Loss before income tax | | (126,304) | (13,423) |
| Income tax credit/(charge) | 8 | 48 | (11,264) |
| Net loss for the financial year | | (126,256) | (24,687) |

The notes on pages 18 to 46 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

| (US dollars \$'000) | Note | 2022 | 2021 |
|---|------|------------------|-----------------|
| Net loss for the financial year | | (126,256) | (24,687) |
| <i>Amounts that may subsequently be reclassified to profit and loss</i> | | | |
| Deferred tax charge | 8 | - | (4,387) |
| Foreign exchange on translation of overseas branches | | (9) | (14) |
| Other comprehensive expense for the financial year (net of tax) | | (9) | (4,401) |
| Total comprehensive expense for the financial year | | (126,265) | (29,088) |

The notes on pages 18 to 46 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| (US dollars \$'000) | Note | 2022 | 2021 |
|--------------------------------------|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 10,615 | 10,457 |
| Intangible assets | 11 | 38,050 | 25,381 |
| Right-of-use assets | 18 | 26,857 | 31,145 |
| Investment in subsidiaries | 9 | - | 2 |
| Other investments | 9 | 2 | 2 |
| Long-term loan receivable | 12 | 76 | 76 |
| Total non-current assets | | 75,600 | 67,063 |
| Current assets | | | |
| Scheme debtors | 21 | 151,170 | 81,289 |
| Trade and other receivables | 12 | 200,604 | 141,174 |
| Current tax assets | 8 | 2,690 | 3,111 |
| Cash and cash equivalents | 14 | 136,508 | 167,280 |
| Total current assets | | 490,972 | 392,854 |
| Total assets | | 566,572 | 459,917 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | (145,957) | (289,603) |
| Merchant creditors | 21 | (273,360) | (137,634) |
| Lease liabilities | 18 | (5,256) | (6,823) |
| Current Tax liabilities | 8 | (147) | - |
| Total current liabilities | | (424,720) | (434,060) |
| Non-current liabilities | | | |
| Lease liabilities | 18 | (25,785) | (33,477) |
| Total non-current liabilities | | (25,785) | (33,477) |
| Total liabilities | | (450,506) | (467,537) |
| Net assets/(liabilities) | | 116,066 | (7,620) |
| Equity | | | |
| Called up share capital | 15 | 210,837 | 10,837 |
| Accumulated losses | | (94,771) | (18,457) |
| Total equity | | 116,066 | (7,620) |

The notes on pages 18 to 46 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 1 February 2024 and were signed on its behalf by:

Adrian Asher

Adrian Asher
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

2022

| (US dollars \$'000) | Called up share capital | Accumulated losses | Total equity |
|--|----------------------------|--------------------|------------------|
| Balance at 1 January 2022 | 10,837 | (18,457) | (7,620) |
| Loss for the year | - | (126,256) | (126,256) |
| Other comprehensive expense | - | (9) | (9) |
| Total comprehensive expense | - | (126,265) | (126,265) |
| Share capital issued | 200,000 | - | 200,000 |
| Capital contribution from parent company | - | 49,951 | 49,951 |
| Balance at 31 December 2022 | 210,837 | (94,771) | 116,066 |

2021

| (US dollars \$'000) | Called up share capital | Retained earnings/(accumulated losses) | Total equity |
|--|----------------------------|--|-----------------|
| Balance at 1 January 2021 | 10,837 | 2,194 | 13,031 |
| Loss for the year | - | (24,687) | (24,687) |
| Other comprehensive expense | - | (4,401) | (4,401) |
| Total comprehensive expense | - | (29,088) | (29,088) |
| Capital contribution from parent company | - | 8,437 | 8,437 |
| Balance at 31 December 2021 | 10,837 | (18,457) | (7,620) |

The notes on pages 18 to 46 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

| (US dollars \$'000) | Note | 2022 | 2021 |
|---|-----------|------------------|-----------------|
| Cash flows (used in)/from operating activities | | | |
| Cash (used in)/generated from operating activities | 19 | (189,321) | 143,356 |
| Income taxes received | 8 | 282 | |
| Net cash (outflow)/inflow from operating activities | | (189,039) | 143,356 |
| Cash flows used in investing activities | | | |
| Purchase of property, plant and equipment | 10 | (4,536) | (2,580) |
| Purchase of intangible assets | 11 | (25,730) | (21,325) |
| Sale of investment in subsidiaries | 9 | 2 | |
| Dividends received | 9 | 51 | |
| Movement in long-term loans | 9 | - | 251 |
| Interest received ¹ | 7 | 1,124 | |
| Net cash outflow from investing activities | | (29,089) | (23,654) |
| Cash flows from financing activities | | | |
| Interest paid including lease liability interest | 7,18 | (1,448) | (74) |
| Payments of lease liability principal | 18 | (5,026) | (400) |
| Net proceeds from issuance of ordinary shares | 15 | 200,000 | - |
| Net cash inflow/(outflow) from financing activities | | 193,526 | (474) |
| Net (decrease) / increase in cash and cash equivalents | | (24,602) | 119,228 |
| Cash and cash equivalents at the beginning of year | | 167,280 | 48,052 |
| Effect of foreign exchange rate changes | | (6,170) | |
| Cash and cash equivalents at end of year | 14 | 136,508 | 167,280 |

The notes on pages 18 to 46 form an integral part of these financial statements. ¹

¹ Interest received is now presented in cash flows from investing activities, whereas in the prior period it was presented in cash flows from financing activities. This is deemed to be a better reflection of management's view of such cash inflows and consistent with IAS 7 paragraph 33.

NOTES TO THE FINANCIAL STATEMENTS

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 Wenlock Works, Shepherdess Walk, London, England, N1 7BQ. The Company is regulated as an Electronic Money Institution under reference number 9008161 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 and JCB.

Checkout Ltd is a subsidiary of Checkout Payments Group Limited.

In 2021, the Company took advantage of the exemption from preparing consolidated financial statements on the grounds of materiality in relation to a subsidiary entity. In 2022, that subsidiary was sold to another group company (note 9). Accordingly, these financial statements present only the results of the Company.

NOTE 2

SIGNIFICANT ACCOUNTING POLICIES

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/UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 accounting policies below have been applied consistently in the current and prior period.

JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRSs requires the use of judgements, estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

i. EXPECTED CREDIT LOSSES ("ECL") ON TRADE-RELATED RECEIVABLES AND DEBTORS (ESTIMATE)

The Company recognises trade-related debtors (scheme and merchant debtors) on the balance sheet net of the ECL thereupon.

ii. VALUATION OF SHARE-BASED PAYMENTS (ESTIMATE)

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 determining grant date fair value of awards issued. The Company has assumed an attrition rate of 0- 20%. The assumptions for estimating the fair value for share-based payment transactions are disclosed in note 17.

