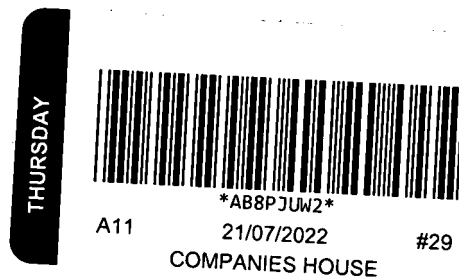


Company Registration No. 00971479 (England and Wales)

FINASTRA INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 MAY 2021



FINASTRA INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

S Dowler
T Schloesser
N Blagden
J Barker

Company number

00971479

Registered office

Four Kingdom Street
Paddington
London
W2 6BD

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

FINASTRA INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2021

The directors present their Strategic Report and Audited Financial Statements of Finastra International Limited ('the Company') for the year ended 31 May 2021.

Review of the business and principal activities

The principal activity of the Company is of the supply of computer software and consultancy services for the banking and financial services industry. The Company is a subsidiary of Finastra Limited and Tahoe Bidco Limited. Tahoe Bidco Limited, operating and known as Finastra, is the parent company of Finastra Limited and its subsidiaries ("the group" or "the Tahoe Bidco group"). Finastra is one of the leading global technology companies focusing on selling software and financial services to the banking and financial services sector globally.

The Company also provides management direction, marketing services and undertakes research and development for other entities within the group enabling the group to achieve global scale and reach in serving clients of all sizes across numerous countries.

The Company reported a profit of £54,040,000 (2020: £50,045,000). The increase in profit was mainly driven by higher revenues, dividend income earned from the company's German subsidiary and a savings in administrative expenses offset by higher taxation costs. Revenue increase was driven by higher revenues from licence and subscription business partly offset by a decline in maintenance revenues. The overall savings in administrative expenses was mainly due to costs recharged out to other entities within the Tahoe Bidco group towards expenses incurred for them. Taxation costs were higher due to increased foreign tax expense incurred by the Irish branch on account of its higher profits as well as reversal of deferred tax temporary and timing differences resulting from utilization of losses. Other operating income earned last year resulted from gain on cancellation of sublease with no such income being derived during the year. Exceptional costs decreased due to lower level of restructuring activity undertaken during the year.

The net assets of the Company increased by £226,122,000 (2020: £53,967,000 decrease) due to issue of shares to the Company's immediate parent Finastra Holdings Limited at a premium as part of the Intercompany balances restructuring activity undertaken during the year and performance during the year.

Principal risks and uncertainties

From the perspective of the Company, its principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed on pages 7 to 9 of the group's consolidated financial statements which does not form a part of this report. Copies of the group annual report can be obtained from Finastra Group secretariat's office at Four Kingdom Street, Paddington, London, W2 6BD.

An update on other important events during the year upto the date of approval of these financial statements are set out below.

Brexit

The UK Brexit transition period ended on 31 December 2020. The Directors appreciate that one of the key areas where Brexit may impact is the disclosure of significant estimates and judgments including sensitivities of key estimates and in the area of financial risks. As the Company is in the business of selling banking software and related services, and its business does not involve shipping or transportation goods that would generally attract custom duty and such other levies, Brexit has not materially impacted the Company business or the intercompany loan balances which the Company has with other group entities in various currencies. Sensitivity analysis associated with the Group's exposure to currency and interest rate risk including that of the Company are included in note 25 of the Tahoe Bidco Group Annual Report.

FINASTRA INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Overall management assesses the direct impact on the Company to be minimal in the short term. No significant changes to the Company's operations are expected and the Company will continue to consider changes that are in the best interest of its stakeholders.

LIBOR transition

The Tahoe Bidco group of which the company is a part of, has external borrowings denominated in EUR and USD which attract interest at LIBOR plus a margin. LIBOR is expected to be discontinued effective 30th June 2023. The group's treasury department is currently evaluating a suitable alternative interest rate strategy for future use with the relevant stakeholders. The Directors do not expect this impact to be material considering the financial strength of the group in negotiating a suitable alternative strategy closely aligned to the current strategy.

Russian sanctions

The Russian invasion of Ukraine and the consequent imposition of sanctions on Russia pose significant challenges to the Company's business with its Russian customers. The Directors of the Company in coordination with Tahoe Bidco group continue to monitor the above area and its impact on the Company's business endeavoring to mitigate any adverse effects it may have on the carrying value of the Company's assets, liabilities and its operations. A working group has been established to continually monitor and evaluate the sanctions that are being imposed on Russia, taking suitable actions where necessary to ensure Tahoe Bidco group's compliance and adherence to them.

Key performance indicators

The executive management team of the Tahoe Bidco group operating and known as Finastra manage the operation of the other group companies on a collective basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Tahoe Bidco Group, which includes the Company, are discussed on pages 2 to 6 of the Tahoe Bidco Group's annual report, which does not form part of this report.

Environmental, Social and Governance (ESG)

Mission Statement:

Finastra places the principles of Environment, Social & Governance (ESG) and our business mantra of 'doing well by doing good' at the heart of our OPEN and inclusive culture. Our corporate purpose is to orchestrate the sustainable financial empowerment of every single person on the planet through the collaborative power of our technology, diverse talent, and ecosystem.

- Simon Paris, CEO Finastra

This strategic approach and vision for ESG was formed at the inception of Finastra through our corporate social responsibility (CSR) strategy, launched in 2018. Our dedicated ESG team, which includes many members of our Executive Leadership Team, recognize the role all of our stakeholders play in the pursuit of our objectives to improve the wellbeing of our employees, customers, partners, society and the environment in which we operate.

With our CSR foundations and ESG framework as a part of our newly launched Reach Beyond strategy and ambition, we have created a platform for positive social and environmental impact through philanthropy, education, job creation, economic growth, and innovation.

Finastra YourCause tool

Finastra YourCause is an employee engagement tool empowering giving, corporate matching and employee volunteering. Each employee is entitled to 22.5 hours (3 working days) of paid time a year to dedicate towards our Finastra ESG programs.

FINASTRA INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

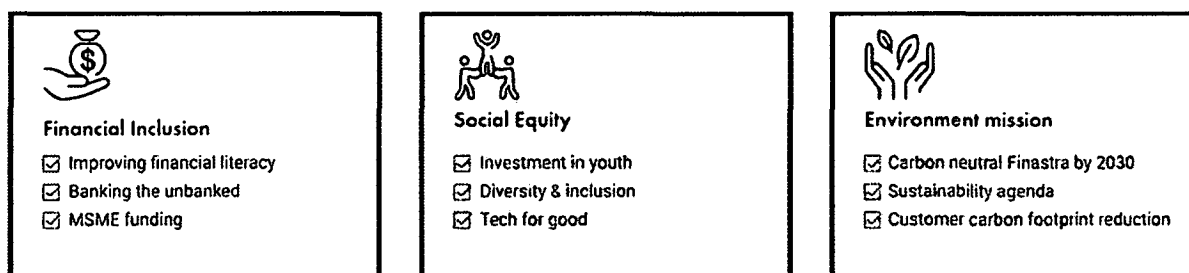
FOR THE YEAR ENDED 31 MAY 2021

To date, Finastra employees delivered 36,052 volunteer hours to serve their communities, which included the support of financial inclusion initiatives, mentorship for social mobility youth, and environmental projects. Over the past three years, Finastra employees have fundraised over \$856,000 across various charitable events worldwide to support causes they care about, much of which was matched by the Group. Finastra has hosted 17,486 children through its Hour of Code program since its launch in September 2018. The number of lives which have been positively impacted through these ESG initiatives is estimated at over 500,000. Through collaboration via partners, we have created leading financial education content in multiple languages and strive to provide financial education to 10mn people by financial year 2024.

Adoption of Stakeholder Capitalism Framework

To ensure consistency between our external impact goals and internal ESG performance, Finastra has adopted the World Economic Forum's Stakeholder Capitalism framework, which defines 21 core metrics across the pillars of planet, people, prosperity and principles of governance. This helps to evaluate a company's contributions to support the UN Sustainable Development Goals (SDGs) in a consistent manner. In addition, Finastra has made considerable investments into the development of ESG-focused solutions such as ICCxTradeComm, Trust Machine and Total Community Lending. These solutions are available to all our customers via our Collaborative ESG program as we pursue the UN SDGs and the objectives of our external ESG impact pillars of financial inclusion, social equity and our environment mission.

The Three Pillars of Finastra Environment, Social, Governance (ESG) & Associated Programs



Financial Inclusion Initiatives

Our financial inclusion pillar and programs endeavor to help all people everywhere to have affordable access to financial services to help them unlock their potential and achieve financial independence. This mission is delivered through three initiatives: financial literacy for all, banking the unbanked and MSME funding.

Improving Financial Literacy for all

Financial education needs to be in place before access to financial services is provided. This ensures that people understand how financial services work and how they can serve them best in the pursuit of their ambitions to lead better lives. Finastra is dedicated to improving financial literacy rates globally for people of all ages through our programs, particularly for unbanked and underserved populations.

