



Annual financial statements

Checkout Ltd – 08037323

Year Ended 31 December 2021





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Company information

Directors

Guillaume Pousaz
Mike Benchimol (resigned 28 November 2022)
Adrian Asher (appointed 28 November 2022)
Wolfgang Bardorf (appointed 28 November 2022)
Mike Weigand (appointed 28 November 2022)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors

1 Embankment Place
London
WC2N 6RH

Principal banks

Barclays Bank	J.P. Morgan
One Churchill Place	25 Bank Street
Canary Wharf	Canary Wharf
London	London
E14 5HP	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 financial statements of Checkout Ltd (the 'Company') for the year ended 31 December 2021.

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

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 has increased by 3% to \$259.6m (2020: \$252.7m) during the year as a result of the increase in the Company's principal activity.

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 decreased by 11% to \$76.7m (2020: \$86.0m) due to customer mix changing as numerous merchants previously serviced by the Company are now serviced by another group company as a result of Brexit.

The loss from operating activities was \$11.9m (2020: \$35.7m). This is after non-cash items relating to share based payment charges of \$8.4m (2020: \$15.2m) and depreciation and amortisation of \$15.1m (2020: \$8.7m). Excluding these non-cash items, the profit from operating activities was \$11.6m (2020: \$5.3m).

At 31 December 2021 the Company had net liabilities of \$7.6m (2020: net assets of \$13.0m). The Company returned to a net asset position soon after the close of the financial year after a capital injection from the parent company.

Refer to the going concern section of the Directors' report for further details.

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.

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. The Company engages in a voluntary annual Compliance audit, holds quarterly credit, risk and compliance committee meetings and monitors the Company's compliance and regulatory position on a regular basis.

iii) Data security and technology risk

The loss of confidential data or technology disruption caused by either internal or external factors.

The Company ensures ongoing vulnerability monitoring on a Group basis and completes annual technology audits, risk assessments and penetration testing to ensure the robustness of the control environment.

On behalf of the Board

Guillaume Pousaz
CEO & Founder

22 December 2022



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 monthly engagement survey which gives the executive team data on what's driving engagement and areas to work on to improve culture/performance.

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

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

We actively support a variety of programs and initiatives around employees' mental health and wellbeing in a period of high growth and context of remote/hybrid working, to

foster psychological safety, reconnect people in time of loneliness and maintain a sense of belonging and social connection to drive engagement and productivity. In addition to all the above, we are committed to embedding Diversity and Inclusion across the business from hiring, on-boarding and policy to community building and business practices.

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

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

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. Whilst COVID-19 has increased the challenge

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of supporting our community, the Company has continued its efforts through supporting other programmes.

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

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

Likely consequence of any decision in the long term

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

The need to act fairly as between members of the company

The company is committed to acting fairly with all members.

On behalf of the Board

Guillaume Pousaz
CEO & Founder

A handwritten signature in black ink that reads "Guillaume Pousaz".

22 December 2022

Approved by the Board and signed
on behalf of the Board



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 pages 4 to 6.

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

The principal activity of Checkout Ltd (registration number 08037323) is to act as the payments provider responsible for the acquiring and settlement of e-commerce transactions for the Group'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:

Guillaume Pousaz

Mike Benchimol (resigned 28 November 2022)

Adrian Asher (appointed 28 November 2022)

Wolfgang Bardorf (appointed 28 November 2022)

Mike Weigand (appointed 28 November 2022)

Dividends

In 2021, the Company declared and paid no dividends (2020: \$nil).

Political donations

The Company made no political donations during the year (2020: \$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.

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:

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- 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.