While significant estimates are defined in IAS 1 paragraph 125 as being those that relate to the carrying amounts of *assets and liabilities*, because of the materiality of share-based payments expense (which is based on the grant-date fair value of equity-settled awards) to the financial performance of the Company, we consider it necessary to disclose the existence and nature of these estimates here.

NOTE 2 (continued)

SIGNIFICANT ACCOUNTING POLICIES

GOING CONCERN

In considering their going concern assessment, the Directors have considered cash flow forecasts for a 15 month period. This included detailed downside scenarios such as declines in key customer markets and short term liquidity tests. As a result, the Company continues to rely on group support. A letter of support is in place from Checkout Payments Group Limited to enable the Company to meet its financial obligations as they fall due 12 months from the approval of the financial statements.

Accordingly 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 future. As such, they continue to adopt the going concern basis in preparing these financial statements.

REVENUE

Revenue represents the consideration received or receivable from merchants for services provided. The amount of revenue recognised reflects the consideration to which the Company expects to be entitled to receive in exchange for these services. To determine whether to recognise revenue, the Company follows a five step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations.
3. Determining the transaction price
4. Allocating the transaction price to the performance obligation and then,
5. Recognising revenue when or as performance obligation(s) are satisfied.

The Company enters into contractual agreements with its customers that set the general terms and conditions of the relationship including pricing, payment terms and contract duration. The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable, the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The Company generates revenue primarily from two key revenue streams:

i. TRANSACTION SERVICES

Transaction service charges relate to services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks

Performance obligations are dependent on the nature of each contract, with typical performance

obligations being the provision of payment gateway services, the provision of acquiring and settlement services and other services incidental to payments processing. These performance obligations are considered to be completed at the point in time they are provided to the customer.

ii. TREASURY MANAGEMENT

Revenue from treasury measurement is generated from settling foreign currency transactions. The revenue is recognised as a point in time when the Company's obligation in relation to the transaction is fulfilled.

IFRS 15 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations, however, as permitted by IFRS 15, the Company has opted to exclude from this disclosure any contracts with an original duration of one year or less. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

In obtaining these contracts, the Company incurs a number of incremental costs such as commissions paid to sales staff. As the amortisation period of these costs, if capitalised, would be less than one year, the Company makes use of the practical expedient in IFRS 15 and expenses such costs as they are incurred.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its consolidated statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

COST OF SALES

Cost of sales consist of the following key components:

- Scheme fees
- Interchange fees

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

Interchange fees represent fees paid to the cardholders' banks for the acceptance of card-based transactions.

Cost of sales are recognised at the same time as corresponding processed transactions, hence are recognised in the same period as the related revenue.

NOTE 2 (continued)**SIGNIFICANT ACCOUNTING POLICIES****SHARE-BASED PAYMENTS**

The Company's employees benefit from equity-settled share-based payment awards that are administered by the Company's parent company, Checkout Payments Group Limited.

Employee incentives include awards in the form of share options. Where the issuance of the option to purchase shares is awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the underlying service periods of the awards.

Non-market performance 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.

Any market performance conditions or non-vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is recorded irrespective of whether these conditions are satisfied.

Where the terms and conditions of options are modified before they vest, an increase in the fair value of the options, measured immediately before and after the modification, is additionally charged to the income statement over the remaining vesting period.

A credit equal and opposite to the share-based payment charge is recognised as a capital contribution within equity.

Valuation of share-based payment awards has been identified as a significant estimate above. The assumptions for estimating the fair value for share-based payment transactions are disclosed in note 17.

FINANCE COSTS

Finance costs comprise interest on leases and interest on liabilities. Finance costs are recognised using the effective interest rate method.

FINANCE INCOME

Finance income comprises interest receivable on cash at bank. Interest income is recognised using the effective interest method.

STAFF COSTS

Salaries, social security and accrued performance costs are recognised over the period in which the employees provide the services to which the payments relate.

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. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

OTHER OPERATING INCOME

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

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'.

Income tax payable on taxable profits ('current tax') is recognised in the periods in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior periods. Current tax is measured using the applicable tax rates and tax laws for each jurisdiction that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences except from the initial recognition of goodwill. Deferred tax is not recognised where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

NOTE 2 (continued)

SIGNIFICANT ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recognised at cost, which includes direct and incremental acquisition costs, and subsequently measured at cost less accumulated depreciation and provisions for impairment where required. Subsequent costs are only capitalised if these result in enhancement of the asset. Depreciation is recognised on a straight-line basis over the asset's estimated useful economic lives. Depreciation rates, methods, and the residual values underlying the depreciation calculations are kept under review to take account of any change in circumstances and are adjusted if appropriate. The Company uses the following expected useful lives in providing for depreciation:

- Computer equipment – three years;
- Furniture & fittings – the shorter of the remaining lease period or four years;
- Leasehold improvements – over the remaining lease period.

INTANGIBLE ASSETS

Intangible assets are initially recognised when they are separable or arise from contractual or other legal rights and the cost can be measured reliably.

For internally generated intangible assets, only technology costs incurred during the development phase are capitalised. Expenditure in the research phase is expensed when it is incurred.

Intangible assets are stated at cost less accumulated amortisation and impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods below from the date that the technology becomes operational:

- Capitalised technology development – three years
- Acquired software – three years

Intangible assets are presented as non-current assets. 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-in-use calculations. The amortisation periods used are reviewed annually.

INVESTMENTS IN SUBSIDIARIES

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

CASH AND CASH EQUIVALENTS

Cash is represented as cash in hand with financial institutions. Cash equivalents are time deposits or highly liquid debt investments that can be readily converted into a known amount of cash, and have a maturity of up to three months from the date of acquisition.

Clients' funds are held in segregated bank accounts in compliance with the Company's safeguarding policy and considered restricted for general use. Bank overdrafts are included in liabilities.

SCHEME DEBTORS AND MERCHANT CREDITORS

Scheme debtors represent funds that have been processed but are yet to be received from the schemes. These are initially recognised at fair value and subsequently held at amortised cost less any allowance for expected credit losses.

Merchant creditors represent processed transactions that are yet to be paid to merchants. These are recognised at fair value and subsequently measured at amortised cost.

FINANCIAL INSTRUMENTS

i. FINANCIAL ASSETS

The Company's parent group classifies financial assets in the following measurement categories at initial recognition:

- fair value through profit or loss;
- fair value through other comprehensive income; or
- amortised cost

The Company did not have any financial assets measured at fair value through profit or loss or fair value through other comprehensive income during the year.

Merchant debtor positions can arise in the normal course of business operations, including in "gross-settled" merchant relationships. Merchant debtors are initially recognised at fair value and subsequently held at amortised cost less any allowance for expected credit losses. Scheme debtors are amounts due but not yet received from schemes.