Banking the Unbanked

Approximately 1.7bn people are unbanked globally. To address this, Finastra collaborates with our customers worldwide to provide affordable access to financial services such as payments and loans helps to improve people's lives. This can be achieved by simply sending money securely and avoiding the need, risk, and cost of carrying cash, as well as being able to buy their own home or gaining access to capital to start new business ventures.

MSME Funding

By enabling micro- small- and medium-sized enterprises (MSMEs) to grow and scale through affordable access to capital, our MSME Funding programs, such as the Trust Machine, contribute to reducing the USD 5 trillion global funding gap via our lending solutions that our customers and microfinance partners run. This enables global economic growth through job creation, innovation and higher tax revenues for governments to invest in public services and infrastructure to alleviate poverty, which is the number one sustainable development goal (SDG) defined by the United Nations.

FINASTRA INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Social Equity Initiatives

The Social Equity pillar supports people, businesses, and communities across the globe to help make them more successful, resilient, and adaptable to change. This mission is delivered through three initiatives: investment in youth, diversity, equity and inclusion (DE&I) and tech for good.

Investment in Youth

As a leading fintech, we invest in young people globally to help prepare them for a future where both technology and financial services play key roles in their lives, working environment and our society. We achieve this through our Hour of Code program with code.org and partnerships with social mobility charities, where we provide mentoring and internship opportunities. Finastra also supports investments in child health, education and safety that help our youth to thrive.

Diversity, Equity & Inclusion (DE&I)

Finastra is committed to leading in employee diversity and equality across gender, race, age, ethnicity, sexual orientation, and socio-economic background. We believe this is a vital component for the long-term success of our company and importantly, helps us to reflect the views, beliefs and cultures of all our stakeholders. As a result, many of our CSR investments and philanthropic grants have a D&I focus to help accelerate the fight for equality worldwide.

Tech for Good

Finastra collaborates with customers, partners and other stakeholders to help bring innovative solutions to market that help people, businesses and communities unlock their potential. These could be financial applications that are developed on our FusionFabric.cloud platform, or standalone technologies that help create a positive social or environmental impact. Through our CSR volunteering programs, our R&D teams offer mentoring and coaching to developers, while our go-to-market teams provide access to our customers and partners to help developers understand financial problems that require solutions.

Environment Mission Initiative (climate change)

Finastra is acutely aware of its responsibility to minimize our impact on the environment together with our ability to reduce emissions in the financial services sector as an established fintech. This mission is delivered through three initiatives: carbon neutral Finastra by 2030, customer carbon footprint reduction and our sustainability agenda.

Carbon Neutral Finastra by 2030

Finastra is constantly working to reduce emissions as a business, with a goal to be completely carbon neutral by 2030. To achieve this objective, Finastra has developed environmental corporate programs that focus on managing air travel, providing accessible audio-visual conferencing facilities, and managing energy consumption. Our employees also volunteer to support our ESG carbon offsetting programs, which includes Planting Trees with Purpose, to improve air quality, reduce global warming and prevent flooding in our communities.

Customer carbon footprint reduction

Finastra creates and deploys financial technology that helps reduce the carbon footprint of our global customer base. Whether it's through the reduction of employee travel, paper consumption or energy that our solutions enable through the digitization and automation of banking processes, the digitalization of financial services through online banking or moving our customers to energy-efficient cloud platforms, we are committed to reducing emissions within our sector in collaboration with our customers and partners. By financial year 2024, Finastra are striving to achieve 30% reduction in emissions by transitioning one third of their customers on to energy efficient clouds platforms.

Sustainability agenda

Finastra is keenly interested in supporting and partnering with organizations working in the areas of conservation and sustainability. We have established an ESG and Sustainability Executive Committee to deliver this agenda across the company, which is led by our Chief Executive Officer and Chief People and Places Officer, as well as several members of the Finastra Leadership Team.

FINASTRA INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Employee Engagement

As an organization, the group is committed to recognizing the correlation between employee engagement, organizational success, and financial performance. This means continuing to look for opportunities for our employees to provide feedback and tell us how they feel about working at Finastra.

Through an employee survey, the group enables employees to provide feedback on a monthly basis, driving the implementation of actions to improve the experience for employees at Finastra. The results of this feedback are monitored closely by the Executive Leadership team. One of our Reach Beyond strategic initiatives is to become the most loved, inclusive, and diverse employer in fintech, and this is supported by an increase of 10 points in the Employee Experience Monitor (EXM) score during the year.

The Finastra Group uses agile performance development discussions to drive personal growth and development, based on results, demonstrated behaviors and career aspirations, driving a successful and engaging environment. Each quarter we have a "90-Day Sprint Check-in" to set and align our goals for the quarter, share updates and progress, as well as to discuss feedback and opportunities for growth. With these conversations happening throughout the year, employees and managers are continuously connecting, gathering feedback and reviewing results as well as maximizing available reward levers and celebrating our successes. Development opportunities include bespoke programs and an all-employee subscription to LinkedIn Learning.

Reward is a critical component of employee value proposition, underpinned by a pay-for-performance philosophy. The group balances rewarding the best and ensuring competitive and fair pay across our markets. As part of cultivating a high-performance culture, incentive programs are offered to eligible employees to celebrate and share success.

We are committed to our diversity, equality and inclusion agenda. We aim to be an organization that is recognized for its open approach to all employees, regardless of gender identity and expression, age, ethnicity, disability, culture, sexual orientation and thought. The group has taken many positive steps this year including the continued investment in 'Women@Finastra', LGBTQ, Special Abilities, Cultural Inclusion and Generational Inclusion.

The diversity of our people is critical to our success in driving the best results and we continue our work to create an open environment where all our employees can achieve their full potential.

Anti-Harassment

At Finastra we are committed to providing a safe and respectful work environment for all, we will not tolerate inappropriate behavior, including harassment, bullying, or abuse of authority. No one has to endure any type of harassment at Finastra, for any reason, at any time. Likewise, no one is permitted to harass anyone else at Finastra.

Finastra does not tolerate any harassing behavior and treats all complaints of harassment seriously, whether they are made informally or formally. We will instigate disciplinary or legal action against people who harass, bully, or abuse their authority. We will treat each other respectfully and challenge any unfair behavior. By respect, we mean due consideration for the feelings, wishes, and rights of others. We are all responsible for ensuring harassment doesn't happen at Finastra. Finastra will investigate all complaints to ensure they are resolved quickly and fairly.

Code of Conduct & Business Ethics

Our Code of Conduct & Business Ethics ("Code") sets out the expectations of behavior we expect from everyone who represents Finastra. It's an affirmation of our commitment to ethical conduct and to the observation of all laws and regulations that apply to Finastra. The Code expresses our dedication to excellence in how we do business.

Our Code applies to the Finastra group of companies ("Finastra") and to all employees, contractors, and third-party suppliers ("Personnel") who work for or are affiliated with Finastra. It represents the principles we have committed to uphold and supports us to earn and keep the trust of others – our partners, customers, suppliers, and regulators.

All personnel are responsible for ensuring compliance with our Code and are expected to read and understand it. Keeping to its principles is a condition of continued employment with Finastra.

FINASTRA INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Safe and fair treatment

Everyone is entitled to a safe working environment, free from harassment and victimization. So, we expect everyone to have the highest professional standards, with business relationships based on mutual respect. Finastra treats people equally, regardless of their ethnicity, gender, nationality, sexual orientation, age, disability, and any other protected class. Finastra will not tolerate discrimination against its people by any employee, contractor or by any third party that Finastra does business. We are an international company, with people from many backgrounds, cultures, and nations. We're proud of this diversity and each of us is responsible for respecting it.

Declaration of conflicts of interest

The Company has a process around how and when all Finastra employees must disclose any actual or potential conflicts of interest. All Finastra employees must disclose any actual or potential conflicts of interest before or within 30 days of joining Finastra and obtain the appropriate approvals. Where it arises whilst working at Finastra it has to be disclosed as soon as it arises and obtain appropriate approvals. An annual reconfirmation process is also required from all personnel.

Acceptance of gifts, entertainment, or hospitality

The Company has processes in place to ensure that business decisions must not be influenced (or be seen to be influenced) by the giving or receiving of gifts, entertainment, or hospitality. If Finastra is negotiating business terms with the individual or company that is providing the gift, preapprovals would need to be obtained, as it could create a conflict of interest.

Bribery and Corruption

As a global company, Finastra is committed to complying with all anti bribery laws applicable to businesses and ensuring that its employees and those who work on the company's behalf, including third parties, are knowledgeable of and do not violate these laws.

Fair methods of competition

Wherever we do business, Finastra competes for and wins business with honesty, integrity, and in compliance with all relevant competition laws.

Personal data and privacy

Finastra handles a variety of information concerning our company, our clients, suppliers, employees, and others. We respect an individual's right to privacy and therefore adhere to applicable laws on the use of personal data.

Resources and property

Finastra's resources and property should be used to conduct Finastra business and not for personal benefit. This includes time, materials, equipment, funds, and proprietary information. It's up to each one of its personnel to properly handle and care for these resources.

Speak up

Finastra encourages everyone to speak up if they are aware of something that doesn't seem right at Finastra and that may impact our integrity and/or our reputation. Finastra treats all concerns raised with sensitivity, dignity, and respect.

Monitoring and reporting

This Code is reviewed and approved annually or more frequently if significant changes occur, to ensure its continuing suitability, adequacy, and effectiveness.