Principle risks and uncertainties

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

Future developments

There are no significant changes anticipated in the Company's business activities.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Guillaume Pousaz

Guillaume Pousaz
CEO & Founder

22 December 2022

Approved by the Board and signed
on behalf of the Board



Independent auditor's report to the members of Checkout Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Checkout Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 2021; 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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the company's provision of regulated products and services under its Financial Conduct Authority ("FCA") licence, and we considered the

extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 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:

- 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;
- 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;
- Testing controls to ensure the entity complies with its documented policies and procedures in relation to onboarding of new customers and safeguarding of client funds;
- Understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud; and
- Auditing transfer pricing arrangements including discussing arrangements with relevant PwC specialists.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is

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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

23 December 2022



Financial statements

For the year ended 31 December 2021

Income statement

For the year ended 31 December 2021

(US dollars \$'000)	Notes	2021	2020
Revenue	3	259,635	252,719
Cost of sales		(182,947)	(166,742)
Gross profit / net revenue		76,688	85,977
General and administrative expenses		(280,180)	(122,424)
Other operating income		191,591	757
Loss from operating activities	5	(11,901)	(35,690)
<hr/>			
Net revenue		76,688	85,977
Operating expenses		(65,059)	(97,993)
Share based payment expense		(8,437)	(15,268)
Depreciation and amortisation		(15,093)	(8,676)
Loss from operating activities		(11,901)	(35,690)
<hr/>			
Finance income	7	-	28
Finance costs	7	(1,522)	(2,661)
Net finance costs		(1,522)	(2,633)
<hr/>			
Loss before income tax		(13,423)	(38,323)
Income tax (charge)/credit	8	(11,264)	12,391
Net loss for the financial year		(24,687)	(25,932)

The notes on pages 17 to 46 form an integral part of these financial statements.

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Statement of comprehensive income

For the year ended 31 December 2021

(US dollars \$'000)	Notes	2021	2020
Net loss for the financial year		(24,687)	(25,932)
Deferred tax (charge)/credit	8	(4,387)	4,387
Foreign exchange on translation of overseas branches		(14)	-
Other comprehensive (expense)/income for the financial year (net of tax)		(4,401)	4,387
Total comprehensive expense for the financial year		(29,088)	(21,545)

The notes on pages 17 to 46 form an integral part of these financial statements.

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Statement of financial position

As at 31 December 2021

(US dollars \$'000)	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	10	10,457	11,107
Intangible assets	11	25,381	12,118
Right of use asset	18	31,145	34,508
Investment in subsidiaries	9	2	2
Other investments	9	2	2
Long-term loan receivable	12	76	327
Total non-current assets		67,063	58,064
Current assets			
Scheme debtors	21	81,289	71,703
Trade and other receivables	12	141,174	107,104
Current tax assets	8	3,111	1,342
Deferred tax asset	8	-	17,752
Cash and cash equivalents	14	167,280	48,052
Total current assets		392,854	245,953
Total assets		459,917	304,017
Liabilities			
Current liabilities			
Trade and other payables	13	(289,603)	(147,249)
Merchant creditors	21	(137,634)	(104,984)
Finance lease liability	18	(6,823)	-
Total current liabilities		(434,060)	(252,233)
Non-current liabilities			
Finance lease liability	18	(33,477)	(38,753)
Total non-current liabilities		(33,477)	(38,753)
Total liabilities		(467,537)	(290,986)
Net (liabilities)/assets		(7,620)	13,031
Equity			
Called up share capital	15	10,837	10,837
(Accumulated losses)/retained earnings		(18,457)	2,194
Total equity		(7,620)	13,031

The notes on pages 17 to 46 form an integral part of these financial statements. The financial statements were approved by the Board of Directors on 22 December 2022 and were signed on its behalf by: Company Number 08037323

Guillaume Pousaz

Guillaume Pousaz
CEO & Founder

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Statement of changes in equity

For the year ended 31 December 2021

2021

(US dollars \$'000)	Called up share capital	(Accumulated losses)/retained earnings	Total equity
Balance at 1 January 2021	10,837	2,194	13,031
Loss for the year	-	(24,687)	(24,687)
Other comprehensive loss	-	(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)