The Company has taken advantage of the measurement criteria in paragraph 5.1.3 of IFRS 9 to initially recognise trade receivables at their transaction price, as none of the trade receivables contain a significant financing component. Financial assets are derecognised when the contractual rights to the cash flows are extinguished.

NOTE 2 (continued)**SIGNIFICANT ACCOUNTING POLICIES
FINANCIAL INSTRUMENTS****i. FINANCIAL ASSETS (continued)**

IFRS 9 establishes a model for recognition and measurement of expected credit losses ("ECL") that are applied to financial assets measured at amortised cost or fair value through other comprehensive income. As the Company's financial assets are short term in nature, it applies the simplified approach to ECL for trade receivables and contract assets and records a lifetime ECL. The Company calculates ECL based on its estimation of probability of default for the relevant class of assets and counterparty, and has provided for accordingly.

ii. FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost using the effective interest method under IFRS 9. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

SHARE CAPITAL

Share capital is classified as equity, provided that there is no present obligation to deliver cash or another financial asset to the holder, and is shown in called up share capital, and any costs associated with the issuance of shares are recorded as a deduction from equity.

DIVIDENDS

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

FOREIGN CURRENCIES

The Company's functional currency and presentation currency is US dollars. The Company's foreign operations (including subsidiaries and branches) have different functional currencies. The functional currency of an operation is the currency of the primary environment to which it is exposed. Transactions in foreign currencies are translated to functional currency at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated to functional currency at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances in relation to items measured at historic cost are carried at historical transaction date exchange rates.

LEASES

The Company makes use of leasing arrangements principally for the provision of office premises. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as extension options.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relevant relative standalone prices.

Under IFRS 16 *Leases* the Company is required to recognise both a lease liability and a right-of-use asset. The right-of-use asset is initially measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

The Company initially recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Company:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for credit risk of the Company; and
- makes adjustments specific to the lease, e.g term, country, currency and security.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right-of-use asset is depreciated to the income statement on a straight-line basis over the lease term. The lease liability and right-of-use asset are remeasured if there is a change to either the future lease payments arising from a change in an index or renegotiation of market rent, a change in the Company's assessment of whether it will exercise an extension or termination option, or any other modification to the lease contract.

On the balance sheet, the right-of-use assets are separately presented in non-current assets and lease liabilities are separately presented, split between current liabilities and non-current liabilities.

The Company applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months. For such leases, the lease payments are recognised as an expense on a straight line basis over the lease term.

NOTE 2 (continued)**SIGNIFICANT ACCOUNTING POLICIES**

Company in the current of future operating periods and on foreseeable future transactions.

NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Company has applied the following amendments for the first time for the annual reporting period commencing 1 January 2022:

- IAS 16, in respect of proceeds received before the intended use of an asset.
- IAS 37, clarifying which costs are included in a provision when an onerous contract is identified.
- IFRS 3, which has updated references to the Conceptual Framework
- IFRS 9, which was amended to clarify the cash flows included in the '10% test' for derecognition of contractually modified financial liabilities.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company:

- Introduction of IFRS 17 *Insurance Contracts*
- Amendments to IAS 1 and IFRS Practice Statement 2 affecting the disclosure of accounting policies
- Amendments to IAS 8 concerning the definition of accounting estimates
- Amendments to IAS 12 on deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 1 on classification of liabilities as current or non-current
- Amendments to IFRS 16 on lease liability measurement in a sale and leaseback transaction.

These standards, amendments and interpretations are not expected to have a material impact on the

NOTE 3

REVENUE

The Company's revenue disaggregated based on the type of service, the geographical markets and the timing of revenue recognition is as follows:

(US dollars \$'000)

| Type of service | 2022 | 2021 |
|-------------------------|----------------|----------------|
| Processing transactions | 235,551 | 253,292 |
| Treasury transactions | 10,713 | 6,343 |
| Total revenue | 246,264 | 259,635 |

(US dollars \$'000)

| Geographical markets | 2022 | 2021 |
|-----------------------------|----------------|----------------|
| Revenue generated in the UK | 246,264 | 259,635 |
| Total revenue | 246,264 | 259,635 |

All amounts relate to contracts that were fully satisfied as at 31 December 2022.

Total revenue includes scheme fees, interchange fees and associated items which are charged onto merchants under a variety of contractual arrangements. The Directors monitor Net Revenue (total revenue less the associated cost of sales) as a key performance indicator.

All revenue is processed and facilitated via Business Identification Numbers associated with Checkout Ltd's acquiring activities. All revenue is therefore considered to be generated in the UK.

NOTE 4

AUDITORS' REMUNERATION

(US dollars \$'000)

| | 2022 | 2021 |
|--|--------------|------------|
| Fees payable to the Company's auditors for the audit of the Company's annual report and financial statements | 700 | 422 |
| Fees payable to the Company's auditors for non-audit services | | |
| - Taxation compliance services | 366 | |
| Total | 1,066 | 422 |

NOTE 5

LOSS FROM OPERATING ACTIVITIES

The loss from operating activities is calculated after charging/(crediting):

| (US dollars \$'000) | 2022 | 2021 |
|---|---------|--------|
| Wages and salaries, including bonus and termination benefits | 130,864 | 83,149 |
| Depreciation of property, plant and equipment and right of use assets | 8,419 | 7,031 |
| Amortisation of intangible assets | 16,355 | 8,062 |
| Change in expected credit loss | (3,135) | 9,292 |
| Share-based payment | 14,951 | 8,437 |

NOTE 6

PERSONNEL EXPENSES

Employee costs for the Company during the year amounted to (including directors):

| (US dollars \$'000) | 2022 | 2021 |
|------------------------------|----------------|---------------|
| Wages and salaries | 100,588 | 70,049 |
| Social security costs | 22,469 | 9,494 |
| Other pension costs | 4,253 | 2,519 |
| Other employee related costs | 3,554 | 1,087 |
| Share-based payments | 14,951 | 8,437 |
| Total | 145,815 | 91,586 |

The average number of employees, including Directors, during the year was:

| (Number) | 2022 | 2021 |
|------------------------|--------------|------------|
| Corporate | 269 | 194 |
| Operations | 73 | 8 |
| Sales | 182 | 124 |
| Technology and product | 508 | 406 |
| Total | 1,032 | 732 |

NOTE 6

PERSONNEL EXPENSES (continued)

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).

(US dollars \$'000)

| | 2022 | 2021 |
|------------------------------|--------------|------------|
| Short-term employee benefits | 1,854 | 300 |
| Post-employment benefits | 45 | 26 |
| Share-based payments | (336) | 443 |
| Total | 1,563 | 769 |

HIGHEST PAID DIRECTOR

(US dollars \$'000)

| | 2022 | 2021 |
|------------------------------|--------------|------------|
| Short-term employee benefits | 1,746 | 300 |
| Post-employment benefits | 38 | 26 |
| Share-based payments | (416) | 443 |
| Total | 1,368 | 769 |

The above figures reflect what is expensed to the income statement as the Company deems it not practicable to re-allocate the compensation of key management employed by another group company.