Training

All Personnel are required to complete Code of Conduct & Business Ethics training within the first thirty (30) days of joining Finastra and annually thereafter. The Finastra Regulatory Compliance Team is responsible for designing the training and monitoring for compliance with the completion requirement.

FINASTRA INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Energy consumption

Statement of carbon emissions for all the offices which the Tahoe Bidco group has in the United Kingdom in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity, transport, waste and intensity ratios with information relating to energy efficiency actions.

Activity	Reporting period 1 Jun 2020 to 31 May 2021	Reporting Period 1 Jun 2019 to 31 May 2020	% of change
Total energy purchased(use) covering Electricity, gas, transport (Kwh)	758,122	1,482,136	-49%
Total carbon emissions generated through combustion of gas (tCO ₂ e)	4.30	43.36	-90%
Total carbon emissions generated through use of purchased electricity (tCO ₂ e)	171.37	158.12	8%
Total carbon emissions generated through transmission, distribution, use of other fuels and waste (tCO ₂ e)	14.46	808.64	-98%
Gross Emissions (tCO ₂ e)	190.13	1,010.12	-81%
Total United Kingdom office space in Sq ft	47,618	47,618	0%
Headcount employed in United Kingdom*	509	507	0.39%
Intensity ratio (Gross emissions in Kgs CO ₂ e per square foot)	3.99	21.21	-81%
Intensity ratio (Gross emissions in Kgs CO ₂ e per UK employed headcount)	373.54	1,992.35	-81.25%
Total distance travelled (in Km)	0.00	11,384,694.11	100%
Gross carbon emissions generated from business travel (tCO ₂ e)	0.00	1,708.93	100%

Finastra Group's GHG Reporting is broken down into green house emissions generated from 3 areas: Scope 1, 2 and 3 activities and the details reported above are in respect of Finastra International Limited's operations:

Scope 1: Direct Emissions from the activities of the organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles, if any and air-conditioning leaks.

Scope 2: Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3: All Other Indirect Emissions from activities of the organisation, occurring from sources that the Company do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

Data has been collated using estimates from areas such as Electricity consumption within Finastra office, Natural gas consumption, District heating, District cooling, Air travel, Recycled Waste, Landfilled waste, Incinerated waste, Water use and, Paper consumption using ESOS methodologies.

The consumption estimates so determined multiplied by the Government Greenhouse conversion factors for the relevant activities culminate into the carbon emissions noted in the table above.

* The headcount count based in the United Kingdom as reported in the Tahoe Bidco Limited group accounts has been used a new basis to determine the intensity ratio as this is the key driver for the emissions.

FINASTRA INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Energy efficiency actions and climate change

Finastra Group are committed to responsible energy management in line with ESOS compliance directives and continues to practice energy efficiency throughout our organisation, wherever it is cost effective. We recognize that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

In prior years, travel contributed to a bulk of the total carbon emissions for the Company. Accordingly, as a part of our evolution of planet mission aimed at increasing businesses energy efficiency in the years to come, the Company continues to focus on reducing and virtualizing travel and pursuing various work place of the future (WotF) initiatives to reduce travel and its related carbon footprint.

The Company continues to work with its IT vendors to procure energy efficient laptops and IT equipment as well as gradually switching to energy efficient LED technology electrical equipments aimed at reducing its related carbon footprint.

Section 172 statement

Statement by the Directors in performance of their statutory duties in accordance with Section 172(1)(a-f) Companies Act 2006 ('S172').

Section 172 of the Companies Act 2006 requires a Director of the Company to act in the way he considers, in good faith would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:


- The likely consequences of any decision in the long terms;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

The Directors of the Company in conjunction with the Tahoe Bidco group have taken the adequate steps to ensure continuity of business operations without disruptions in the best interest of the stakeholders whilst also protecting health and safety of employees. They implemented liquidity optimization initiatives and customer retention plans to minimize any disruptions to customer cash collections and constrained discretionary spending to the best of their judgment.

Though the UK government removed all restrictions in UK, this is not the case in other countries. The directors continue to monitor, evaluate and implement strategies to steer clear the challenges being posed by COVID-19. They also continue to monitor the situation in relation to Russian sanctions as well as Brexit and its impact on the Company's business endeavoring to mitigate any adverse effects it may have on the carrying value of the Company's assets, liabilities and its operations.

The directors consider both individually and collectively, that they have discharged their duties as set out in Section 172. They have acted in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole, in the decisions taken during the year.

Approved by the Board of Directors on 19th July 2022 and signed on behalf of the Board by:

DocuSigned by:

A4DAZC8ZB9D443B.....
 J Barker
 Director

FINASTRA INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2021

On behalf of the Board of Directors, it is my pleasure to present the annual Report and audited financial statements of Finastra International Limited ('the Company') for the year ended 31 May 2021.

Results and dividends

The results for the year are set out on page 18 and a further analysis of the operational results has been provided in the review of business and principal activities section of the Strategic report on page 1.

No dividends were paid during the year (2020: £nil). The directors do not recommend payment of a final dividend (2020: £nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K Metzroth	(Resigned 31 May 2022)
S Dowler	
S Pemble	(Resigned 29 January 2021)
T Schloesser	
N Blagden	(Appointed 1 July 2020)
T Kilroy	(Resigned 30 June 2020)
J Barker	(Appointed 29 January 2021)

Qualifying third party indemnity provisions

All directors have been granted an indemnity by the intermediate parent company, Tahoe Bidco Limited, to the extent permitted by law in respect of certain liabilities incurred as a result of their office in associated companies. They are indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006 which was made during the financial year and remains in force at the date of approval of this report.

Financial risk management

Liquidity risk

The Tahoe Bidco group of which the Company is part of manages the operations of the entire group including that of the Company. The Company, through the group, has access to a Revolving Credit Facility ('RCF') which has financial covenant compliance obligations. The Company along with the Tahoe Bidco group aims to achieve outstanding financial performance to maintain the availability of liquidity and to allow further investments and management of the group's debt and liquidity position. Further details of the policy are available within Note 25.5 of the group's annual report. The Tahoe Bidco Group has confirmed financial support to the Company. Including, not seeking the repayment of amounts advanced to the Company by the parent and/or other members of the parent group unless adequate alternative financing has been secured by the Company; and advancing further amounts to the Company as required to allow them to meet their obligations as they fall due.

Foreign exchange currency risk

The Company operates internationally and is exposed to foreign currency fluctuations. Foreign exchange risks arise when future commercial transactions and recognised assets and liabilities are denominated in currencies that are not the Company's functional currency. The group's net exposure to foreign currency risk is managed through hedging instruments and is illustrated by the sensitivity analysis in note 25.2 of the group's annual report.

FINASTRA INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

Credit risk

The Company's principal financial assets are cash and cash equivalents, and trade, other receivables and intercompany receivables. The group has policies in place to ensure that sales are made to customers with an appropriate credit history and policies that limit the amount of credit exposure to a customer. Specified risk control and authorization procedures are in place to assess credit quality of customers. The company has no significant concentrations of credit risk, with exposures spread over a large number of customers.

All intercompany receivables are deemed to have a near zero expected credit loss. In making this determination the Company has placed reliance on a letter of support received from Tahoe Bidco Limited whereby they have confirmed and will ensure that in relation to amounts owed by fellow subsidiaries that such subsidiaries have sufficient financial and other resources to satisfy any financial obligations created by such intercompany payables they hold, as and when such obligations fall due and are called upon.

The Company deals with reputable banks that enjoy a high credit profile. The bank balances relating to cash and cash equivalents are held with banks which are under the supervision of the central bank of the country. Further details of the group's risk policies are available within the Group's annual report.

Research and development

The Company continues to invest in research and development into its core banking, treasury and capital market suite of products. During the reporting period, research and development expenditure totalled £85,380,000 (2020: £94,339,000).

Disabled persons

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its performance. Employee engagement surveys are conducted and follow up actions are implemented accordingly.

As an organisation, the group is committed to recognising the correlation between employee engagement, organisational success and financial performance. This means continuing to look for opportunities for our employees to provide feedback and tell us how they feel about working at Finastra. For more information please refer to Tahoe Bidco group consolidated results.

Donations

There were charitable donations made in the year ended 31 May 2021 of £18,000 (2020: £104,000). There were no political donations made in the reporting period (2020: £nil) and the Company did not incur any political expenditure (2020: £nil).

FINASTRA INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

Going concern

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis.

A letter of support has been received from Tahoe Bidco Limited, stating that it will provide continuing financial support as necessary to enable the Company to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, placing reliance on the support letter, as from the perspective of the Company, its operations, risks and uncertainties are integrated with those of the group. The going concern assumption has, at a group level, been critically reassessed this year considering the challenges posed by the current business and operating environment. The group's forecasts and projections have been stress-tested considering historical performance against prior year forecasts and reduced cash flow conversion achievement. Applying these assumptions, the Company is expected to continue trading as going concern based on company's forecast for at least the next 12 months from the date of approval of these financial statements.

