

ACI Worldwide (EMEA) Limited

Annual report and financial statements

for the year ended 31 December 2021

Registered number: 02310474

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ACI Worldwide (EMEA) Limited

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Company information

Directors

D King
S Behrens
B Peterson

Secretary

B Peterson

Registered office

ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

ACI Worldwide (EMEA) Limited

Strategic report

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities

ACI Worldwide (EMEA) Limited is a wholly owned subsidiary of ACI Worldwide, Inc. ("ACI"). It markets, installs and supports a broad line of group companies' software products and services which are primarily focused on facilitating electronic payments. These products and services are used principally by financial institutions, retailers and electronic payment processors both in domestic and international markets. ACI Worldwide (EMEA) Limited operates in the UK, Europe, the Middle East and Africa ("EMEA") as a distributor for the ACI group companies. Products are marketed under the ACI Worldwide and ACI Universal Payments brands.

Review of the business

The Company made an operating profit for the year of £10.7 million (2020: £51.4 million loss). The Company made an operating margin of 11% in the current year (2020 was an operating loss).

The Company did not receive any dividend payments during the year (2020: £66k).

Turnover for the year was £93.2 million (2020: £79.5 million), which was mainly due to an increase in software licence revenue of £14.7 million, licence revenue is cyclical in nature.

Expenditure, comprising cost of sales and administrative expenses totalled £82.5 million (2020: £130.9 million). Cost of sales increased by £14.3 million due to increased licence fee revenue costs. Administrative expenses, excluding impairment losses, were aligned with 2020. No impairment loss was recognised in 2021, (2020: £63.1 million).

Net assets at 31 December 2021 total £98.4 million compared with £40.9 million at 31 December 2020. The increase is largely due to the increase in net current assets in the current year of £61.2 million.

Key performance indicators

The directors consider that turnover is the KPI used to measure the Company's performance along with operating margin.

Turnover increased by £14.7 million or 18.5% to £93.2 million (2020: £79.5 million).

The Company made an operating margin of 11% in the current year (2020 was an operating loss).

Principal risks and uncertainties

The Company operates in a rapidly changing technological and economic environment that presents numerous risks. Many of these risks are beyond the Company's control and are driven by factors that often cannot be predicted. The following discussion highlights some of these risks:

The markets in which we compete are characterised by rapid change, evolving technologies and industry standards and intense competition. There is no assurance that we will be able to maintain our current market share or customer base. We face intense competition in our businesses and we expect competition to remain intense in the future. We have many competitors that are significantly larger than us and have significantly greater financial, technical and marketing resources, have well-established relationships with our current or potential customers, advertise aggressively or beat us to the market with new products and services. In addition, we expect that the markets in which we compete will continue to attract new competitors and new technologies. Increased competition in our markets could lead to price reductions, reduced profits, or loss of market share.

ACI Worldwide (EMEA) Limited

Strategic report

Principal risks and uncertainties (continued)

The current global economic conditions could also result in increased price competition for our products and services. To compete successfully, we need to maintain a successful research and development effort. If we fail to enhance our current products and develop new products in response to changes in technology and industry standards, bring product enhancements or new product developments to market quickly enough, or accurately predict future changes in our customers' needs and our competitors develop new technologies or products, our products could become less competitive or obsolete.

There are a number of risks associated with the Company's international operations, including, exposure to fluctuations in currency exchange rates, that could have a material impact on the Company's operations and financial condition. The Company has historically derived a majority of its revenues from international operations and anticipates continuing to do so. As a result, the Company is subject to risks of conducting international operations. One of the principal risks associated with international operations is potentially adverse movements of foreign currency exchange rates. The Company's exposures resulting from fluctuations in foreign currency exchange rates may change over time as the Company's business evolves and could have an adverse impact on its financial condition and/or results of operations. The Company and its group have not entered into any derivative instruments or hedging contracts to reduce exposure to adverse foreign currency changes.

The Company is exposed to inflation risk as a result of its operations and footprint. Economic downturns, worldwide unrest, utilisation of expanding economies' labour forces and interest rate changes all have an effect on inflation. However, given the size of the Company's operations, the costs of managing exposure to inflation risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Mergers, acquisitions and personnel changes at key financial services organisations have the potential to adversely affect our business, financial condition, cash flows, and results of operations. Our business is concentrated in the financial services industry, making us susceptible to consolidation in, or contraction of the number of participating institutions within that industry. Consolidation activity among financial institutions has increased in recent years and the current financial conditions have resulted in even further consolidation and contraction as financial institutions have failed or have been acquired by or merged with other financial institutions. There are several potential negative effects of increased consolidation activity. Continuing consolidation and failure of financial institutions could cause us to lose existing and potential customers for our products and services. For instance, consolidation of two of our customers could result in reduced revenues if the combined entity were to negotiate greater volume discounts or discontinue use of certain of our products. Additionally, if a non-customer and a customer combine and the combined entity in turn decided to forego future use of our products, our revenues would decline.