NOTE 7

NET FINANCE COSTS

(US dollars \$'000)

| | 2022 | 2021 |
|--|--------------|----------------|
| Interest from cash and cash equivalents and other finance income | 1,124 | - |
| Interest expense from leasing arrangements (note 18) | (1,448) | (1,478) |
| Other finance costs | - | (44) |
| Net finance cost | (324) | (1,522) |

NOTE 8

INCOME TAX CHARGE

Tax on the 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 or expense 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.

Income tax is recognised in the income statement unless it arises from a transaction recognised directly in equity, in which case the associated tax is also recognised directly in equity. Relief for foreign taxation in calculating UK taxation liabilities is considered where appropriate.

The breakdown of the components of income tax credit/(charge) in the income statement is as follows:

| (US dollars \$'000) | 2022 | 2021 |
|---|-----------|-----------------|
| Income tax (charge)/credit | | |
| Current tax | | |
| Current tax on profits for the year | (176) | 568 |
| Adjustment for current tax of prior periods | 224 | 1,533 |
| Total current tax expense | 48 | 2,101 |
| Deferred tax | | |
| Decrease in deferred tax assets | - | (13,365) |
| Income tax credit/(charge) | 48 | (11,264) |

The Company is mainly exposed to UK tax. The actual tax credit/(charge) differs from the expected tax credit computed by applying the average UK corporation tax of 19% (2021: 19%) as follows:

| (US dollars \$'000) | 2022 | 2021 |
|--|-----------|-----------------|
| Loss before income tax | (126,304) | (13,423) |
| Tax on loss at standard UK tax rate of 19% (2020: 19%) | 23,998 | 2,520 |
| Effects of: | | |
| Adjustments in respect of prior years | 224 | (72) |
| Current year temporary differences (including losses) not recognised | (23,764) | (37,631) |
| Re-measurement of deferred tax for tax rate changes | - | 8,224 |
| Provisions and expenditure not deductible for tax purposes | (363) | (532) |
| Expected temporary differences on fixed assets | 202 | 80 |
| Share options | - | 15,713 |
| R&D credit | (124) | 434 |
| Overseas profits deducted from UK taxable income | (39) | - |
| Effects of differences in overseas tax rates | (24) | - |
| Other adjustments | (62) | - |
| Total | 48 | (11,264) |

NOTE 8

INCOME TAX CHARGE (continued)

CURRENT TAX ASSETS

(US dollars \$'000)

2022

2021

Current tax:

| | | |
|---------------------------------|--------------|--------------|
| Corporation tax asset - UK | 2,690 | 3,111 |
| Total current tax assets | 2,690 | 3,111 |

CURRENT TAX LIABILITIES

(US dollars \$'000)

2022

2021

Current tax:

| | | |
|--------------------------------------|------------|----------|
| Corporation tax liability - overseas | 147 | - |
| Total current tax liabilities | 147 | - |

AMOUNTS RECOGNISED DIRECTLY IN EQUITY

(US dollars \$'000)

2022

2021

Deferred tax:

| | | |
|--------------------------------------|---|---------|
| Deferred tax charge on share options | - | (4,387) |
|--------------------------------------|---|---------|

ENACTED TAX RATES

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Any Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

OECD MODEL PILLAR TWO RULES

On 20 June 2023, Finance (no 2) Act was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a multinational top-up tax and a domestic top-up tax, effective for accounting periods commencing on or after 31 December 2023. Based on historic financial performance, it is expected that the group of which the Company is a member may fall within the scope of the OECD Pillar Two model rules.

The Company has no current tax exposure in relation to Pillar Two as at 31 December 2022, as the legislation was not effective at this date and is currently assessing any potential impacts.

The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

NOTE 8

INCOME TAX CHARGE (continued)

DEFERRED TAX ASSETS

(US dollars \$'000)

| | 2022 | 2021 |
|---|------|----------|
| Deferred tax asset: | - | - |
| Brought forward deferred tax asset | - | 17,752 |
| Deferred tax (charge)/credit to income statement | - | (11,760) |
| Prior year adjustment – deferred tax charge to income statement | - | (1,605) |
| Deferred tax (charge)/credit to other comprehensive income | - | (4,387) |
| Carried forward deferred tax asset | - | - |

The company recognises deferred tax assets in respect of:

(US dollars \$'000)

| | 2022 | 2021 |
|---|----------|------|
| Losses | 43,851 | - |
| Intangible assets | 64 | - |
| Other timing differences | 293 | - |
| Offset by amounts in the same jurisdiction: | | |
| Property, plant and equipment | (436) | - |
| Share options | (43,761) | - |
| Other timing differences | (11) | - |
| Total | - | - |

UNRECOGNISED DEFERRED TAX

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be reliably forecast over and above taxable temporary differences. Deferred taxes on the following gross balances have not been recognised as there is uncertainty whether they will be utilised in the foreseeable future:

(US dollars \$'000)

| | 2022 | 2021 |
|--------------------------|----------------|----------------|
| Share options | - | 143,357 |
| Losses | 125,076 | 127,120 |
| Other timing differences | - | 937 |
| Total | 125,076 | 271,414 |

NOTE 9

INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS

| (US dollars \$'000) | Place of business | % Ownership | Nature of relationship | Carrying value 2022 | Carrying value 2021 |
|---|-------------------|-------------|------------------------|---------------------|---------------------|
| Checkout KSA For Communication and Information Technology Co. | Saudi Arabia | 100% | Investment | - | 2 |
| Total investment in subsidiaries | | | | - | 2 |

During the year, the investment in Checkout KSA was sold to another group company. The Company received a dividend of \$51,000, and subsequently transferred the investment to another group company at book value. As a result there was no net asset value of subsidiaries at the end of 2022 (2021: \$448,700), no revenue for the year (2021: \$766,000) and no profit after tax to disclose (2021: \$48,000). The Company had previously taken the exemption from preparing consolidated financial statements on the grounds of materiality.

Checkout Ltd conducted business through branches in Portugal and in Spain throughout the year. The addresses of those branches, and Checkout KSA (now disposed of) are shown below:

- Checkout Ltd – Sucursal em Portugal. Registered address – Avenida António Augusto de Aguiar, N° 19, 4° andar, Sala B, 1050-012 Lisboa
- Checkout Spain Ltd – Sucursal en España. Registered address – Carrer de Tànger, 86, 08018 Barcelona, Spain
- Checkout KSA For Communication and Information Technology Co. Registered address - 28th floor, Faisaliah Tower, King Fahd Road, Riyadh, Kingdom of Saudi Arabia.