The Tahoe Bidco group has a significant recurring revenue base of multiyear software solution contracts and provides software to leading financial institutions which underpins continuing financial resilience. Only an unrealistic immediate and permanent reduction in EBITDA and cash flow conversion would trigger a breach of our revolving credit facility. The group continues to strategically implement cash management initiatives to mitigate such risks. Actions aimed at ensuring improved cash flow conversion are continuously being taken and based on results achieved, the group is well positioned to be able to manage any uncertainty. Based on the above, the Directors are confident that the group is capable of providing support to the Company for at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

COVID 19

Businesses including the Tahoe Bidco group are more alert to any changes that could impact the way we work, and more robust back-up planning has been undertaken to ensure business can continue even if unforeseen issues arise. Furthermore, a wider impact of COVID-19 is that there is increased concern for the welfare of employees physical and mental health. From the perspective of the company, its operations, risks, and uncertainties are integrated with those of the Tahoe Bidco group and are not managed separately. Therefore, the Directors of the Company in coordination with Tahoe Bidco group continue to monitor the above areas and its impact on the Company's business endeavoring to mitigate any adverse effects it may have on the carrying value of the Company's assets, liabilities, and its operations. Though the UK government removed all restrictions in UK, this is not the case in other countries and Directors continue to monitor the impact of COVID-19 at a regional or country level, in compliance with local laws.

Cautionary statement regarding forward-looking information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

Overseas branches

The Company operates through a branch in Ireland and has a VAT registration in South Africa.

FINASTRA INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

Post reporting date events

From the perspective of the Company, its operations, risks, and uncertainties are integrated with that of the group and are not managed separately. Therefore, the Directors of the Company in coordination with the group continue to monitor the situation with regard to the Russian sanctions endeavoring to mitigate any adverse impact it could have on the assets, liabilities, and business of the company. No other subsequent events have occurred after 31 May 2021 until the date of signing these financial statements.

Future developments

The Tahoe Bidco group of which the Company is a part of plans to invest more in increasing its sales in the future as part of its three year "Reach Beyond" strategy. This strategy will see the group focus on development of Banking as a Service (BAAS) solutions including product development, customer migrations to new software versions, pushing customers to cloud, and accelerating our cloud development. The Tahoe Bidco group has continued to undertake considerable research and development efforts. Ongoing investment in new technology and functionality has, and will continue to, enable the group to maintain and strengthen its market leading position as it accompanies its clients to a cloud-based digital world. The Directors of the Company are actively working with the Tahoe Bidco group management to support them with their above strategy. The primary activity of the company is expected to remain unchanged.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

FINASTRA INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

Strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the business review, key performance indicators and principal risks and uncertainties.

Approved by the Board of Directors on 19th July 2022 and signed on behalf of the Board by:

DocuSigned by:

James Barker

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J Barker

Director

Independent auditors' report to the members of Finastra International Limited

Report on the audit of the financial statements

Opinion

In our opinion, Finastra International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 May 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

Independent auditors' report to the members of Finastra International Limited

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 May 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, 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.

Independent auditors' report to the members of Finastra International Limited

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 anti-corruption, data protection, health and safety, employment, tax and global economic sanctions and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 the fraudulent posting of journals, significant or unusual transactions outside the normal course of business and management bias in making significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Enquiry of management regarding actual and potential litigations and claims;
- Review of board meeting minutes for any instances of non-compliance with laws, regulations and fraud and to identify any unusual transactions outside the normal course of business;
- Challenging assumptions and judgements made by management in determining significant accounting estimates and independently reviewed and tested assumptions in relation to such judgements and estimates along with the related disclosures in the financial statements; and
- Identifying and testing a sample of journal entries throughout the whole year, which met our pre-defined fraud risk criteria.

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

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

Use of this report

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

Independent auditors' report to the members of Finastra International Limited

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.



Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 July 2022

FINASTRA INTERNATIONAL LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2021**

		2021	2020
	Note	£000	£000
Revenue	5	276,590	265,682
Administrative expenses		(219,120)	(225,182)
Other operating expenses		(124)	1,848
Non-recurring costs	6	(1,730)	(4,491)
Operating profit	9	55,616	37,857
Income from shares in group undertakings	11	12,101	-
Interest receivable and similar income	11	2,626	373
Interest payable and similar expenses	12	(3,697)	(2,088)
Profit before taxation		66,646	36,142
Tax on profit	13	(12,606)	13,903
Profit for the financial year		54,040	50,045
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Currency translation differences		(5,086)	354
Total items that may be reclassified to profit or loss		(5,086)	354
Total other comprehensive (expense)/income for the year		(5,086)	354
Total comprehensive income for the year		48,954	50,399

FINASTRA INTERNATIONAL LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2021**

	Note	2021 £000	2020 £000
Non-current assets			
Intangible assets - goodwill	15	3,479	3,479
Other intangible assets	15	83,580	73,099
Property, plant and equipment	16	27,847	30,720
Investments	17	34,567	34,567
Trade and other receivables	22	355,410	92,540
		<u>504,883</u>	<u>234,405</u>
Current assets			
Trade and other receivables	22	212,947	428,943
Deferred tax asset	23	26,701	30,647
Cash and cash equivalents		68	68
		<u>239,716</u>	<u>459,658</u>
Current liabilities			
Borrowings	24	(128)	-
Trade and other payables	25	(289,165)	(412,465)
Taxation and social security		(4,259)	(9,534)
Lease liabilities	26	(1,667)	(3,153)
		<u>(295,219)</u>	<u>(425,152)</u>
Net current (liabilities)/assets		<u>(55,503)</u>	<u>34,506</u>
Total assets less current liabilities		<u>449,380</u>	<u>268,911</u>
Non-current liabilities			
Trade and other payables	25	(247,921)	(289,701)
Lease liabilities	26	(20,710)	(24,632)
		<u>(268,631)</u>	<u>(314,333)</u>
Provisions for liabilities			
Other provisions	27	(213)	(164)
Net assets/(liabilities)		<u>180,536</u>	<u>(45,586)</u>

FINASTRA INTERNATIONAL LIMITED**STATEMENT OF FINANCIAL POSITION (CONTINUED)****AS AT 31 MAY 2021**

	Note	2021 £000	2020 £000
Equity			
Called up share capital	29	60,000	60,000
Share premium account	30	213,019	35,851
Capital redemption reserve	30	6	6
Translation reserve	30	(4,732)	354
Merger reserve	30	(135,636)	(135,636)
Retained earnings/(Accumulated losses)	30	47,879	(6,161)
Total equity		180,536	(45,586)

The financial statements on pages 18 to 55 were approved by the Board of Directors on 19th July 2022 and signed on its behalf by.

DocuSigned by:

James Barker

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J Barker

Director

FINASTRA INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021

	Share capital	Share premium account	Capital redemption reserve	Translation reserve	Merger reserve	Retained earnings/ (Accumulated losses)	Total
Notes	£000	£000	£000	£000	£000	£000	£000
Balance at 1 June 2019	60,000	-	4,587	-	-	(56,206)	8,381
Year ended 31 May 2020:							
Profit for the year	-	-	-	-	-	50,045	50,045
Other comprehensive income:							
Currency translation differences	-	-	-	354	-	-	354
Total comprehensive income for the year	-	-	-	354	-	50,045	50,399
Issue of share capital	-	35,851	-	-	-	-	35,851
Formation of merger reserve	-	-	-	-	(135,636)	-	(135,636)
Transfer to trade and other payables	-	-	(4,581)	-	-	-	(4,581)
Balance at 31 May 2020	60,000	35,851	6	354	(135,636)	(6,161)	(45,586)
Year ended 31 May 2021:							
Profit for the year	-	-	-	-	-	54,040	54,040
Other comprehensive income:							
Currency translation differences	-	-	-	(5,086)	-	-	(5,086)
Total comprehensive income for the year	-	-	-	(5,086)	-	54,040	48,954
Issue of share capital	-	177,168	-	-	-	-	177,168
Balance at 31 May 2021	60,000	213,019	6	(4,732)	(135,636)	47,879	180,536

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

1 General information

Finastra International Limited is a private company limited by shares incorporated and domiciled in England and Wales whose registered office is Four Kingdom Street, Paddington, London, W2 6BD.

The Company's principal activities and nature of its operations are disclosed in the Strategic Report.

2 Accounting policies

Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

The financial statements are prepared in Pound Sterling, which is the functional and presentational currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1,000, unless otherwise indicated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the UK ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

This Company is a qualifying entity for the purposes of FRS 101, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements within IFRS:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:-
 - Disaggregated and total revenue from contracts with customers;
 - Explanation of significant changes in contract assets, contract liabilities and contract costs;
 - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
 - Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
 - Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;
 - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract;
- Financial instrument disclosures, including:-
 - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
 - Income, expenses, gains and losses on financial instruments;
 - Details of credit losses, collateral, loan defaults or breaches;
- Valuation technique(s) and assumptions used to measure recoverable amounts for impairment tests in respect of:-
 - assets or CGUs for which impairment losses are recognised or reversed in the period where recoverable amount is based on fair value less costs of disposal;

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

- Information about the nature and financial effect of business combinations in the current and subsequent period, including:-
 - reason for the business combination and how control was obtained;
 - information about goodwill or a bargain purchase;
 - contingent consideration and indemnification assets;
 - acquired receivables and acquired contingent liabilities;
 - transactions recognised separately from the business combination;
 - valuation of non-controlling interests measured at fair value;
 - business combinations achieved in stages;
 - revenue and result as if the acquisition occurred at the start of the year;
- Lessor disclosures of:-
 - operating lease income;
- Lessee maturity analysis of lease liabilities;
- Comparative narrative information that continues to be relevant to the current period;
- Comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment and intangible assets;
- Disclosure of key management personnel compensation, and amounts incurred for the provision of key management personnel services by a separate management entity;
- Related party disclosures for transactions with the parent or wholly owned members of the Group;
- Disclosure of objectives, policies and processes for managing capital; and
- Comparative reconciliations for property, plant and equipment, intangible assets and investment property.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the Company as an individual entity and not about its group.