2020

(US dollars \$'000)	Called up share capital	(Accumulated losses)/retained earnings	Total equity
Balance at 1 January 2020	837	8,453	9,290
Loss for the year	-	(25,932)	(25,932)
Other comprehensive income	-	4,387	4,387
Total comprehensive expense	-	(21,545)	(21,545)
Transactions with owners:			
Capital contribution from parent company	-	15,286	15,286
Shares issued	10,000	-	10,000
Balance at 31 December 2020	10,837	2,194	13,031

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Statement of cash flows

For the year ended 31 December 2021

(US dollars \$'000)	Notes	2021	2020
Cash generated from operating activities	19	143,356	10,998
Income taxes paid		-	(1,257)
Net cash inflow from operating activities		143,356	9,741
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,580)	(11,236)
Purchase of intangible assets		(21,325)	(10,113)
Initial direct costs – right-of-use assets		-	(1,007)
Investment in subsidiaries		-	(2)
Movement in long-term loans		251	-
Net cash outflow from investing activities		(23,654)	(22,358)
Cash flows from financing activities			
Interest received		-	28
Interest paid		(74)	(46)
Payment of lease liabilities		(400)	(430)
Net proceeds from issuance of ordinary shares		-	10,000
Net cash (outflow)/inflow from financing activities		(474)	9,552
Net increase/(decrease) in cash and cash equivalents		119,228	(3,065)
Cash and cash equivalents at the beginning of year		48,052	51,117
Cash and cash equivalents at end of year	14	167,280	48,052



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

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

Checkout Ltd is a subsidiary of Checkout Payments Group Limited.

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

Note 2

Significant accounting policies

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.

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 included in note 2 have been applied consistently, other than where new policies have been adopted.

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. Classification of scheme debtors (judgement)

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

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 the employee share scheme. The Company has assumed an attrition rate of approximately 20%.

The assumptions for estimating the fair value for share based payment transactions are disclosed in note 17.

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. 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

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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/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 obligation 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 payments gateway services, the provision of acquiring services and the availability of Checkout's payment platform.

The provision of a payment platform represents a stand-ready obligation, therefore the majority of revenue is recognised at a point in time as the Company continuously meets this performance obligation.

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 them as 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:

i. Scheme fees

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

ii. Interchange fees

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

Share based payments

The Company operates equity-settled share based remuneration plans for its employees. The Company does not operate cash-settled plans.

Employee incentives include awards in the form of share options, awarded in shares of Checkout Payments Group Limited. 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 vesting period.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that the cumulative amount recognised in the income statement over the vesting period is based on the number of options that eventually vest.

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

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

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

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

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 within the statement of comprehensive income as it accrues.

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 tax rates and tax laws 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.

Property, plant and equipment

Property, plant and equipment is recognised at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, where required. Subsequent costs are capitalised if these result in enhancement of the asset. Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their 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.

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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;
- Software – three years.

Intangible assets are recognised 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 assess 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. Clients' funds are held in segregated bank accounts in compliance with the Company's safeguarding policy and considered restricted for general use.

Scheme debtors and merchant creditors

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.

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

Financial instruments

i. Financial assets

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

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

IFRS 9 establishes a model for recognition and measurement of impairments in financial instruments that are measured at amortised cost or fair value through other comprehensive income – the expected credit losses ('ECL') model. The nature of the Company's business is such that financial assets are short term in nature, so there is no difference between 12 month ECL, as recognised under Stage 1, and lifetime ECL, as recognised under Stage 2 or Stage 3. The Company has calculated expected credit losses 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 financial statements are presented in US dollars which is also the Company's functional currency. Transactions in foreign currencies are recorded at the rates of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange prevailing at that date. Differences arising on settlement on translation of



monetary items are recognised in the statement of comprehensive income.

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

Leases

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.

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.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative standalone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-component as a single lease component.