Checkout Ltd also holds a small investment in another group company, as disclosed below.

| (US dollars \$'000) | Place of business | % Ownership | Nature of relationship | Carrying value 2022 | Carrying value 2021 |
|--------------------------------|-------------------|-------------|------------------------|---------------------|---------------------|
| Checkout do Brasil LTDA. | Brazil | 1.1% | Investment | 2 | 2 |
| Total other investments | | | | 2 | 2 |

NOTE 10**PROPERTY, PLANT, AND EQUIPMENT**

| (US dollars \$'000) | Furniture and fittings | Lease- hold improve- ments | Computer equipment | Total | Furniture and fittings | Lease- hold improve- ments | Computer equipment | Total |
|--|------------------------------|-------------------------------------|-----------------------|---------------|------------------------------|-------------------------------------|-----------------------|---------------|
| Cost | 2022 | | | | 2021 | | | |
| Balance at 1 January | 7,589 | 4,191 | 5,898 | 17,678 | 6,560 | 4,191 | 4,378 | 15,129 |
| Additions | 569 | - | 3,971 | 4,540 | 1,029 | - | 1,551 | 2,580 |
| Disposals | - | - | - | - | - | - | (31) | (31) |
| Balance at 31 December | 8,158 | 4,191 | 9,869 | 22,218 | 7,589 | 4,191 | 5,898 | 17,678 |
| Accumulated depreciation | | | | | | | | |
| Balance at 1 January | 3,517 | 803 | 2,901 | 7,221 | 2,307 | 384 | 1,331 | 4,022 |
| Charge for the year | 1,381 | 418 | 2,583 | 4,382 | 1,210 | 419 | 1,570 | 3,199 |
| Balance at 31 December | 4,898 | 1,221 | 5,484 | 11,603 | 3,517 | 803 | 2,901 | 7,221 |
| Net book value at 31 December | 3,260 | 2,970 | 4,385 | 10,615 | 4,072 | 3,388 | 2,997 | 10,457 |

NOTE 11

INTANGIBLE ASSETS

| (US dollars \$'000) | | Technology costs | | Total | |
|--------------------------------------|--|------------------|---------------|---------------|---------------|
| | | 2022 | | 2021 | |
| Cost | | | | | |
| Balance at 1 January | | 37,252 | 37,252 | 15,927 | 15,927 |
| Additions | | 29,020 | 29,020 | 21,325 | 21,325 |
| Balance at 31 December | | 66,272 | 66,272 | 37,252 | 37,252 |
| Accumulated amortisation | | | | | |
| Balance at 1 January | | 11,871 | 11,871 | 3,809 | 3,809 |
| Charge for the year | | 16,351 | 16,351 | 8,062 | 8,062 |
| Balance at 31 December | | 28,222 | 28,222 | 11,871 | 11,871 |
| Net book value at 31 December | | 38,050 | 38,050 | 25,381 | 25,381 |

Intangible assets are assessed for impairment annually, at the Group level, by assessing the Value in Use. No impairment was determined to be necessary in either 2022 or 2021.

NOTE 12

TRADE AND OTHER RECEIVABLES AND LONG-TERM LOAN RECEIVABLE

| (US dollars \$'000) | 2022 | 2021 |
|------------------------------------|----------------|----------------|
| Trade receivables | 16,699 | 6,879 |
| Intercompany receivables (note 20) | 140,816 | 101,242 |
| Other receivables | 27,899 | 25,496 |
| Prepayments and accrued income | 18,482 | 16,841 |
| Expected credit loss | (3,292) | (9,284) |
| Total | 200,604 | 141,174 |

Terms of intercompany balances are disclosed in note 20.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

For details on expected credit loss, refer to note 22 under credit risk disclosures.

NOTE 12**TRADE AND OTHER RECEIVABLES AND LONG-TERM LOAN RECEIVABLE
(continued)**

| LONG-TERM LOAN RECEIVABLE | | |
|----------------------------------|-------------|-------------|
| (US dollars \$'000) | 2022 | 2021 |
| Non-current: | | |
| Intercompany loan | 76 | 76 |
| Total | 76 | 76 |

This long-term loan is an intercompany loan issued to Checkout Australia Pty Ltd. It is redeemable 3 years from the date of issuance with interest accruing at LIBOR +5%. The loan is unsecured by the borrower.

NOTE 13**TRADE AND OTHER PAYABLES**

| (US dollars \$'000) | 2022 | 2021 |
|---------------------------------|----------------|----------------|
| Current payables | | |
| Trade payables | 10,665 | 4,400 |
| Social security and other taxes | 3,876 | 3,426 |
| Intercompany payables (note 20) | 107,774 | 243,571 |
| Other payables | 2,007 | 2,660 |
| Accruals | 21,635 | 35,546 |
| Total | 145,957 | 289,603 |

Terms of intercompany balances are disclosed in note 20. Trade payables are non-interest bearing and are generally on terms of 30 to 90 days. The net carrying value of trade payables is considered a reasonable approximation of fair value.

NOTE 14**CASH AND CASH EQUIVALENTS**

| (US dollars \$'000) | 2022 | 2021 |
|----------------------------|----------------|----------------|
| Cash and cash equivalents | 78,186 | 73,473 |
| Client funds accounts | 58,322 | 93,807 |
| Total | 136,508 | 167,280 |

For the purposes of the cash flow statement, cash and cash equivalents represent cash at bank and on hand and short-dated investments that the Company controls and may be converted to a known amount of cash within three months.

NOTE 15

CALLED UP SHARE CAPITAL

| | 2022 | 2021 |
|---|---------|--------|
| Issued, authorised and fully paid (number in '000s) | 219,004 | 10,019 |
| Ordinary Shares of £0.80 each (US dollars \$'000) | 210,837 | 10,837 |

The historical exchange rate used to convert the share capital is £1:\$1.6.

NOTE 16

DIVIDENDS

| (US dollars \$'000) | 2022 | 2021 |
|---|------|------|
| Dividends declared and paid during the year | - | - |

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 Checkout Payments Group Limited, the immediate parent company. For most employees the first 20% of their allocated awards vest after 12 months of service, then the employee receives 1/48th of the remaining awards each subsequent month until 60 months after the vesting start date. This results in higher initial recognition of share-based payment expense in the employee's first year, followed by a lower monthly expense until the final vesting date. The shares are held by Checkout Employee Trust Limited.

The fair value of share options granted is estimated at the date of grant using a Black-Scholes model, taking into account the terms and conditions on which the share options were granted. It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance.

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 Company.