As part of our business, we electronically receive, process, store, and transmit sensitive business information of our customers. Unauthorised access to our computer systems or databases could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in our operations. These concerns about security are increased when we transmit information over the Internet. Security breaches in connection with the delivery of our products and services, including products and services utilising the Internet, or well-publicised security breaches, and the trend toward broad consumer and general public notification of such incidents, could significantly harm our business, financial condition, cash flows and/or results of operations. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology protecting our networks and confidential information. Computer viruses have also been distributed and have rapidly spread over the Internet.

Computer viruses could infiltrate our systems, disrupting our delivery of services and making our applications unavailable. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and terminate their agreements with us, and could inhibit our ability to attract new customers.

ACI Worldwide (EMEA) Limited

Strategic report

Principal risks and uncertainties (continued)

Future developments

For the foreseeable future, we expect to derive most of our revenue from products and services we provide to the banking and financial services industries. The global electronic payments industry and the banking and financial services industries depend heavily upon the overall levels of consumer, business and government spending. The current economic conditions and the potential for increased or continuing disruptions in these industries as well as the general software sector could result in a decrease in consumers' use of banking services and financial service providers resulting in significant decreases in the demand for our products and services which could adversely affect our business and operating results. A lessening demand in either the overall economy, the banking and financial services industry or the software sector could also result in the implementation by banks and related financial service providers of cost reduction measures or reduced capital spending resulting in longer sales cycles, deferral or delay of purchase commitments for our products and increased price competition which could lead to a material decrease in our future revenues and earnings.

Events arising since the end of the reporting period

No events to report.

Section 172(1) statement

Overview and approach

A director of a company must act in the way they consider, in good faith, to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard (amongst other matters) to:

Employee engagement

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of our specialised business and for ACI to succeed we need to manage our people's performance, development and talent while operating as efficiently as possible. The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, ACI news and a special edition for employees of the quarterly and annual results. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully for many years and is open to all employees, in addition the company has a successful sales incentive commission plan, management incentive plan as well as share options and other long-term incentive plans.

Business relationships

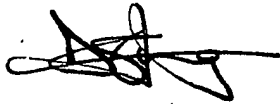
The directors fostered the company's business relationships with suppliers, customers and others as these relationships directly contribute to mitigating principle risks and uncertainties. Details of principle risks and uncertainties can be found in the Strategic Report on pages 1 to 3.

Our strategy prioritises organic and acquired growth, driven by market related software solutions to existing customers as well as new customers. To do so we need to develop and maintain strong customer relationships at all times. We value all of our suppliers and have multi-year relationships and contracts with key suppliers and third-party stakeholders.

ACI Worldwide (EMEA) Limited

Strategic report

Approved by the Board and signed on its behalf by:



D King
Director

29 September 2022
ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

ACI Worldwide (EMEA) Limited

Directors' report

The directors present their annual report on the affairs of ACI Worldwide (EMEA) Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2021.

Future developments

Details of future developments can be found in the Strategic Report on page 3.

Events after the balance sheet date

Details of events arising since the end of the reporting period can be found in the Strategic Report on page 4.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, for at least 12 months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

Existence of branches outside the UK

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

- United Arab Emirates
- Bahrain
- Saudi Arabia

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company and its group undertakings rely on the natural hedge of matching incomes and expenditures in foreign currencies, with excess funds being utilised throughout the group.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

ACI Worldwide (EMEA) Limited

Directors' report (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

The Company and its group undertakings use a cash pooling system for the EMEA region ensuring certainty of maintaining liquidity as well as maximising excess funds.

Dividends

The directors did not declare any dividends during the year and up to the date of signing these financial statements (2020: £nil) to be paid to Applied Communications Inc. U.K. Holding Limited, its parent and only shareholder.

Directors

The directors, who served throughout and through the date of signing, were as follows:

D King

S Behrens

B Peterson

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Political contributions

There were no political contributions made in the year (2020: £nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement

Details of employee engagement can be found in the Strategic Report on page 4.

Engagement with suppliers, customers and others

Details of engagement with suppliers, customers and others can be found in the Strategic Report on page 4.

Energy and carbon

The Company occupies one office property which is multi-tenanted and where a large company does not consume more than 40,000 kWh of energy in a reporting period, it qualifies as a low energy user and is exempt from reporting under these regulations. The company made use of this exemption.