Under IFRS 16 Leases the Company is required to recognise both a lease liability and a right of use ("ROU") asset. The ROU 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 interest rate implicit in the lease or, if that rate cannot be readily determined, 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:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; 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 will depreciate to the income statement over the life of the lease. The lease liability is

remeasured whether there is a change to either the future lease payments arising from a change in an index or rate, payable under a residual value guarantee, or the Company's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are separately disclosed.

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

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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 2021:

- COVID-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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 2021 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

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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)	2021	2020
Type of service		
Processing transactions	253,292	232,312
Treasury transactions	6,343	20,407
Total revenue	259,635	252,719
 (US dollars \$'000)	 2021	 2020
Geographical markets		
Revenue generated in the UK	259,635	252,719
Total revenue	259,635	252,719
 (US dollars \$'000)	 2021	 2020
Timing of revenue recognition		
Services transferred at a point in time	259,635	252,719
Total revenue	259,635	252,719

All amounts relate to contracts that were fully satisfied as at 31 December 2021.

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)	2021	2020
Fees payable to the Companies auditors for the audit of the Companies annual report and financial statements	422	300
Total	422	300

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Note 5 Operating loss

The operating loss is calculated after charging:

	2021	2020
(US dollars \$'000)		
Wages and salaries, including bonus and termination benefits	83,149	43,164
Depreciation of property, plant and equipment and right of use assets	7,031	5,866
Amortisation of intangible assets	8,062	2,810
Expected credit loss	9,292	3,254
Share based payment	8,437	15,286

Note 6 Personnel expenses

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

	2021	2020
(US dollars \$'000)		
Wages and salaries	71,136	37,965
Social security costs	9,494	4,435
Other pension costs	2,519	764
Share based payments	8,437	15,286
Total	91,586	58,450

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

	2021	2020
Corporate	194	107
Operations	8	46
Sales	124	35
Technology and product	406	236
Total	732	424

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**Note 6 (continued)**
Personnel expenses**Key management compensation (including Directors' remuneration)**

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company (including directors).

Short-term employee benefits	300	1,021
Post-employment benefits	26	23
Share based payments	443	9,964
Total	769	11,008

Highest paid Director

(US dollars \$'000)

	2021	2020
Short-term employee benefits	300	80
Post-employment benefits	26	1
Share based payments	443	4,192
Total	769	4,273

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**Finance (costs)/income**

(US dollars \$'000)

	2021	2020
Interest from cash and cash equivalents and other finance income		28
Interest expense from leasing arrangements (note 18)	(1,478)	(1,264)
Other finance costs	(44)	(1,397)
Net finance cost	(1,522)	(2,633)

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Note 8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Current tax, including all applicable UK and foreign taxes, is the expected tax payable on the taxable income for the year, using tax rates and bases of calculation which have been enacted or substantively enacted in the applicable jurisdiction for the current accounting period, together with any necessary adjustments to tax payable in respect of previous accounting periods.

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

(US dollars \$'000)	2021	2020
Income tax (charge)/credit		
Current tax		
Current tax on profits for the year	568	-
Adjustment for current tax of prior periods	1,533	-
Total current tax expense	2,101	-
Deferred tax		
Decrease in deferred tax assets	(13,365)	12,391
Income tax (charge)/credit	(11,264)	12,391

The Company is exposed to UK tax. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 19% (2020: 19%) as follows:

(US dollars \$'000)	2021	2020
Loss before income tax	(13,423)	(38,323)
Tax on loss at standard UK tax rate of 19% (2020: 19%)	2,520	7,281
Effects of:		
Adjustments in respect of prior years	(72)	-
Amounts not recognized	(37,631)	-
Re-measurement of deferred tax for tax rate changes	8,224	114
Provisions and expenditure not deductible for tax purposes	(532)	(2,971)
Expected temporary differences	80	134
Share options	15,713	8,399
R&D credit	434	-
Group relief	-	(566)
Total	(11,264)	12,391

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**Note 8 (continued)****Taxation****Current tax assets**