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Option pricing model used | Black-Scholes model | Black-Scholes model |
| Share price at the grant date | \$158.80 - \$184.40 | \$116.46 - \$290.00 |
| Vesting period | 5 years | 5 years |
| Fair value per award at the grant date | \$80.24 - \$139.27 | \$81.29 - \$240.83 |
| Exercise price | \$86.87 - \$252.67 | \$43.53 - \$86.87 |
| Expiry date | January 2032 - June 2032 | January 2031 - December 2031 |
| Grant date | January 2022 - June 2022 | January 2021 - December 2021 |

NOTE 17

EMPLOYEE SHARE OPTION PLAN (continued)

OPTIONS DURING THE YEAR

| (Number of shares in thousands) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Balance at 1 January | 1,776 | 4,253 |
| Granted during the year | 215 | 221 |
| Options exercised during the year | (168) | (1,077) |
| Options forfeited/lapsed during the year | (430) | (1,621) |
| Net decrease in outstanding options for employees who transferred between group entities | (427) | |
| Balance at 31 December | 966 | 1,776 |

A number of awards were issued in 2022, but were only formally granted following a Board meeting in February 2023. IFRS 2 Appendix A states that the grant date for an award subject to an approval process is when that approval is obtained. The charge for the year includes options that had not formally been granted at the year end, using the value of the option at the year end date as the option value in the calculation. Those awards are not included in the analysis below.

The total expense recognised within administrative expenses (note 5) is \$14,951,000 (2021: \$8,437,000)

WEIGHTED AVERAGE EXERCISE PRICE

| (US dollars) | Year ended 31 December 2022 | Year ended 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Balance at 1 January | 13.14 | 14.80 |
| Granted during the year | 229.13 | 76.26 |
| Options exercised during the year | (5.30) | (1.16) |
| Options forfeited/lapsed during the year | (25.90) | (1.05) |
| Net decrease in outstanding options for employees who transferred between group entities | (2.37) | - |
| Balance at 31 December | 63.68 | 13.14 |

The weighted average remaining contractual life of the plan is 7.01 years (2021: 7.97 years).

The weighted average exercise price at grant was \$63.68 (2021: \$13.14). The number of options exercisable at the end of the year was 468,841 (2021: 618,248). The weighted average strike of those exercisable options was \$14.17 (2021: \$4.90).

| OPTIONS GRANTED IN THE YEAR | Year ended 31 December 2022 | Year ended 31 December 2021 |
|-----------------------------|--------------------------------|--------------------------------|
| Market value at grant date | \$80.24 - \$139.27 | \$81.29 - \$240.83 |
| Volatility rate | 45.8% - 47.2% | 20% - 30% |
| Dividend yield | - | - |
| Risk free rate | 2.89% - 2.94% | 0.73% - 1.5% |

Volatility was determined by reviewing peer companies.

NOTE 18

LEASES

RIGHT OF USE ASSETS

| (US dollars \$'000) | 2022 | 2021 |
|--------------------------------------|---------------|---------------|
| Balance at 1 January | 31,145 | 34,508 |
| New leases | - | 469 |
| Depreciation charge for the year | (4,041) | (3,832) |
| Foreign exchange and other movements | (247) | - |
| Balance at 31 December | 26,857 | 31,145 |

LEASE LIABILITIES INCLUDED IN THE STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

| (US dollars \$'000) | 2022 | 2021 |
|---------------------|---------------|---------------|
| Current | 5,256 | 6,823 |
| Non-current | 25,785 | 33,477 |
| Total | 31,041 | 40,300 |

AMOUNTS RECOGNISED IN PROFIT OR LOSS

| (US dollars \$'000) | 2022 | 2021 |
|-------------------------------|---------|---------|
| Interest on lease liabilities | (1,448) | (1,478) |
| Foreign exchange gain | 3,985 | - |

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS

| (US dollars \$'000) | 2022 | 2021 |
|-------------------------------|-------|------|
| Total cash outflow for leases | 6,475 | 400 |

MATURITY ANALYSIS – CONTRACTUAL UNDISCOUNTED CASH FLOWS

| (US dollars \$'000) | 2022 | 2021 |
|--|---------------|---------------|
| Less than one year | 5,256 | 6,823 |
| One to five years | 20,875 | 23,384 |
| More than five years | 9,423 | 16,251 |
| Total undiscounted lease liabilities at 31 December | 35,554 | 46,458 |

NOTE 18 (continued)

LEASES

There were no expenses relating to variable lease payments not included in the measurement of lease liabilities in the current or prior year.

OTHER DISCLOSURES

The Company:

- did not sign any lease agreements during 2022 that commenced in 2023
- does not have significant exposures to variable lease payments on its lease arrangements
- did not earn income from subleasing right-of-use asset
- did not engage in any sale and leaseback transactions during the year.

NOTE 19

CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES

| (US dollars \$'000) | 2022 | 2021 |
|---|------------------|----------------|
| Loss for the year before tax | (126,304) | (13,423) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 4,378 | 3,199 |
| Amortisation of intangible assets | 16,355 | 8,062 |
| Depreciation of right of use assets | 4,041 | 3,832 |
| Loss on disposal of property, plant and equipment | - | 31 |
| Non-cash employee benefits expense – share-based payments | 14,951 | 8,437 |
| Finance expense | 1,448 | 1,522 |
| Finance income | (1,123) | - |
| Foreign exchange | 2,175 | - |
| Dividends received | (51) | - |
| | (84,130) | 11,660 |
| Changes in working capital | | |
| Movement in trade and other receivables | (59,096) | (34,070) |
| Movement in scheme debtors | (69,881) | (9,586) |
| Movement in trade and other payables | (111,941) | 142,702 |
| Movement in merchant creditors | 135,727 | 32,650 |
| Cash (used in)/generated from operating activities | (189,321) | 143,356 |

NOTE 19

CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES (continued)

NET FUNDS RECONCILIATION AND FINANCING ACTIVITIES

| (US dollars \$'000) | Leases | Cash and cash equivalents | Net funds |
|---|-----------------|---------------------------|----------------|
| Balance at 1 January 2021 | (38,753) | 48,052 | 9,299 |
| Financing cash flows | 400 | 119,228 | 119,628 |
| Other changes: interest expense | (1,478) | - | (1,478) |
| Other changes: new leases | (469) | - | (469) |
| Balance at 31 December 2021 | (40,300) | 167,280 | 126,980 |
| Financing cash flows: Interest paid | 1,448 | (1,448) | - |
| Financing cash flows: Lease liability principal paid | 5,026 | (5,026) | - |
| Financing cash flows: Proceeds from share capital issuances | - | 200,000 | 200,000 |
| Other changes: interest expense accrued | (1,448) | - | (1,448) |
| Other changes: Other Operating activities | 4,233 | (189,039) | (184,806) |
| Other changes: Foreign exchange | - | (6,170) | (6,170) |
| Other changes: Investing activities | - | (29,089) | (29,089) |
| Balance at 31 December 2022 | (31,041) | 136,508 | 105,467 |

NOTE 20

RELATED PARTY TRANSACTIONS

BALANCES WITH GROUP COMPANIES AS AT 31 DECEMBER 2022 AND 31 DECEMBER 2021.