Finastra International Limited is a wholly owned subsidiary of Tahoe Bidco Limited, a company incorporated in the Cayman Islands. The results of Finastra International Limited are included in the consolidated financial statements of Tahoe Bidco Limited which can be obtained as set out in note 34.

Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

Going concern

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis.

A letter of support has been received from Tahoe Bidco Limited, stating that it will provide continuing financial support as necessary to enable the Company to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, placing reliance on the support letter, as from the perspective of the Company, its operations, risks and uncertainties are integrated with those of the group. The going concern assumption has, at a group level, been critically reassessed this year considering the challenges posed by the current business and operating environment. The group's forecasts and projections have been stress-tested considering historical performance against prior year forecasts and reduced cash flow conversion achievement. Applying these assumptions, the Company is expected to continue trading as going concern based on company's forecast for at least the next 12 months from the date of approval of these financial statements.

The Tahoe Bidco group has a significant recurring revenue base of multiyear software solution contracts and provides software to leading financial institutions which underpins continuing financial resilience. Only an unrealistic immediate and permanent reduction in EBITDA and cash flow conversion would trigger a breach of our revolving credit facility. The group continues to strategically implement cash management initiatives to mitigate such risks. Actions aimed at ensuring improved cash flow conversion are continuously being taken and based on results achieved, the group is well positioned to be able to manage any uncertainty. Based on the above, the Directors are confident that the group is capable of providing support to the Company for at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Revenue

Revenue is derived from the sale of software solutions and software related services to customers and from the sale of staff time and costs recharged to other Tahoe Bidco group of companies for services. Revenue from external customer contracts is measured based on consideration specified in the contract with customer and excludes amounts collected on behalf of third parties. The company recognises revenues when it transfers control of a product or service to a customer. Related party (Intra Group revenues) are determined on an arm's length basis to ensure fair compensation for work performed and is recognised when company transfers control of product or service to the counterparty. Note 5 to the financial statements shows the composition of total revenue according to geographical market, major service lines and by the timing of revenue recognition.

Subscription and software license revenue and related maintenance

The company's subscription and software licenses consist of lending, retail banking, transaction banking and treasury and capital markets products. The related maintenance is commonly not considered a distinct performance obligation from the associated license because the ongoing utility of the license is dependent on and changed by the delivery of updates. In these cases, revenue for both is recognised as a single performance obligation over time as the customer simultaneously receives and consumes the solution.

In other cases, the two are considered distinct and the license will be recognised at a point in time once the customer has been transferred control of the license. Maintenance will be recognised in these cases as a stand ready obligation over time. This distinction depends upon the nature of the maintenance and what constitutes the company's promise to the customer.

In all product offerings the company may offer roadmap accelerators (PA) to customers. This is a fee to accelerate the timing of a specific feature or functionality on the product roadmap that once developed will be available to the general customer base. The revenue is recognised at the time the feature or functionality is delivered.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

Professional services

Revenue is generated from implementation and customisation services, consulting and training. These services are often reflected in separate contracts from license contracts but are evaluated together with the license agreement when signed at or near the same time because they share one commercial objective i.e. to implement a solution. Payment terms for professional services may be based on a time and materials basis, an upfront fixed fee, or fixed upon the achievement of milestones.

The Company's professional services that are separate performance obligations are recognised in two ways. Where they are billed on a fixed fee basis, services are satisfied as they are rendered and we use a cost-based input method, which reflects the transfer of those services, to determine the amount of revenue to recognise. Where they are billed on a time and materials basis, revenue is recognised using an output method that corresponds with the time and materials billed and delivered, which also is reflective of the transfer of the services to the customer.

For services revenue, which is recognised over time, the Company frequently uses an input method to measure progress which relies on the Company's internal measure of progress compared to total anticipated costs. The scope of projects frequently change and most frequently in agreement with customer modifications. Consequently, the estimate of total anticipated costs is subjected to a high level of review at all stages in a project life cycle.

The ability to estimate the final cost outcome is critical and if it cannot be reliably estimated revenue should be constrained to the extent of costs recognized only, with no margin recognized. This estimation of total anticipated costs is inherently judgmental and depends upon the complexity of work being undertaken, any customizations being made to software and the customer environment being interfaced to. During the year we have constrained revenue to the extent of recoverable costs only on a number of projects as we are still scoping the full estimate of costs required to complete.

Enhancement services

Many of our products that are offered as a license are also offered as a hosted solution. Hosting revenue is generated by way of an additional subscription fee payable to the company to provide a software hosting service. In these instances, the customer has the right to take possession of software during the term without a significant penalty and so the hosting is considered a distinct performance obligation from the license. Hosting fees are recognised on a straight-line basis over the term of the contract.

Contract acquisition costs

Incremental costs of obtaining a contract, such as sales commissions and agent fees, are capitalised if they are expected to be recovered. Incremental costs include only those costs that would not have been incurred if the contract had not been obtained. The company has adopted a portfolio approach to account for contract acquisition costs. In any given month all such costs incurred are included in a product and term-based portfolio that applies a consistent average term to the amortisation period. The period of amortisation is based on historical contract terms which is materially consistent with the pattern of transfer of the good or service to which the asset relates.

Contract fulfilment costs

Costs to fulfil a contract include professional services internal and external costs and any license inputs purchased from third parties. These costs are capitalised where they relate to an identified specific contract, generate an asset for the company and they will be recovered over the course of the contract. Fulfilment contract costs are amortised over a period that is consistent with the pattern of transfer of the good or service to which the asset relates.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

Contract modifications

Contract modifications arise when there is an agreed change to the scope or price (or both) of a contract. When a contract modification occurs, it requires the Company to exercise judgment to determine if the modification should be accounted for as: (i) a separate contract, (ii) the termination of the original contract and creation of a new contract, or (iii) a cumulative catch up adjustment to the original contract. Most commonly the Company experiences type i and type ii modifications for an increase in the scope and price of a contract as customers add additional license modules or renew the terms of their contract.

Material rights

Options granted as part of a revenue contract to a customer, which are incremental to the range of discounts typically given for the goods or services, are considered a separate performance obligation for revenue recognition purposes. If the option provides a material right to the customer, the customer in effect is paying the company in advance for future goods or services and the associated revenue is recognised when the future good or service is transferred or when the option expires.

Existence of a significant financing component

When a contract includes a significant financing component as a result of an advance payment to the company, the accounting effect of the financing component increases the amount of revenue recognised, with a corresponding increase to interest expense as the customer is providing financing to Finastra. Conversely, when payments are in arrears, the adjustment for the financing component decreases the amount of revenue recognised with a corresponding increase to interest income as Finastra has provided financing to the customer. A significant financing component generally only arises on the most significant contracts where a customer pays upfront fees for professional services and / or licenses, but the company is delivering services over time.

Contract existence and term

Where customers are granted a set term contract but are granted a right to terminate before the end of the term, a judgement is required on the enforceable term of the contract. Where the termination right allows a termination for convenience with no penalty this suggests that a shorter contract term should be considered. This judgement changes the total contract value assessed at inception for subsequent allocations and the value of revenue allocated to unsatisfied performance obligations.

Revenue to recognise: 'The transaction price'

Total contract revenue or 'the transaction price' is determined based on the consideration that the Company expects to receive in a contract with a customer. The Company's expectation is informed by the stated contract value plus any estimates of variable consideration, that is where the Company expects to receive a variable amount based on the occurrence or non-occurrence of future events. Variable consideration is present in a number of our customer contracts for usage-based fees in hosting and cloud arrangements or tiered pricing offered through lower rate charges as clients move through tiers.

Variable consideration is also present in certain transactions in the form of discounts, credits, price concessions, penalties, inflationary price rises, and similar items and the Company develops estimates of variable consideration based on both historical information and current trends. Where necessary, variable consideration included in the transaction price is constrained such that a significant revenue reversal is not probable should a future event reduce the amount of consideration due from a customer.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

Cloud solutions

Cloud revenue is generated in hosting arrangements where the customer purchases a combined software and hosting arrangement but does not have the ability to take possession of the software during the term. Fees related to cloud solutions are provided on either a subscription or consumption basis. Revenue related to cloud services provided on a subscription basis is recognised straight-line over the contract period. Revenue related to cloud services provided on a transaction basis, is recognised as the access to the services is made available to the customer or transactions are incurred. Fees related to any non-distinct upfront administrative set-up activities are recognized over the enforceable cloud service term.

The company is the IPR holder for a number of products within the Tahoe Bidco group. Accordingly, related party licence fees represents fair value of consideration receivable by the company from the distributing entity within the Tahoe Bidco group at rates specified in the licensing agreements entered into by it with the distributing entities.