(US dollars \$'000)	2021	2020
Current tax:		
Corporation tax asset - UK	3,111	1,342
Total current tax assets	3,111	1,342

Amounts recognised directly in equity

(US dollars \$'000)	2021	2020
Current tax:		
Deferred tax (charge)/credit on share options	(4,387)	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. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax assets

(US dollars \$'000)	2021	2020
Deferred tax asset:		
Brought forward deferred tax asset	17,752	974
Deferred tax (charge)/credit to income statement	(11,760)	12,391
Prior year adjustment – deferred tax charge to income statement	(1,605)	-
Deferred tax (charge)/credit to other comprehensive income	(4,387)	4,387
Carried forward deferred tax asset	-	17,752

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Note 8 (continued)
Taxation

The company recognises deferred tax assets in respect of:

(US dollars \$'000)	2021	2020
Fixed assets	-	(31)
Share option	-	(9,463)
Losses	-	(8,258)
Total	-	(17,752)

Unrecognised deferred tax

Deferred taxes are recognised only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. 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)	2021	2020
Share options	143,357	-
Losses	127,120	-
Other timing differences	937	-
Total	128,057	-

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Note 9
Investment in subsidiaries and other investments

(US dollars \$'000)	Place of business	% Ownership	Nature of relationship	Carrying value 2021	Carrying value 2020
Checkout KSA For Communication and Information Technology Co.	Saudi Arabia	100%	Investment	2	2
Total investment in subsidiaries				2	2

The net asset value of the subsidiaries invested in is \$448,700 (2020: Net liabilities of \$4,000). Revenue for the year was \$766,000 (2020: \$60,000) and profit after tax was \$48,000 (2020: \$4,000). The Company has taken the exemption from preparing consolidated financial statements on the grounds of materiality.

Checkout Ltd conducts business through branches in Portugal and in Spain, and a subsidiary in Saudi Arabia:

- 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
- Checkout KSA For Communication and Information Technology Co. Registered address - 28th floor, Faisaliah Tower, King Fahd Road, Riyadh, Kingdom of Saudi Arabia

(US dollars \$'000)	Place of business	% Ownership	Nature of relationship	Carrying value 2021	Carrying value 2020
Checkout do Brasil LTDA.	Brazil	1.1%	Investment	2	2
Total other investments				2	2

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Note 10
Property, plant and equipment

(US dollars \$'000)	Furniture and fittings	Leasehold improvements	Computer equipment	Total	Furniture and fittings	Leasehold improvements	Computer equipment	Total
Cost				2021				2020
Balance at 1 January	6,560	4,191	4,378	15,129	2,607	–	1,561	4,168
Additions	1,029	–	1,551	2,580	3,953	4,191	3,092	11,236
Asset transfer	–	–	–	–	–	–	(261)	(261)
Disposals	–	–	(31)	(31)	–	–	(14)	(14)
Balance at 31 December	7,589	4,191	5,898	17,678	6,560	4,191	4,378	15,129
Accumulated depreciation								
Balance at 1 January	2,307	384	1,331	4,022	1,491	–	586	2,077
Charge for the year	1,210	419	1,570	3,199	816	384	824	2,024
Asset transfer	–	–	–	–	–	–	(66)	(66)
Disposals	–	–	–	–	–	–	(13)	(13)
Balance at 31 December	3,517	803	2,901	7,221	2,307	384	1,331	4,022
Net book value	4,072	3,388	2,997	10,457	4,253	3,807	3,047	11,107

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Note 11
Intangible assets

(US dollars \$'000)	Technology costs	Total	Technology costs	Total
Cost		2021		2020
Balance at 1 January	15,927	15,927	5,553	5,553
Additions	21,325	21,325	10,113	10,113
Asset transfer	-	-	261	261
Balance at 31 December	37,252	37,252	15,927	15,927
Accumulated amortisation				
Balance at 1 January	3,809	3,809	933	933
Charge for the year	8,062	8,062	2,810	2,810
Asset transfer	-	-	66	66
Balance at 31 December	11,871	11,871	3,809	3,809
Net book value	25,381	25,381	12,118	12,118