ACI Worldwide (EMEA) Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approval of reduced disclosures

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, ACI Worldwide, Inc., which may be obtained from <http://investor.aciworldwide.com/financial-information/annual-reports>.

Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, preparation of consolidated accounts, disclosure of key management personnel and related party transactions.

Approved by the Board and signed on its behalf by:



D King
Director

27 September 2022
ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

ACI Worldwide (EMEA) Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ACI Worldwide (EMEA) Limited

Independent auditor's report to the members of ACI Worldwide (EMEA) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ACI Worldwide (EMEA) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

ACI Worldwide (EMEA) Limited

Independent auditor's report to the members of ACI Worldwide (EMEA) Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

ACI Worldwide (EMEA) Limited

Independent auditor's report to the members of ACI Worldwide (EMEA) Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. This included the employment law, pension legislation and General Data Protection Regulation 2016/679.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- ACI Worldwide (EMEA) Limited sells software licences, for which revenue is recognised at a point in time. Where sales are completed shortly before and after the year end of 31 December, there is a risk that the associated revenue is not recognised in the correct financial year. In order to address this risk, we have assessed the timing of revenue recognition for software licence sales made within a defined period before and after the year end by vouching sales to proof of delivery.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance reviewing correspondence with HMRC.

ACI Worldwide (EMEA) Limited

Independent auditor's report to the members of ACI Worldwide (EMEA) Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Adkins FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
29 September 2022

ACI Worldwide (EMEA) Limited

Profit and loss account

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	3	93,169	79,483
Cost of sales		(56,662)	(42,367)
Gross profit		36,507	37,116
Administrative expenses		(25,825)	(88,503)
Operating profit/(loss)		10,683	(51,387)
Income from shares in group undertakings	4	-	66
Finance costs (net)	4	484	(163)
Profit/(Loss) before taxation	5	11,167	(51,484)
Tax on profit/(loss)	9	(2,610)	(2,546)
Profit/(Loss) for the financial year attributable to the equity shareholders of the Company		8,557	(54,030)

There are no recognised gains or losses in either year other than the profit or loss noted, and accordingly no separate Statement of Other Comprehensive Income is presented.

The notes on pages 16 to 35 form an integral part of these financial statements, all activities are classed as continuing activities.

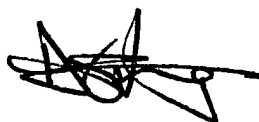
ACI Worldwide (EMEA) Limited

Balance sheet

As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Goodwill	11	15,659	23,085
Intangible assets	12	93	1,737
Tangible assets	13	720	953
Investments	14	37,130	37,130
		<u>53,602</u>	<u>62,905</u>
Current assets			
Debtors: due after more than one year	15	66,346	17,479
Debtors: due within one year	15	39,027	34,112
Cash at bank and in hand		650	765
		<u>106,023</u>	<u>52,356</u>
Creditors: amounts falling due within one year	16	<u>(55,957)</u>	<u>(62,883)</u>
Net current liabilities		<u>50,066</u>	<u>(10,527)</u>
Total assets less current liabilities		<u>103,668</u>	<u>52,378</u>
Creditors: amounts falling due after more than one year	17	<u>(2,004)</u>	<u>(7,104)</u>
Provisions for liabilities	18	<u>(3,242)</u>	<u>(4,411)</u>
Net assets		<u>98,422</u>	<u>40,863</u>
Capital and reserves			
Called up share capital	19	-	-
Share premium account	19	96,002	47,000
Merger reserve	19	911	911
Profit and loss account	19	1,509	(7,048)
Shareholder's funds		<u>98,422</u>	<u>40,863</u>

The financial statements of ACI Worldwide (EMEA) Limited (registered number 02310474) were approved by the board of directors and authorised for issue on 29 September 2022. They were signed on its behalf by:



D King
Director

The notes on pages 16 to 35 form an integral part of these financial statements.

ACI Worldwide (EMEA) Limited

Statement of changes in equity

As at 31 December 2021

		Called-up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total £000
At 1 January 2020		0	47,000	911	46,982	94,892
Loss for the financial year		-	-	-	(54,030)	(54,030)
At 31 December 2020		0	47,000	911	(7,048)	40,862
Capital contribution	19	-	49,002	-	-	49,002
Profit for the financial year		-	-	-	8,557	8,557
At 31 December 2021		0	96,002	911	1,509	98,422

The notes on pages 16 to 35 form an integral part of these financial statements.