Related party revenues

The company recognises revenue from direct sales of services and operational support to other entities within the Tahoe Bidco group. The company recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to the customer. The amount of revenue recognised is the amount the company expected to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Developed software	3 - 5 years
Other acquired intangibles	3 - 5 years

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following straight line bases:

Leasehold land and buildings	Over the term of the lease
Leasehold improvements	5 - 15 years or the lease term if shorter
Fixtures, fittings and equipment	4 - 15 years
Computer equipment	4 - 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. Acquisition related costs are expensed as incurred.

Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs), for all debt instruments not held at fair value through the income statement. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

Amounts owed by and owed to fellow group undertakings (Inter-company receivable and payable balances)

Intercompany receivable and payable balances are recognised at fair value being the invoiced amount. All Intercompany receivables and payables are unsecured and repayable on demand. The Intercompany receivable balances are deemed to have a near zero expected credit loss. In making this determination the Company has placed reliance on a letter of support received from Tahoe Bidco Limited (the group parent Company) whereby they have confirmed and will ensure that in relation to amounts owed by fellow subsidiaries that such subsidiaries have sufficient financial and other resources to satisfy any financial obligations created by such intercompany payables they hold, as and when such obligations fall due and are called upon. Amounts disclosed as non-current are based on a confirmation in writing from the Tahoe Bidco group that payment of those amounts will not be recalled upon within 12 months from the reporting date.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

The company has a process in place whereby Intercompany balances including loans, whether informal or formal are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Provisions are assessed by evaluating the credit risk of the counterparty and the ability of the counterparty to settle the amounts due in accordance with the terms of the loan. The ability of a related party to repay amounts due is a critical accounting estimate given the materiality of the balance. Intercompany loans and balances are assessed using the IFRS 9 general model approach which requires an assessment of the probability of default and potential loss scenarios were a default to occur. The Tahoe Bidco group treasury strategy, availability of funds, and management intentions are all considered. In addition, the counterparty liquidity and financial position are critically evaluated, including an assessment of any improving or deteriorating financial position, to ensure amounts due can be collected. No impairment charge has been recorded following such assessment (2020:nil).

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Trade and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and 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 reporting end 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 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.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for restructuring that is within IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

Share-based payments

The group operates a Management Equity Plan and a Long-term Incentive Plan for certain members of management which allow these individuals to purchase an ownership interest in the group at the share's nominal value. This interest will vest upon a listing or change of control event. A charge is only recorded when such a vesting event is probable, the determination of which requires judgement. The determination of the fair value of the share based awards at the grant date requires an estimate for the enterprise value of the group at the grant date. Management's estimates of enterprise value are determined using a discounted cash flow model adjusted for any priority debt. The expected vesting period of the shares requires an estimate of the date of the expected listing or change of control event.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

2 Accounting policies (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be 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 in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the Company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

Non-recurring costs

Non-recurring costs consist of integration costs, severance payments, property exit costs and a one-off provision in the comparative year in respect of COVID-19.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

The balances at year end have been converted to sterling at year end closing rate and transactions during the year have been converted to sterling at average rate during the year, with the difference then going through foreign exchange translation reserve.

3 Adoption of new and revised standards and changes in accounting policies

There are no new and revised Standards and Interpretations that have been adopted by the Company that have an effect on the current period or a prior period or may have an effect on future periods.

The update issued in relation to configuration or customisation Costs in Cloud Computing Arrangements (IAS-38) was adopted during the year across the group. There are no other new and revised Standards and Interpretations that have been adopted by the company that have an effect on the current period or a prior period or may have an effect on future periods.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

4 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Revenue recognition

The Company enters into revenue arrangements with customers to provide software solutions and software-related services such as cloud, hosting and maintenance, and related professional services either individually or as part of an integrated offering of multiple services. Revenue is recognized in accordance with the 5-step model of IFRS 15 'Revenue from Contracts with Customers' and the following critical judgements arise.

Promises to a customer

At inception of the contract, the Company assesses the products and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a product or service (or bundle of products or services) that is distinct. - i.e., if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer.

Judgement is required when determining which promises are distinct and which are not. Generally, the solutions and services sold follow a prescribed treatment and are consistently treated. However, this can vary by customer contract depending on the context of the contract and requires the evaluation of performance obligations for every contract. The judgement is significant because it can cause a significant change in the timing of revenue recognition.

In the financial services software industry, there are circumstances where the utility of core functionality of the licensed software would degrade significantly during the term of a licence if the vendor were not to fulfil its promise to provide updates for changes. Where there is effectively a reasonable certainty that updates will be provided that are integral to the customer's ability to continue to derive substantive benefit from the software licence (i.e. its utility to the customer) throughout the licence period, the licence and maintenance are viewed as a combined performance obligation for revenue recognition purposes.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

4 Critical accounting estimates and judgements (Continued)

Revenue recognition (continued)

For the Company, it has been identified that many of the licenses where maintenance is viewed as critical because the core functionality of the software relies on regular updates for i) financial transaction infrastructure changes and/or ii) regulatory compliance reporting/functionality changes. In these cases, the license and the maintenance are combined into a single performance obligation and the combined revenue is recognised over time.

Implementation services and other professional services are typically considered distinct performance obligations, however where professional services involve significant complex customization or modification of an underlying solution or offering, or if the services are complex and not available from a third-party provider and must be completed prior to a customer having the ability to benefit from a solution or offering, then such services are combined with the underlying software solution and are accounted for as a single performance obligation. This judgement is applied on a contract by contract basis and is informed through detailed contractual reviews and an in depth understanding of the particulars of each implementation.

Recognising revenue

The Company recognises revenue when, or as, it satisfies a performance obligation by transferring control of the good or service to a customer. The judgement of when to recognize revenue is intrinsically linked to the performance obligation assessment because revenue can only be recognized when or as the performance obligation is satisfied.

The distinction of whether to recognize revenue over time or at a point in time depends on how the obligation is transferred to the customer and whether there remains any ongoing obligation to satisfy the contractual requirements, given the context of the customer contract. As such the same product sold in a different way to a different customer can have a different revenue recognition profile. This requires that the Company evaluates contracts with customers on a contract-by-contract basis.

Generally, maintained licenses, bespoke licenses, support and professional services are recognized over time as and when the customer consumes the software solution or service. Conversely, licenses which are considered distinct performance obligations are recognised at a point in time.

R&D asset capitalisation

Expenditure on developed software is capitalised when the Company is able to demonstrate all of the following: the technical feasibility of the resulting asset; the ability and intention to complete the development and use or sell it; how the asset will generate probable future economic benefits; and the ability to measure reliably the expenditure attributable to the asset during its development. Management estimates the future sales and long-term operating margins of the asset. Judgement is applied in determining whether all of the above criteria is satisfactorily met by reference to results of testing performed or market intelligence gathered and capitalisation is done only after the test results satisfactorily meet the required criteria. Where the required criteria is not met, the costs are charged off to the income statement.

Key sources of estimation uncertainty

Leases

To determine the incremental borrowing rate, the Company:

- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

The Company used incremental borrowing rates specific to each lease which was 6.06%.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

4 Critical accounting estimates and judgements (Continued)

Revenue

Estimates for revenue allocations

The consideration received in a customer contract is allocated to each performance obligation using a standalone selling price ('SSP') methodology. The standalone selling price is the observable price at which the Company sells a promised good or service separately to a customer, or the estimated standalone selling price where sufficient standalone sales do not exist. Standalone selling prices are updated annually.

Estimating SSP requires data informed decisions using all information that is reasonably available and maximizing observable inputs with approaches including historical pricing, cost plus a margin or using a residual approach. The estimate is key because the SSP used will influence the resulting revenue allocation relative to the other goods and services sold in the same contract.

Impairment of assets

Management has considered the impact of COVID-19 being a trigger for the impairment of investments. Given that the UK have lifted all the pandemic related restrictions and other countries are also gradually moving to a similar model having gained control over it through massive vaccination drives and recognizing that we have to learn to live with the virus, the management has taken a view that COVID-19 would not be a trigger for impairment of investments and trade and other receivables.

Expected credit loss

The Company has placed reliance on a letter of support received from Tahoe Bidco Limited (the group parent Company) whereby they have confirmed and will ensure that in relation to amounts owed by fellow subsidiaries that such subsidiaries have sufficient financial and other resources to satisfy any financial obligations created by such intercompany payables they hold, as and when such obligations fall due and are called upon. Due to the group financing structure, the Company has assessed Tahoe Bidco Limited's ability to provide this support if required and assumed the default risk on the receivables is therefore nil, based on the ability of the group as a whole to settle the loans to the various counterparties. If the group was not able to support these payments this would result in the full amount being impaired with an impact of £467,417,000 (2020: £411,035,000) on the financial statements.

Impairment of goodwill and other intangibles

The recoverable amount of an asset or group of assets ('cash-generating unit' or 'CGU') is the greater of its value in use and its fair value less costs of disposal (FVLCD). The significant assumptions underlying the recoverability of goodwill include estimated discretionary after-tax cash flow and growth projections, considering industry performance and general business and economic conditions. Other significant assumptions include weighted average cost of capital ('WACC') and terminal value growth rates which are included in the discounted cash flow models.