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**Note 12****Trade and other receivables and long-term loan receivable**

(US dollars \$'000)	2021	2020
Trade receivables	6,879	6,183
Intercompany receivables (note 20)	101,242	67,614
Other receivables	25,496	22,310
Prepayments and accrued income	16,841	14,251
Expected credit loss	(9,284)	(3,254)
Total	141,174	107,104

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.

Long-term loan receivable

(US dollars \$'000)	2021	2020
Non-current		
Intercompany loan	76	327
Total	76	327

This long-term loan is an intercompany loan issued to Checkout Australia Pty Ltd.

This represents 2 loans each redeemable 3 years from the date of issuance with interest accruing at LIBOR +5%. The loans are unsecured by the borrower.

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Note 13 Trade and other payables

(US dollars \$'000)	2021	2020
Current payables		
Trade payables	4,400	5,442
Social security and other taxes	3,426	16,699
Intercompany payables (note 20)	243,571	107,201
Other payables	2,660	8,429
Accruals	35,546	9,478
Total	289,603	147,249

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)	2021	2020
Cash and cash equivalents	73,473	14,772
Client funds' accounts	93,807	33,280
Total	167,280	48,052

For the purposes of the cash flow statement, cash and cash equivalents represent cash at bank and on hand. Client funds' accounts are restricted, not available for general business use and are subject to safeguarding regulations.

Note 15 Called up share capital

	2021	2020
Issued, authorised and fully paid (number)	10,019	10,019
Ordinary Shares of £0.80 each (US dollars \$'000)	10,837	10,837

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

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**Note 16
Dividends**

(US dollars \$'000)	2021	2020
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. Under the ESOP, the Company, at its discretion, grants share options of Checkout Payments Group Limited to employees. These options vest monthly, following an initial 12 month cliff, with the accounting according to the amortisation period of each award. 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 2021	Year ended 31 December 2020
Option pricing model used	Black-Scholes model	Black-Scholes model
Share price at the grant date	\$116.46 - \$290.00	\$14.56 - \$43.53
Vesting period	5 years	5 years
Fair value per award at the grant date	\$81.29 - \$240.83	\$0 - \$14.56
Exercise price	\$43.53 - \$86.87	\$0 - \$14.56
Expiry date	January 2031 - December 2031	January 2030 - December 2030
Grant date	January 2021 - December 2021	January 2020 - December 2020

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Note 17 (continued)
Employee Share Option Plan

	Year ended 31 December 2021	Year ended 31 December 2020
Options granted during the year		
Balance at 1 January	4,253	4,030
Granted during the year ('000)	221	246
Options exercised during the year	(1,077)	-
Options cancelled during the year	(1,621)	(23)
Balance at 31 December	1,776	4,253

The total expense recognised within administrative expenses (note 5) is \$8,437,000 (2020: \$15,286,000)

	Year ended 31 December 2021	Year ended 31 December 2020
Weighted average exercise price		
Balance at 1 January	14.80	1.47
Granted during the year ('000)	76.26	11.63
Options exercised during the year	(1.16)	(1.74)
Options cancelled during the year	(1.05)	(5.58)
Balance at 31 December	13.14	14.80

The weighted average remaining contractual life of the plan is 7.97 years, 1,775,872 options (2020: 8.67 years, 4,253,423 options).

The weighted average exercise price at grant was \$6.02 (2020: \$2.41). The number of options exercisable at the end of the year was 618,248 (2020: 870,674)

	Year ended 31 December 2021	Year ended 31 December 2020
Options granted in the year		
Market value at grant date	\$81.29 - \$240.83	\$14.56 - \$43.53
Volatility rate	20% - 30%	30%
Dividend yield	-	-
Risk free rate	0.73% - 1.5%	2%

Volatility was determined by reviewing peer companies.