ACI Worldwide (EMEA) Limited

Notes to the financial statements **For the year ended 31 December 2021**

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

ACI Worldwide (EMEA) Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the Contents page.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, ACI Worldwide, Inc., which may be obtained at <http://investor.aciworldwide.com/financial-information/annual-reports>. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement, presentation of a reconciliation of the number of shares outstanding at the beginning and at the end of the period, and remuneration of key management personnel.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The operating performance of the Company is described in the strategic report on page 1 and the financial position of the Company is shown on the balance sheet at page 14. In addition, pages 2 and 3 of the strategic report and pages 6 and 7 of the directors' report include the risks faced by the Company and the industry in which it operates as well as its financial risk management objectives, policies and its exposures to credit and liquidity risks.

After making enquiries and reviewing the relevant group (ultimate parent company and subsidiaries) forecasts, budgets and long-term strategic plan, the directors have a reasonable expectation that the Company will not see any detrimental effect on its current operating performance levels. Given these enquiries and reviews, there is a strong expectation that the Company will remain profitable and have adequate resources to continue in operational existence for at least the next 12 months and the foreseeable future. Thus they continue to adopt the going concern bases in preparing the directors' report and the annual financial statements.

The Company have sufficient cash resources consisting of cash on hand and available credit facilities. To address the potential long-term financial impacts of the virus, we have delayed non-essential capital spending and operating expenses.

ACI Worldwide (EMEA) Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies (continued)

c. Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is nine years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the statement of comprehensive income in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

d. Turnover

Turnover is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises turnover when it transfers control of promised products and/or services to customers. The Company has generally concluded that it is the principal in its turnover arrangements and records turnover on a gross basis because it typically controls the goods or services before transferring them to the customer.

Software licences

As it relates to software licence turnovers, the Company will recognise turnover in advance of billings (i.e. contract assets) for certain software licence arrangements with extended payment terms. Additionally, certain of those same software licence arrangements will contain a significant financing component which will result in a change in the amount of the contract value that is allocated to software licence turnover. The adjustment to the transaction price attributable to the significant financing component will be presented as an adjustment to the contract assets (i.e. net contract assets) and recognised as interest income over the term of the contract. The amounts allocated to software licence, maintenance, and services turnovers for all software licence arrangements are recognised as each element is delivered or provided to the customer.

Product support

Maintenance fees are recognised when services are provided, over the maintenance term specified in the maintenance contract.

Software modification and consulting services

Turnovers from arrangements to provide services on a time and materials basis are recognised as the related services are performed.

Royalty income

Royalty income is recognised as a percentage return on external contracts and sales of the intellectual property owned by the Company.

Finance income

Interest turnover is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Accrued and deferred income

Accrued income is recognised when the Company has performed under a contract but has not yet billed the customer. Conversely, deferred income is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer. Accrued income is transferred to trade debtors when the rights to consideration become unconditional. Deferred income is recognised as turnover as the Company performs under the contract.

ACI Worldwide (EMEA) Limited

Notes to the financial statements **For the year ended 31 December 2021**

1. Accounting policies (continued)

Contract costs

Commission costs are capitalised if they are incurred to obtain a contract with a customer that the Company would not have incurred if the contract had not been obtained, and the costs are expected to be recoverable.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered.

All turnover is stated net of the amount of value-added tax (VAT).

e. Intangible assets

Intangible fixed assets relating to purchased contracts and customer relationships are included at cost and amortised on a straight-line basis over their estimated useful economic lives. The estimated useful economic life of purchased contracts and customer relationships is nine years. Provision is made for any impairment.

f. Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. The fair value of the fixed assets have been considered by the directors and not deemed to be significantly different. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements – 10% per annum

Motor vehicles – 25% per annum

Computer equipment - 25% per annum

Office furniture and equipment – 15% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

g. Investments

Fixed asset investments are shown at cost less provision for impairment. Provisions are made for any impairment in value. The fair value of the investments have been considered by the directors and not deemed to be significantly different.

h. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

ACI Worldwide (EMEA) Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies (continued)

Financial assets and liabilities are offset in the statement of financial position only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the company considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

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

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

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

i. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

ACI Worldwide (EMEA) Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies (continued)

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

j. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

ACI Worldwide (EMEA) Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies (continued)

j. Taxation (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

k. Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

l. Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

m. Employee benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

n. Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

o. Long-term contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

ACI Worldwide (EMEA) Limited

Notes to the financial statements **For the year ended 31 December 2021**

1. Accounting policies (continued)

p. Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

q. Share-based payments

The Company grants to its employees rights to equity instruments of ACI Worldwide, Inc., its parent company. The required disclosures are included in ACI Worldwide, Inc.'s consolidated financial statements.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There were no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty - Turnover

Sales contracts comprise one or more of software licences, software modification services, annual product support, hardware and other consulting services. Turnover is allocated to each component based on its relative fair value. Turnover is recognised separately, for each of these components if they are considered to represent a separable good or service which can be provided on a stand alone basis. Refer to the documented Turnover section for specific details.