The Company's estimate of future performance is dependent on a number of global economic and business specific trends in the markets where products and services are sold. These trends include government regulations which impact the demand for these solutions, decisions by financial institutions whether or not to replace their legacy computer systems and invest in new technology to enhance their competitive position, and interest rates among other factors. In Canada, the decline in cheque usage due to the implementation and adoption of alternative payment methods, interest rates, residential real estate activity and initiatives by major financial institutions to outsource certain operations where the company has a solution are factors that impact performance. In the United States, interest rates and lending activity also impact future performance.

As management uses judgment in estimating the fair value of its CGUs or groups thereof, imprecision in any assumptions and estimates used in the fair value calculations could influence the determination of goodwill impairment and affect the valuation of goodwill.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

4 Critical accounting estimates and judgements (Continued)

Separately identifiable intangible assets that derive their value from contractual customer relationships or from internal use have a finite useful life and are amortised over their estimated useful lives. Determining the estimated useful life of these finite life intangible assets requires an estimate of the period over which these assets will generate future benefit to the company and therefore, significant management judgement. Finite life intangible assets, including capitalised software costs of an intangible asset not yet available for use, are tested for impairment, whenever circumstances indicate that the carrying value may not be recoverable and require management to exercise judgement in analysing such possible circumstances.

Taxation

A good tax control framework is a standard global requirement for the company on which to base the multiple tax filings it is required to make to authorities globally. Management uses this documented process to review key judgements and risk areas to determine the financial statement impact from those filings with particular areas of focus on future income flows, the activities being undertaken in the company's entities compared to their financial statement results and the impact of changes to the tax regulatory landscape with new tax laws being introduced.

Deferred income tax assets and liabilities and the corresponding impact on deferred income tax expense or recovery are based on the temporary differences that are expected to reverse in future periods. Management uses judgement in determining when temporary differences will reverse and if the benefits of deductible temporary differences and tax losses can be realised. A key assumption in determining the deferred income taxes is that the company will be able to maintain sufficient levels of income such that the deferred tax assets will be realised.

Tax estimates and judgements are regularly reassessed and changes in the expected financial statement impact are accounted for in the period in which the reassessment is made.

5 Revenue

	2021	2020
	£000	£000
Revenue analysed by class of business		
Licence fees	132,467	21,297
Maintenance fees	68,497	72,957
Professional services	20,451	21,668
Subscriptions	55,175	45,923
Related party licence fees	-	103,837
	<u>276,590</u>	<u>265,682</u>

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

5 Revenue (Continued)

	2021 £000	2020 £000
Revenue analysed by geographical market		
United Kingdom	63,621	56,579
Rest of Europe (excluding United Kingdom)	84,634	68,686
Africa	23,487	24,988
Rest of World	104,848	115,429
	<u>276,590</u>	<u>265,682</u>

	2021 £000	2020 £000
Timing of revenue recognition		
Revenue recognised at a point in time	17,311	16,665
Revenue recognised over time	259,279	249,017
	<u>276,590</u>	<u>265,682</u>

6 Non-recurring costs

	2021 £000	2020 £000
Severance costs	-	2,153
Legal and professional fees	-	1,042
COVID-19 provision	-	983
Property exit costs	1,730	313
	<u>1,730</u>	<u>4,491</u>

7 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2021 Number	2020 Number
Development and support staff	239	226
Sales staff	150	157
Administrative and management staff	157	140
	<u>546</u>	<u>523</u>

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

7 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	58,361	51,324
Social security costs	5,369	5,790
Pension costs	2,753	2,757
	<u>66,483</u>	<u>59,871</u>

Wages and salaries include a deduction for tax credits receivable in respect of research and development activities amounting to £nil (2020: £194,000). The disclosure above does not include employee related exceptional costs detailed in note 7.

8 Directors' remuneration

	2021 £000	2020 £000
Remuneration for qualifying services to the company and fellow group undertakings	2,403	1,723
Company pension contributions to defined contribution schemes for qualifying services to the company and fellow group undertakings	18	42
	<u>2,421</u>	<u>1,765</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2020: 3).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 5 (2020: 7). During the year ended 31 May 2021, no director exercised any share options or received any shares under any long-term incentive scheme (2020: nil).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £000	2020 £000
Remuneration for qualifying services	<u>828</u>	<u>967</u>

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

8 Directors' remuneration (Continued)

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2020: £nil).

As at 31 May 2021, a total balance of £1,140,000 (2020: £477,000) was payable to the Company's directors in relation to bonuses for the financial performance in the prior year and is included in the total remuneration stated above.

The directors are paid by this Company for their services as employees, rather than being of an executive nature. No compensation was paid to directors for loss of office during the year (2020: £nil).

Group policy allows for the cost of any services performed by the directors, in the capacity as employees of a fellow subsidiary, to be recharged to the Company.

During the year ended 31 May 2018, several members of the executive management team were provided loans, totalling £5,000,000, to assist with purchasing shares in Tahoe Topco Limited, a fellow group company. The total amounts owed by these members at 31 May 2021 was £5,900,000 (2020: £5,000,000).

9 Operating profit

	2021 £000	2020 £000
Operating profit for the year is stated after charging/(crediting):		
Cost of goods sold	39,478	37,791
Exchange gains	(1,798)	(4,458)
Depreciation of property, plant and equipment	4,818	7,047
Amortisation of intangible assets	23,214	18,542
Share-based payments	426	-
Impairments	-	5,860
	<u> </u>	<u> </u>
	2021 £000	2020 £000
Research and development costs including intra-group recharges	85,380	94,339
Less staff costs capitalised	(33,256)	(30,711)
	<u> </u>	<u> </u>
Net research and development costs	52,124	63,628
	<u> </u>	<u> </u>

10 Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditors:		
For audit services		
Audit of the financial statements of the company	25	24
	<u> </u>	<u> </u>

No fees for non-audit related services were incurred during the reporting period (2020: £nil).

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

11 Interest receivable and similar income

	2021 £000	2020 £000
Interest income		
Other interest income	223	22
Interest receivable from group companies	67	351
Impairment provision no longer required written back	2,336	-
	<u>2,626</u>	<u>373</u>
Dividend Income from fixed asset investments		
Dividend Income from shares in group undertakings	12,101	-
	<u>12,101</u>	<u>-</u>

The company was able to get access to cash in a bank account in Oman through its subsidiary Finastra Muscat LLC. Accordingly, the impairment provision recorded in a prior year of £2,336,000 has been reversed out as no longer required.

12 Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group undertakings	2,182	352
Interest on late payment of employee taxes	15	-
	<u>2,197</u>	<u>352</u>
Interest on lease liabilities	1,500	1,736
	<u>1,500</u>	<u>1,736</u>
Total interest expense	<u>3,697</u>	<u>2,088</u>

13 Tax on profit/(loss)

	2021 £000	2020 £000
Current tax		
Foreign taxes and reliefs	8,660	3,030
Deferred tax		
Origination and reversal of temporary differences	3,946	(16,933)
	<u>3,946</u>	<u>(16,933)</u>
Total tax charge/(credit)	<u>12,606</u>	<u>(13,903)</u>

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

13 Tax on profit/(loss) (Continued)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before taxation multiplied by the standard rate of tax as follows:

	2021 £000	2020 £000
Profit before taxation	66,646	36,142
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	12,663	6,867
Effect of expenses not deductible in determining taxable profit	299	(3,169)
Income not taxable	(2,299)	-
Utilisation of tax losses not previously recognised	(4,563)	(686)
Group relief	(7,222)	(3,956)
Effect of overseas tax rates	-	398
Irrecoverable withholding tax	4,008	2,412
Other irrecoverable tax	-	219
Timing differences on fixed assets	1,122	945
Movement in deferred tax	3,946	(16,933)
Foreign tax	4,652	-
Tax charge/(credit) for the year	12,606	(13,903)

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 21. Deferred tax assets and liabilities at 31 May 2021 have been measured using these newly enacted tax rates.

14 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021 £000	2020 £000
In respect of:		
Goodwill	-	3,140
Property, plant and equipment	-	40
Intercompany balances	-	2,680
	-	5,860
Recognised in:		
Administrative expenses	-	5,860

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

15 Intangible fixed assets

	Goodwill	Developed software	Complete technology	Third party software	Total other intangible assets	Total intangible fixed assets
	£000	£000	£000	£000	£000	£000
Cost						
At 1 June 2020	6,619	129,165	6,058	24,509	159,732	166,351
Additions	-	33,256	-	1,717	34,973	34,973
Disposals	-	(19,479)	(1,954)	(18,919)	(40,352)	(40,352)
Foreign currency adjustments	-	(3,689)	-	-	(3,689)	(3,689)
At 31 May 2021	6,619	139,253	4,104	7,307	150,664	157,283
Amortisation and impairment						
At 1 June 2020	3,140	61,932	5,130	19,571	86,633	89,773
Charge for the year	-	19,395	586	3,233	23,214	23,214
Eliminated on disposals	-	(19,479)	(1,954)	(18,919)	(40,352)	(40,352)
Foreign currency adjustments	-	(2,411)	-	-	(2,411)	(2,411)
At 31 May 2021	3,140	59,437	3,762	3,885	67,084	70,224
Carrying amount						
At 31 May 2021	3,479	79,816	342	3,422	83,580	87,059
At 31 May 2020	3,479	67,233	928	4,938	73,099	76,578

The amortisation charge for the year amounting to £nil (2020: £3,140,000) on goodwill is included in administrative expenses within the statement of comprehensive income.