| (US dollars \$'000) | 2022 | 2021 |
|---|----------------|----------------|
| AMOUNTS DUE FROM RELATED PARTIES (CURRENT) | | |
| Checkout Payment (Mauritius) Ltd | 2,196 | 2,196 |
| Checkout LLC | - | 23,359 |
| Checkout Australia Pty Ltd | 8,234 | 4,578 |
| Process Out Inc. | 982 | 832 |
| Checkout GmbH | 6 | 3,710 |
| Checkout Technology Ltd | 2,264 | 2,395 |
| CKO Technology Services Ltd | 3,191 | 3,198 |
| Checkout APAC Pte Ltd | 35,737 | 41,560 |
| Checkout Ltd Hong Kong | 15,611 | 13,943 |
| Checkout SAS | 10,096 | - |
| Checkout Limited (New Zealand) | 435 | 435 |
| Checkout KSA For Communication and Information Technology Co. | - | 967 |
| Checkout Support Services Limited | 1,717 | 3,997 |
| ProcessOut SAS | 1,595 | - |
| Checkout Technology Ltd (UK) | 23,534 | - |
| Checkout Group Ltd | 51 | - |
| Checkout MENA-FZ LLC | 359 | - |
| Checkout Payments Group Limited | 34,188 | - |
| Checkout do Brasil LTDA. | 494 | - |
| Checkout Payments Jersey Limited | 102 | - |
| Checkout Group B.V. | 17 | - |
| Checkout Greece Single Member Private Limited Company | 7 | - |
| Checkout Japan | - | 72 |
| Total | 140,816 | 101,242 |

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

NOTE 20

RELATED PARTY TRANSACTIONS (continued)

| (US dollars \$'000) | 2022 | 2021 |
|--|----------------|----------------|
| AMOUNTS DUE TO RELATED PARTIES (CURRENT) | | |
| Checkout Group Ltd | 120 | 63 |
| Checkout MENA-FZ LLC | 21,225 | 18,680 |
| ProcessOut SAS | - | 3,015 |
| Checkout SAS | - | 22,146 |
| Checkout LLC | 25,818 | - |
| Checkout Payments Group Limited | 25,225 | 201,283 |
| Southern Payments Systems Pty Ltd | 1,679 | 1,895 |
| Checkout Brazil | 511 | 473 |
| Checkout Technology Ltd (UK) | - | 5,780 |
| Checkout Canada | 1,069 | 235 |
| Checkout Australia Pty Ltd | 66 | - |
| Checkout GmbH | 5,582 | - |
| Checkout APAC Pte Ltd | 5,263 | - |
| Checkout Ltd Hong Kong | 15,461 | - |
| Checkout Technology (Israel) Ltd | 4,651 | - |
| Checkout Payment Ireland Limited | 138 | - |
| Checkout Payments Austria GmbH | 50 | - |
| Checkout KSA For Communication and Information Technology Co. | 444 | - |
| Checkout Japan | 472 | - |
| Total | 107,774 | 243,571 |
| All balances are repayable on demand and are not interest bearing. | | |

REVENUE AND COST OF SERVICES

| (US dollars \$'000) | 2022 | 2021 |
|--|----------------|----------------|
| REVENUE GENERATED FROM THE PROVISION OF SERVICES TO RELATED PARTIES | | |
| Checkout Technology Ltd | - | 2,056 |
| Checkout SAS | 202,727 | 189,535 |
| Checkout Australia Pty Ltd | 1,510 | - |
| ProcessOut SAS | 4,398 | - |
| Checkout Payments Jersey Limited | 1,102 | - |
| Total | 209,737 | 191,591 |

NOTE 20**RELATED PARTY TRANSACTIONS (continued)****COST OF SERVICES OBTAINED AND SHARE OF RETURN ON INTELLECTUAL PROPERTY WITH RELATED PARTIES**

| | | |
|---|---------------|---------------|
| Checkout GmbH | 6,329 | 9,417 |
| Checkout MENA FZ-LLC | 10 | - |
| Checkout APAC Pte Ltd | 13,262 | - |
| Checkout Ltd Hong Kong | 4,042 | - |
| Checkout Japan | 519 | - |
| Checkout KSA For Communication and Information Technology Co. | 444 | - |
| Checkout Support Services Limited | 7,825 | 4,035 |
| Checkout LLC | 44,043 | 9,544 |
| Checkout Technology Ltd (UK) | (27,463) | 7,803 |
| CKO Technology Services Ltd | - | 559 |
| Checkout Technology (Israel) Ltd | 4,611 | - |
| Checkout Payment Ireland Limited | 819 | - |
| Checkout Canada | 673 | 599 |
| Checkout Brazil | 540 | 488 |
| Other | 45 | - |
| Total | 55,699 | 32,445 |

LOANS TO RELATED PARTIES (NON-CURRENT)

| (US dollars \$'000) | 2022 | 2021 |
|-------------------------------|-----------|------------|
| Balance at 1 January | 76 | 327 |
| Loan repayments | - | (250) |
| Interest charge | 4 | 10 |
| Interest paid | (4) | (9) |
| Foreign exchange | - | (2) |
| Balance at 31 December | 76 | 76 |

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

The long-term loan is an intercompany loan issued to Checkout Australia Pty Ltd. At the balance sheet date, this represents a loan redeemable 3 years from the date of issuance with interest accruing at LIBOR + 5%. A previous loan was fully repaid during 2021. The loan is unsecured.

NOTE 21

FINANCIAL INSTRUMENTS

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

- Trade and other receivables
- Cash and cash equivalents
- Scheme debtors
- Investments
- Trade and other payables
- Merchant creditors
- Lease liabilities

| (US dollars \$'000) | 2022 | 2021 |
|------------------------------|----------------|----------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents* | 136,508 | 167,280 |
| Trade and other receivables | 183,263 | 124,333 |
| Scheme debtors | 151,170 | 81,289 |
| Long-term loan receivable | 76 | 76 |
| Total | 471,017 | 372,978 |
| FINANCIAL LIABILITIES | | |
| Trade and other payables | 116,302 | 254,386 |
| Merchant creditors | 273,360 | 137,634 |
| Lease liability | 31,041 | 40,300 |
| Total | 420,703 | 432,320 |

*\$58,322,000 is held as restricted cash (2021: \$93,807,000).

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 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.