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

3. Turnover

An analysis of the Company's turnover by geographical market is set out below.

	2021 £000	2020 £000
Turnover:		
United Kingdom	23,154	34,782
Europe	16,960	16,880
Rest of the world	53,055	27,821
	<u>93,169</u>	<u>79,483</u>

An analysis of the Company's turnover by category is as follows:

	2021 £000	2020 £000
Software licences	39,827	25,162
Product support	18,458	19,667
Software modification and consulting services	34,884	34,372
Royalty income	-	282
	<u>93,169</u>	<u>79,483</u>

4. Finance costs (net)

	2021 £000	2020 £000
Interest payable and similar expenses	90	1,378
Less: Interest receivable and similar income	(574)	(1,215)
	<u>(484)</u>	<u>163</u>

Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable from group undertakings	-	(646)
Other interest receivable	(574)	(569)
	<u>(574)</u>	<u>(1,215)</u>

Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group undertakings	47	1,334
Other charges	43	44
	<u>90</u>	<u>1,378</u>

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

4. Finance costs (net) (continued)

Income from shares in group undertakings

	2021 £000	2020 £000
Income from fixed asset investment:		
Dividend received from ACI Worldwide (Norway) A.S.	-	(66)

5. Profit/(Loss) before taxation

Loss before taxation is stated after charging/(crediting):

	2021 £000	2020 £000
Depreciation of tangible fixed assets (see note 13)	291	858
Impairment of tangible fixed assets	-	82
Amortisation of goodwill (see note 11)	7,426	7,428
Amortisation of intangible assets (see note 12)	1,644	1,643
Impairment of investment in subsidiary (see note 14)	-	63,082
Operating lease rentals	1,346	1,386
Finance lease rentals	-	15
Foreign exchange loss/ (gain)	25	(2,238)

The impairment of tangible fixed assets arose as the result of the Watford and Leeds leases becoming onerous (see note 18).

Amortisation of intangible assets and foreign exchange loss/ (gain) are included in administrative expenses. Impairments are included in administrative expenses.

6. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to Deloitte LLP and its associates for the audit of the Company's financial statements	95	95
Fees payable to Deloitte LLP and its associates for other services:		
Tax compliance services	7	7

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2021 Number	2020 Number
Technical	167	184
Selling and marketing	76	65
Administration	24	31
	<u>267</u>	<u>280</u>

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	26,060	26,352
Social security costs	2,783	2,855
Pension costs	1,583	1,493
Share-based payments	748	951
	<u>31,174</u>	<u>31,651</u>

8. Directors' remuneration and transactions

	2021 £000	2020 £000
<i>Directors' remuneration (also the highest paid director)</i>		
Emoluments	310	202
Company contributions to money purchase pension schemes	18	12
	<u>328</u>	<u>214</u>

	2021 Number	2020 Number
The number of directors who:		
Are members of a money purchase pension scheme	1	1
Exercised options over shares in the parent company	1	1

The highest paid director exercised share options to the value of £51k (2020: £51k) in the year and had no shares receivable under long-term incentive schemes.

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

9. Taxation

The tax expense comprises:

	2021 £000	2020 £000
Current tax on income		
UK corporation tax	2,392	2,677
Foreign withholding taxes	336	94
Adjustment in respect of prior periods	(88)	(148)
Total current tax	2,640	2,623
Deferred tax		
Origination and reversal of timing differences	160	(85)
Adjustments in respect of prior periods	(100)	8
Adjustments in respect of prior periods – rate adjustment	(90)	-
Total deferred tax (see note 19)	(30)	(77)
Total tax expense on profit	2,610	2,546

The current tax charge for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before tax	11,167	(51,484)
Tax on Company loss at standard UK corporation tax rate of 19% (2020: 19%)	2,122	(9,782)
Effects of:		
- Expenses not deductible for tax purposes	1,712	13,530
- Capital allowances in excess of depreciation	(86)	(33)
- Other short-term timing differences	(61)	118
- Withholding taxes suffered	336	94
- Current year double tax relief	(245)	(36)
- Prior year adjustment	(87)	(148)
- Group relief not paid for	(1,050)	(1,120)
Current tax expense for year	2,640	2,623
Deferred tax expense for year	(30)	(77)
Total tax expense for year	2,610	2,546

The standard rate of tax applied to reported profits is 19% (2020: 19%).