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Note 18 Leases

Right of use assets

(US dollars \$'000)	2021	2020
Balance at 1 January	34,508	351
New leases	469	37,999
Depreciation charge for the year	(3,832)	(3,842)
Balance at 31 December	31,145	34,508

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

Current	6,823	–
Non-current	33,477	38,753
Total	40,300	38,753

Amounts recognised in profit or loss

Interest on lease liabilities	(1,478)	(1,264)
Expenses relating to short-term leases	–	(430)
Foreign exchange loss	–	(1,406)

Amounts recognised in the statement of cash flows

Total cash outflow for leases	400	430
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Maturity analysis – contractual undiscounted cash flows

Less than one year	6,823	–
One to five years	23,384	29,952
More than five years	16,251	16,408
Total undiscounted lease liabilities at 31 December	46,458	46,360

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

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**Note 19****Cash from operating activities**

	2021	2020
(US dollars \$'000)		
Loss for the year before tax	(13,423)	(38,323)
Adjustments for:		
Depreciation of property, plant and equipment	3,199	2,024
Amortisation of intangible assets	8,062	2,810
Depreciation of right of use assets	3,832	3,842
Loss on disposal of property, plant and equipment	31	1
Non-cash employee benefits expense – share based payments	8,437	15,286
Finance expense	1,522	2,661
Finance income	-	(28)
	11,660	(11,727)
Changes in working capital		
Movement in trade and other receivables	(34,070)	(85,484)
Movement in scheme debtors	(9,586)	2,380
Movement in trade and other payables	142,702	117,321
Movement in merchant creditors	32,650	(11,492)
Cash generated from operating activities	143,356	10,998

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**Note 19 (continued)****Cash from operating activities****Net funds/(debt) reconciliation and financing activities**

(US dollars \$'000)	Leases	Cash and cash equivalents	Net funds
Balance at 1 January 2020	80	51,117	51,197
Financing cash flows	430	(3,065)	(2,635)
Other changes: interest expense	(1,264)	-	(1,264)
Other changes: new leases	(37,999)	-	(37,999)
Balance at 31 December 2020	(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

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Note 20
Related party transactions

Balances with Group companies as at 31 December 2021 and 31 December 2020.

(US dollars \$'000)	2021	2020
Amounts due from related parties (current)		
Checkout Payment (Mauritius) Ltd	2,196	2,192
Checkout LLC	23,359	-
Checkout Australia Pty Ltd	4,578	4,696
Process Out Inc.	832	-
Checkout GmbH	3,710	559
Checkout Technology Ltd	2,395	1,190
CKO Technology Services Ltd	3,198	2,308
Checkout APAC Pte Ltd	41,560	19,929
Checkout Ltd Hong Kong	13,943	8,756
Checkout SAS	-	27,264
Checkout Limited (New Zealand)	435	156
Checkout Ltd Sucursal Portugal	-	231
Checkout KSA For Communication and Information Technology Co.	967	-
Checkout Support Services Limited	3,997	320
Checkout Payment Systems Canada Inc	-	10
Checkout Technology Ltd (UK)	-	3
Checkout Japan	72	-
Total	101,242	67,614

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

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Note 20 (continued)
Related party transactions

(US dollars \$'000)	2021	2020
Amounts due to related parties (current)		
Checkout Group Ltd	63	82
Checkout MENA-FZ LLC	8,680	16,737
ProcessOut SAS	3,015	3,278
Checkout SAS	22,146	-
Checkout LLC	-	1,483
Checkout Payments Group Limited	201,283	83,717
Southern Payments Systems Pty Ltd	1,895	1,895
Checkout Brazil	473	9
Checkout Technology Ltd (UK)	5,780	-
Checkout Canada	235	-
Total	243,571	107,201