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. The Company's assets (as disclosed in Note 21) are expected to be recoverable within 6 months, with the exception of long term loans, which would be over one year.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

2022

| (US dollars \$'000) | Less than 6 months | 6-12 months | 1-2 years | 2-5 years | Over 5 years | Total contractual cash flows |
|--------------------------|-----------------------|----------------|--------------|--------------|-----------------|------------------------------------|
| Trade and Other payables | 8,529 | - | - | - | - | 8,529 |
| Intercompany payables | 107,774 | - | - | - | - | 107,774 |
| Merchant creditors | 273,360 | - | - | - | - | 273,360 |
| Lease liability | 2,628 | 2,628 | 5,256 | 15,619 | 9,423 | 35,554 |
| Total | 392,291 | 2,628 | 5,256 | 15,619 | 9,423 | 425,217 |

2021

| (US dollars \$'000) | Less than 6 months | 6-12 months | 1-2 years | 2-5 years | Over 5 years | Total contractual cash flows |
|-----------------------|-----------------------|----------------|--------------|--------------|-----------------|------------------------------------|
| Trade payables | 4,400 | - | - | - | - | 4,400 |
| Intercompany payables | 243,900 | - | - | - | - | 243,900 |
| Merchant creditors | 137,634 | - | - | - | - | 137,634 |
| Lease liability | 3,895 | 2,928 | 5,856 | 17,529 | 16,251 | 46,459 |
| Other payables | 40,664 | - | - | - | 968 | 41,632 |
| Total | 430,493 | 2,928 | 5,856 | 17,529 | 17,219 | 474,025 |

NOTE 22

FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK

CURRENCY RISK

The Company is exposed to currency from three main sources:

- Risk due to merchants processing payments in multiple currencies, which impacts the currency that the Company earns its revenue and is charged its costs.
- Risk arising on the timing of settlements, caused by the delay between receiving scheme settlements and settlements being paid to merchants.
- Risk from changes in currency rates impacting operational expenditure incurred in the jurisdictions the Company operates in.

The Company has material exposure to the following currencies – other currencies are not considered to be individually material. The table below details the sensitivity of result after tax to changes in key foreign exchange rates to US dollars (the Group's primary currency), with all other variables held constant.

Change in post-tax profit

| (US Dollars \$'000) | 2022 | 2021 |
|---|-----------|------------|
| EUR : USD – impact of an positive and negative change in the exchange rate of 10% | +/-14,378 | +/- 16,857 |
| GBP : USD – impact of an positive and negative change in the exchange rate of 10% | +/-11,847 | +/- 10,022 |
| Other : USD – impact of an positive and negative change in the exchange rate of 10% for currencies contributing net income | +/- 2,028 | +/- 974 |
| Other : USD – impact of an positive and negative change in the exchange rate of 10% for currencies contributing net expense | +/- 1,680 | +/- 593 |

Currency risk associated with trading activity and settlements are monitored by the Group's treasury function, who identify concentrations of currency risk and take appropriate action to sell down exposures to the Group's functional currency or the functional currency of the entity within the Group with the exposure.

Scheme receipts and merchant payments are generally denominated in the same currency, which mitigates the Group's currency risk, however where there is a difference in settlement currency, the time between receipt and settlement usually limits the currency risk to the Group. Where this is not the case, significant exposures are identified and foreign currency exposure is sold down.

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.

Interest rate risk is considered immaterial for lease liabilities as the incremental borrowing rate is determined as of the lease commencement date and not adjusted for subsequent changes in interest rates. The Group does not have any leases with variable payments linked to changes in interest rates or inflation indices.

CAPITAL RISK MANAGEMENT

The Company defines its capital as total equity (as the Company has no net long or short-term financing positions), which is monitored by the directors 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, to provide optimal returns for shareholders and to safeguard the Company's status as a going concern. The Company is currently in a Reserves deficit position, and is relying on support from its parent, from whom it has outstanding short-term borrowings. Further detail is provided in the Going Concern disclosure.

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.

NOTE 22

FINANCIAL RISK MANAGEMENT (continued)

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 credit-impaired. Substantially all cash is held at banks with at least an A+ credit rating (high or very high investment grade). In the current year, \$135.6m of the Company's cash is held with banks with an A+ credit rating or higher, with \$0.9m held with banks with a rating of Baa3 or lower. The Company regularly monitors and assesses counterparty risk.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets (as amounts are expected to be settled within a 12 month period). To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics: namely credit rating and existing customer insights for trade and other receivables; and the reputability, underlying regulatory environment and any state-level support for scheme debtors. On that basis, the loss allowance was determined as follows:

| 2022 - (US Dollars \$'000) | High credit rating or demonstrated debt recoverability | Poor credit rating | 90 days past due or other evidence of credit distress | Intercompany balances receiving Group-wide support | Total |
|--|--|--------------------|---|--|---------|
| Gross carrying amount – scheme debtors | 151,170 | - | - | - | 151,170 |
| Gross carrying amount – trade receivables | 13,407 | 115 | 3,177 | - | 16,699 |
| Gross carrying amount – other receivables | 27,899 | - | - | - | 27,899 |
| Gross carrying amount – intercompany receivables | - | - | - | 140,816 | 140,816 |
| Average loss allowance rate | 0% | 100% | 100% | 0% | 0.3% |
| Expected credit loss allowance | - | 115 | 3,177 | - | 3,292 |

| 2021 - (US Dollars \$'000) | High credit rating or demonstrated debt recoverability | Poor credit rating | Highly reputable financial institutions/ state or sovereign supported | Intercompany balances receiving Group-wide support | Total |
|--|--|--------------------|---|--|---------|
| Gross carrying amount – scheme debtors | - | - | 81,289 | - | 81,289 |
| Gross carrying amount – trade receivables | - | 6,879 | - | - | 6,879 |
| Gross carrying amount – other receivables | 8,776 | - | 16,720 | - | 25,496 |
| Gross carrying amount – intercompany receivables | - | - | - | 101,242 | 101,242 |
| Gross carrying amount – prepayments and accrued income | 14,436 | 2,405 | - | - | 16,841 |
| Average loss allowance rate | 0% | 100% | 0% | 0% | |
| Expected credit loss allowance | - | 9,284 | - | - | 9,284 |

NOTE 22

FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

| (US Dollars \$'000) | 2022 | 2021 |
|---|--------------|--------------|
| At 1 January | 9,284 | 3,254 |
| (Decrease)/Increase in loan loss allowance recognised in profit or loss during the year | (4,548) | 9,292 |
| Receivables written off during the year as uncollectible | (1,444) | (3,262) |
| Closing loss allowance at 31 December | 3,292 | 9,284 |

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The carrying amount of financial assets represents the Company's maximum credit risk exposure, which is shown in note 21.

NOTE 23

ULTIMATE CONTROLLING PARTY

Checkout Payments Group Limited, a company incorporated in Jersey, is the immediate and ultimate parent of the Company. The registered address of Checkout Payments Group Limited is 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.

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 DATE EVENTS

In April of 2023, the Checkout Group established a core intra-group service company for the Group in the UK. As a result of this, Checkout Ltd transferred all of its Intellectual Property and novated most of the UK vendor contracts to the core intra-group service company at the accounting carrying value of the business. Further, most of the Checkout Group's UK employees changed their employing entity from Checkout Ltd to the core intra-group service company (with enough senior management, staffing, expertise and internal control remaining in Checkout Ltd for the purposes of continuing to operate and comply with its regulatory requirements).