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

9. Taxation (continued)

Deferred tax

Deferred tax is recognised as follows:

	2021 £000	2020 £000
Difference between accumulated depreciation and amortisation and capital allowances	516	596
Other timing differences	279	169
Deferred tax asset	795	765

	2021 £000	2020 £000
Opening deferred tax asset	765	688
Amounts taken to profit and loss	30	77
Deferred tax asset	795	765

The deferred tax asset has been recognised, as the Directors consider that the Company will generate sufficient taxable profits in the foreseeable future that will enable the asset to be recovered.

There are tax losses of £12.2m gross (2020: £12.2m gross) that are unrecognised for deferred tax as there is insufficient evidence of future taxable profits arising in the foreseeable future against which these tax losses can be utilised.

In the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as the result the deferred tax balances as at 31 December 2021 continue to be measured at the hybrid/full 25% rate noted above. The estimated impact of the reversal of the corporation tax rate increase would not have a material impact on the current deferred tax asset.

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

10. Share-based payments

ACI grants share-based awards to key employees of the Company. The required disclosures are included in ACI's consolidated financial statements.

Stock Options

Stock options granted pursuant to ACI's 2005 Incentive Plan were granted at an exercise price not less than the market value per share of ACI's common stock on the date of the grant. Under the 2005 Incentive Plan, the term of the outstanding options may not exceed ten years. Vesting of options is determined by ACI's compensation committee of the board of directors and the administrator of the 2005 Incentive Plan and can vary based upon the individual award agreements.

Expected volatilities are based on ACI's historical common stock volatility, derived from historical stock price data for periods commensurate with the options' expected life. The expected life of options granted represents the period of time options are expected to be outstanding, based primarily on historical employee option exercise behaviour. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero coupon bonds issued with a term equal to the expected life at the date of grant of the options. The expected dividend yield is zero, as ACI has historically paid no dividends and does not anticipate dividends to be paid in the future.

Long-Term Incentive Program Performance Share Awards

During the year ended December 31, 2017, pursuant to ACI's 2016 Incentive Plan, ACI granted long-term incentive program performance share awards ("LTIP performance shares") to key employees of the Company. These LTIP performance shares are earned, if at all, based upon the achievement, over a specified period that must not be less than one year and is typically a three-year performance period, of performance goals related to (i) the compound annual growth over the performance period in the sales for ACI, as determined by ACI, and (ii) the cumulative operating income or EBITDA over the performance period as determined by ACI. Up to 200% of the LTIP performance shares may be earned upon achievement of performance goals equal to or exceeding the maximum target levels for the performance goals over the performance period. On an annual basis, management must evaluate the probability that the threshold performance goals will be achieved, if at all, and the anticipated level of attainment to determine the amount of compensation expense to record in the consolidated financial statements.

During the year ended December 31, 2020, ACI revised the expected attainment rates for the awards granted in fiscal year 2017 from 100% to 160%.

Restricted Share Awards

During the year ended December 31, 2017, pursuant to ACI's 2016 Incentive Plan, ACI granted restricted share awards ("RSAs") to key employees of the Company. The awards have requisite service periods of three years and vest in increments of 33% on the anniversary of the grant dates.

Under each arrangement, shares are issued without direct cost to the employee. ACI estimates the fair value of the RSAs based upon the market price of its stock at the date of grant. The RSA grants provide for the payment of dividends on ACI's common stock, if any, to the participant during the requisite service period, and the participant has voting rights for each share of common stock. The Company recognizes compensation expense for RSAs on a straight-line basis over the requisite service period.

Total Shareholder Return Awards

During the years ended December 31, 2021 and 2020, pursuant to ACI's 2016 Incentive Plan, ACI granted total shareholder return awards ("TSRs") to key employees of the Company. TSRs are performance shares that are earned, if at all, based upon ACI's total shareholder return as compared to a group of peer companies over a three-year performance period. The award payout can range from 0% to 200%. To determine the grant date fair value of the TSRs, a Monte Carlo simulation model is used. The Company recognizes compensation expense for the TSRs over a three-year performance period based on the grant date fair value.

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

10. Share-based payments (continued)

Restricted Share Units

During the years ended December 31, 2021 and 2020, pursuant to ACI's 2016 Incentive Plan, ACI granted restricted share unit awards ("RSUs") to key employees of the Company. RSUs generally have requisite service periods of three years and vest in increments of 33% on the anniversary of the grant dates. Under each arrangement, RSUs are issued without direct cost to the employee on the vesting date. ACI estimates the fair value of the RSUs based upon the market price of its stock at the date of grant. The Company recognizes compensation expense for RSUs on a straight-line basis over the requisite service period.