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

(US dollars \$'000)	2021	2020
Revenue and cost of services		
Revenue generated from the provision of services to related parties		
Checkout Technology Ltd	2,056	757
Checkout SAS	189,535	-
Total	191,591	757

(US dollars \$'000)	2021	2020
Cost of services obtained from related parties		
Checkout GmbH	9,417	4,531
Checkout Support Services Limited	4,035	2,603
Checkout LLC	9,544	1,555
Checkout SAS	-	770
Checkout Technology Ltd (UK)	7,803	-
CKO Technology Services Ltd	559	-
Checkout Canada	599	-
Checkout Brazil	488	-
Other	-	2,293
Total	32,445	11,752

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Note 20 (continued)
Related party transactions

(US dollars \$'000)	2021	2020
Loans to related parties (non-current)		
Balance at 1 January	327	320
Loan repayments	(250)	-
Interest charge	10	13
Interest paid	(9)	-
Foreign exchange	(2)	(6)
Balance at 31 December	76	327

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. This represents 2 loans each redeemable 3 years from the date of issuance with interest accruing at LIBOR + 5%. One of these loans was fully repaid during 2021. These loans are unsecured.

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Note 21 Financial instruments

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

- i. Trade and other receivables
- ii. Cash and cash equivalents
- iii. Scheme debtors
- iv. Trade and other payables
- v. Merchant creditors

(US dollars \$'000)	2021	2020
Financial assets		
Cash and cash equivalents*	167,280	48,052
Trade and other receivables	124,333	92,853
Scheme debtors	81,289	71,703
Long-term loan receivable	76	327
Total	372,978	212,935

*\$93,807,000 is held as restricted cash (2020: \$33,280,000).

(US dollars \$'000)	2021	2020
Financial liabilities		
Trade and other payables	254,386	137,772
Merchant creditors	137,634	104,984
Lease liability	40,300	38,753
Total	432,320	281,509

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.

2021

Contractual maturities of financial liabilities	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years	Total contractual cash flows
Trade payables	4,400	-	-	-	-	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

2020

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

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**Note 22 (continued)**
Financial risk management**Market risk***Currency risk*

The Company is exposed to currency from three main sources:

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

The Group 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.

<i>(US Dollars \$'000)</i>	
Change in post-tax profit	2021
EUR : USD – impact of an positive and negative change in the exchange rate of 10%	+/- 16,857
GBP : USD – impact of an positive and negative change in the exchange rate of 10%	-/+ 10,022
Other : USD – impact of an positive and negative change in the exchange rate of 10% for currencies contributing net income	+/- 974
Other : USD – impact of an positive and negative change in the exchange rate of 10% for currencies contributing net expense	-/+ 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 currency of 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.



Note 22 (continued)
Financial risk management

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.

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, with 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.

Credit risk

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

The Company does not believe it has a material credit risk in relation to amounts owed to us by the card networks as our contracts state we are only liable to settle to merchants on our receipt of those funds. No amounts owed at the year-end are either past due or impaired. All cash is held at banks with at least a Baa2 credit rating (investment grade). The Company regularly monitors and assesses counterparty risk.

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:

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**Note 22 (continued)**
Financial risk management

(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
Expected loss rate	0%	100%	0%	0%	
Gross carrying amount – trade receivables	-	6,879	-	-	6,879
Gross carrying amount – prepayments and accrued income	14,436	2,405			16,841
Gross carrying amount – other receivables	8,776	-	16,720	-	25,496
Gross carrying amount – intercompany receivables	-	-	-	101,242	101,242
Gross carrying amount – scheme debtors	-	-	81,289	-	81,289
Loss allowance	-	9,284	-	-	9,284

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

(US Dollars \$'000)	2021	2020
At 1 January	3,254	576
Increase in loan loss allowance recognised in profit or loss during the year	9,292	2,678
Receivables written off during the year as uncollectible	(3,262)	-
Closing loss allowance at 31 December	9,284	3,254

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 Group'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.

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