The total share-based payment expense is measured as the aggregate charge calculated at the Group level per each participant who was an employee of the Company during the period. The scheme is denominated in US Dollars and translated at the average exchange rate for the period.

The group did not enter into any share-based payment transactions with parties other than employees in the current period.

11. Goodwill

	Positive goodwill £000	Negative goodwill £000	Total £000
At 1 January 2021	67,797	(277)	67,520
At 31 December 2021	67,797	(277)	67,520
Amortisation			
At 1 January 2021	44,712	(277)	44,435
Charge for the year	7,426	-	7,426
At 31 December 2021	52,138	(277)	51,861
Net book value			
At 31 December 2021	15,659	-	15,659
At 31 December 2020	23,085	-	23,085

The recognised goodwill arose as a result of the purchase of the business and assets of Retail Decisions Europe Limited on 1 January 2015.

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

12. Intangible fixed assets

	Customer relationships £000	Total £000
At 1 January 2021	17,776	17,776
Disposals	-	-
At 31 December 2021	17,776	17,776
Amortisation		
At 1 January 2021	16,039	16,039
Charge for the year	1,644	1,644
At 31 December 2021	17,683	17,683
Net book value		
At 31 December 2021	93	93
At 31 December 2020	1,737	1,737

13. Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Office furniture & equipment £000	Total £000
Cost				
At 1 January 2021	865	1,321	471	2,657
Additions	-	61	-	61
Disposals	(344)	(150)	(63)	(557)
At 31 December 2021	521	1,232	408	2,161
Depreciation				
At 1 January 2021	564	968	172	1,704
Charge for the year	74	162	55	291
Disposals	(341)	(150)	(63)	(554)
At 31 December 2021	297	980	164	1,441
Net book value				
At 31 December 2021	224	252	244	720
At 31 December 2020	301	353	299	953

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

14. Fixed asset investments

	2021 £000	2020 £000
Subsidiary undertakings	37,130	37,130
Total	37,130	37,130

Investments

The Companies in which the Company has interest at the year-end are as follows:

Name	Registered office address	Country of incorporation	Principal activity	% ordinary shares and voting rights held
ACI South Africa (Pty) Limited	Building A The Estuaries Cape Town South Africa 7441	South Africa	Provision of computer software and services	100%
Applied Communications Worldwide (Nordic) AB	Brunnsgatan 21 B 3rd Floor 111 38 Stockholm Sweden	Sweden	Provision of computer software and services	100%
ACI Worldwide Iberica S.L.U	Paseo de la Castellana 200 Madrid Suite 517 Madrid, Spain	Spain	Provision of computer software and services	100%
ACI Worldwide France S.A.S.	3 square Desaix 4th & 5th Floors Paris 75015 France	France	Provision of computer software and services	100%
ACI Worldwide (Italia) S.R.L.	Piazza IV Novembre, 7 20124 Milano Italy	Italy	Provision of computer software and services	95%
ACI Global Limited	ReD House (First floor) Cemetery Pales Brookwood Surrey GU24 0BL United Kingdom	United Kingdom	Provision of computer software and services	100%

All of the above investments are held directly by ACI Worldwide (EMEA) Limited.

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

14. Fixed asset investments (continued)

Subsidiary undertakings

	£000
Cost	
At 1 January 2021	122,249
	<u>122,249</u>
Provisions for Impairment	
At 1 January 2021	85,119
Impairment	-
	<u>85,119</u>
At 31 December 2021	<u>37,130</u>
Carrying value	

The Company received no dividends payments during the year (2020: £66k).

The Company made an additional investment in ACI Worldwide Iberica S.L.U of £6.2 million in 2020.

Subsidiary undertakings have not been consolidated by ACI Worldwide (EMEA) Limited as permitted by s401 of the Companies Act 2006 as they are consolidated in the financial statements of ACI Worldwide, Inc.

15. Debtors

	2021 £000	2020 £000
Amounts falling due within one year:		
Trade debtors	19,618	22,538
VAT	310	321
Amounts owed by group undertakings	-	144
Other debtors	1,022	491
Accrued Income	16,489	10,314
Prepayments	1,588	304
	<u>39,027</u>	<u>34,112</u>
Amounts falling due after more than one year:		
Other debtors	34	1,538
Prepayments	1,646	-
Accrued Income	23,898	15,176
Amounts owed by group undertakings	39,973	-
Deferred tax assets (see note 9)	795	765
	<u>66,346</u>	<u>17,479</u>

The Company is a participant in ACI's international cash pool and depending on the movement of cash the Company can either be the lender or the borrower. This arrangement is underpinned by a signed loan agreement with Applied Communications GPC Limited. As per the agreement a pre-established margin is added to the applicable market rate by currency, the applicable market rate shall equal the London Interbank Offered rate. The USD Secure overnight financing rate will be used effective 1 January 2022.

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

16. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	1,145	199
Amounts owed to group undertakings	36,488	43,414
Corporation tax	123	1,691
Other taxation and social security	2,314	4,620
Other creditors	-	3,380
Deferred income	11,149	8,752
Accruals	4,738	872
	<u>55,957</u>	<u>62,883</u>

The Company is a participant in ACI's international cash pool and depending on the movement of cash the Company can either be the lender or the borrower. This arrangement is underpinned by a signed loan agreement with Applied Communications GPC Limited. As per the agreement a pre-established margin is added to the applicable market rate by currency, the applicable market rate shall equal the London Interbank Offered rate. The USD Secure overnight financing rate will be used effective 1 January 2022.

17. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Deferred income	1,966	7,044
Other liabilities	38	60
	<u>2,004</u>	<u>7,104</u>

18. Provisions for liabilities

	Dilapidations £000	Onerous leases £000	Total £000
At 1 January 2021	642	3,769	4,411
Charged to profit and loss account	32	(1,201)	(1,169)
At 31 December 2021	<u>674</u>	<u>2,568</u>	<u>3,242</u>

Dilapidations

The provision is in respect of making good the properties currently in use at the end of the tenancies. The provision is calculated as disclosed in note 1 to the accounts. The leases expire within the next 2 to 3 years and the remedial works or settlements will be negotiated with the landlords towards these dates.

Onerous leases

Due to the effects of the COVID-19 pandemic, our employees have been working remotely and therefore our leased premises have been underutilised. Upon further assessment, the employees intend to continue working remotely indefinitely, which will leave the premises largely unused. As a result of this, the Company removed all furnishings and personal property from the Watford and Leeds leased premises. The Company is not intending to abandon the space and fully intends to comply with the terms of the lease for the remainder of the lease term. The Watford and Leeds contracts therefore are recognised as onerous contracts as the

ACI Worldwide (EMEA) Limited

Notes to the financial statements For the year ended 31 December 2021

unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

19. Called up share capital and reserves

	2021 £	2020 £
Authorised 7,000,000 ordinary shares of £1 each	7,000,000	7,000,000
Allotted, called up and fully-paid 8 ordinary shares of £1 each	8	7
Shares classified in shareholder's funds	8	7

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

- The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
- On 13 August 2021 the Company approved the issuance of one share in the Company at a subscription price of £1.00, representing the £1.00 par value of the share plus share premium of £48,999,999.00, to the immediate parent company Applied Communications Inc. U.K. Holding Limited.
- The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments. This reserve includes cumulative contributions to share-based payments to the value of £4,753k which are not distributable.
- The merger reserve represents the equity reserves transferred on merger and acquisition activities.

20. Financial commitments

Total future minimum lease payments under non-cancellable onerous contracts are as follows:

	2021 £000	2020 £000
- within one year	1,350	1,302
- between one and five years	1,217	1,767
	2,567	3,069

21. Pension scheme

The Company operates defined contribution money purchase pension scheme. The pension cost expense for the year represents contributions payable by the Company to the scheme and amounted to £1,583k (2020: £1,493k). The outstanding contributions payable at year end amount to £183k (2020: £167k) and are included in taxation and social security in Note 16.

ACI Worldwide (EMEA) Limited

Notes to the financial statements **For the year ended 31 December 2021**

22. Related party transactions

As the Company is a wholly-owned subsidiary of ACI Worldwide, Inc., the Company has taken advantage of the exemption contained in section 33 of FRS 102 (FRS 102.33.1A) and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties as 100% of the voting rights are controlled within the Group).

23. Controlling party

In the opinion of the directors, the Company's ultimate parent and controlling party is ACI Worldwide, Inc., a company incorporated in Delaware, USA. This is also the parent undertaking of the largest and smallest group which includes the Company and for which group accounts are prepared. The registered office address of the parent company is 2811 Ponce de Leon Blvd, PH1 Coral Gables, FL 33134, USA. Copies of the group financial statements of ACI Worldwide, Inc. are available from <http://investor.aciworldwide.com/financial-information/annual-reports>.

The Company's immediate parent company at the period end, by virtue of the majority shareholding in ACI Worldwide (EMEA) Limited, was Applied Communications Inc. U.K. Holding Limited.

24. Post balance sheet events

No events to report.