Goodwill arose from purchases by the Company in the prior years of the trade and assets of a fellow subsidiaries; Almonde Limited and Turaz Limited amounting to £2,019,000 and £4,600,000 respectively. Goodwill is annually tested for impairment by determining future discounted post-tax cash inflows from the cash generating units and comparing them with the carrying value of goodwill held for the related cash generating units. In computing the future post tax cash inflows, the contract term over which the cash generating units would generate cash inflows has been assumed as 7 years and the year-on-year growth in cash flows is assumed at 10% consistent with group level estimates. The annual discount rate and terminal discount rate for the Company have been assumed at 10.5% and 2.2% consistent with Tahoe Bidco group level estimates. If these rates moved adversely by 1%, the resultant impairment loss for the year would be £2,435. Based on the results of impairment assessment tests performed, there is adequate headroom between the carrying value of goodwill and the value in use and accordingly the directors concluded that no further impairment is required.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

16 Property, plant and equipment

	Leasehold land and buildings	Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 1 June 2020	21,943	13,412	395	9,746	45,496
Additions	-	475	37	1,660	2,172
Disposals	(226)	-	-	-	(226)
Foreign currency adjustments	-	(9)	(1)	(24)	(34)
At 31 May 2021	21,717	13,878	431	11,382	47,408
Accumulated depreciation and impairment					
At 1 June 2020	4,264	3,219	281	7,012	14,776
Charge for the year	1,464	1,843	14	1,497	4,818
Foreign currency adjustments	-	(9)	(1)	(23)	(33)
At 31 May 2021	5,728	5,053	294	8,486	19,561
Carrying amount					
At 31 May 2021	15,989	8,825	137	2,896	27,847
At 31 May 2020	17,679	10,193	114	2,734	30,720

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2021	2020
	£000	£000
Net values		
Property	15,989	17,679
Computer equipment	217	312
	16,206	17,991
Depreciation charge for the year		
Property	1,464	4,224
Computer equipment	565	384
	2,029	4,608
Impairment charge for the year		
Property	-	40

The depreciation charge for the year is included in administrative expenses within the statement of comprehensive income.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

17 Investments

	Non-current 2021 £000	2020 £000
Investments in subsidiaries	34,567	34,567
	<u>34,567</u>	<u>34,567</u>
	<u><u>34,567</u></u>	<u><u>34,567</u></u>
Movements in non-current investments		
		Shares in group undertakings £000
Cost or valuation		
At 1 June 2020 & 31 May 2021		65,758
		<u>65,758</u>
Accumulated impairment		
At 1 June 2020 & 31 May 2021		(31,191)
		<u>(31,191)</u>
Carrying amount		
At 31 May 2021		34,567
		<u>34,567</u>
At 31 May 2020		34,567
		<u><u>34,567</u></u>

Impairment review

The Company has £65,758,000 of investments in subsidiaries. FRS 101 requires management to undertake an annual test for impairment of assets, including investments in subsidiaries, and to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the fair value less costs to sell or net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. The first test that management applies with regards to impairment test for investments in subsidiaries is the net assets test. In the event that the carrying value of the investment exceeded the net assets of the investment, future cashflows are derived from the latest financial information for those specific investments. Since the net assets of the subsidiaries were greater than the carrying value of the investments, the Directors consider that no impairment is required to be recorded at 31 May 2021 (2020: £Nil).

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

18 Subsidiaries

Details of the Company's subsidiaries at 31 May 2021 are as follows:

Name of undertaking	Registered office	Ownership interest (%)
Finance Information et Technologie S.A.S.	Washington Plaza 42, rue Washington, 75008 Paris, France	100.00
Finastra International GmbH	Hedderichstrasse 36, 60594, Frankfurt, Germany	100.00
Finastra Saudi Arabia Limited	Regus Kingdom Business Center, 28th Floor, Kingdom Tower, Riyadh, Kingdom of Saudi Arabia	90.00
Fundtech FSC Limited	Four Kingdom Street, Paddington, London, W2 6BD, United Kingdom	100.00
Finastra France S.A.S.*	Washington Plaza 42, rue 100 Washington, 75008, Paris, France	100.00
Accounts Europe Limited*	Four Kingdom Street, Paddington, London, W2 6BD, United Kingdom	100.00

Other group investments

Name of undertaking	Registered office	Ownership interest (%)
Finastra Thailand^	No 191 Silom Complex Building, 17th Floor, Room 1712 Silom Road, Bangrak District, Bangkok, Thailand	0.03
PT Finastra International Financial Systems	Sequis Tower, Suite 1602, 16th Floor, Jl. Jend. Sudirman Kav. 71	1.00

* indirect subsidiary undertakings

^ the shareholding in Finastra Thailand is 0.033%

The class of share capital held for all of the above undertakings are ordinary shares.

19 Contract balances

The following table provides information about contract costs by category of asset, included in trade receivables.

	2021 £000	2020 £000
Contracts in progress at the reporting end date		
Contract receivables included in trade and other receivables	26,400	42,238
Accrued income - contract assets included in trade and other receivables	42,393	34,420
Contract liabilities included in deferred income	118,090	124,192

Payment terms and conditions in customer contracts may vary. In some cases, customers pay in advance of the delivery of solutions or services; in other cases, payment is due as services are performed or in arrears following the delivery of the solutions or services. Differences in timing between revenue recognition and invoicing result in trade receivables, contract assets, or contract liabilities in the statement of financial position.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

19 Contract balances (Continued)

Contract assets refers to accrued income and arises when revenue is recognised, but invoicing is contingent on performance of other performance obligations or on completion of contractual milestones. Contract assets are transferred to receivables when the rights become unconditional, typically upon invoicing of the related performance obligations in the contract or upon achieving the requisite project milestone.

Contract liabilities refer to deferred income and results from customer payments in advance of the satisfaction of the associated performance obligations and relates primarily to prepaid maintenance or other recurring services. Deferred income is released as revenue is recognised.

20 Transaction price allocated to the remaining performance obligations

The total amount of revenue allocated to unsatisfied performance obligations is £532,120,000 (2020: £328,396,000). We expect to recognise approximately £98,753,000 (2020: £94,920,000) in the next 12 months, £181,299,000 (2020: £100,512,000) in 1 to 3 years and the remainder after 3 years or more time.

The amount represents our best estimate of contractually committed revenues that are due to be recognised as we satisfy the contractual performance obligations in these contracts. A large proportion of the company's revenue is transactional in nature and these amounts are excluded unless there is a minimum commitment amount (a floor) in which case the floor value is included. A significant amount of the company's maintenance revenue is billed annually in advance and has to be renewed each year. In such cases only the current invoiced amount remaining to be recognised as revenue is included until the date of renewal when a full year will be captured.

21 Contract costs

Where certain contract costs meet defined criteria, those costs are deferred as assets. The following table provides information about contract costs by category of asset included within deferred implementation costs:

	2021 £000	2020 £000
Deferred implementation costs	4,110	3,602
Commission fees	7,685	6,955
Royalty and agent fees	3,542	5,242
	<u>15,337</u>	<u>15,799</u>

Management expects that incremental commission fees paid to employees and agent fees paid to intermediaries and implementation fees, as a result of obtaining contracts, are recoverable. The company has therefore deferred these fees as contract costs. The contract cost assets are amortised over the period in which the related revenues are recognised. No impairment loss was recognised in relation to the costs deferred during the year (2020: £nil).

Disclosure of Deferred implementation fees has been included in the note above along with comparative information for the year ended 31 May 2020 as per requirements of IAS1 – Presentation of financial statements. This additional disclosure has no effect on the Statement of Financial Position as at 31 May 2021 and 2020, the Statement of Comprehensive Income or the Statement of Changes in Equity for the years ended 31 May 2021 and 2020.

As permitted by IFRS 15, the company recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the company otherwise would have recognised is one year or less.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

22 Trade and other receivables

	Current		Non-current	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade receivables	26,400	42,238	-	-
Expected credit losses	(2,809)	(3,030)	-	-
	<u>23,591</u>	<u>39,208</u>	<u>-</u>	<u>-</u>
Contract assets	20,156	15,583	22,237	18,837
Other receivables	7,416	11,035	-	-
VAT recoverable	3,832	3,175	-	-
Amounts owed by fellow group undertakings	144,441	347,839	322,976	63,196
Deferred implementation costs	5,140	5,292	10,197	10,507
Prepayments	8,371	6,811	-	-
	<u>212,947</u>	<u>428,943</u>	<u>355,410</u>	<u>92,540</u>

Included within other receivables is £5,900,000 of loans (2020: £5,000,000) provided to several members of the executive management team up until the year ended 31 May 2021 to assist with purchasing shares in Tahoe Topco Limited, a fellow group company. No director exercised any share options or received any shares in during the year (2020: nil).

The amounts owed to the company by fellow group undertakings are unsecured and repayable on demand. However, payment of £322,976,000 (2020: £63,196,000) is not expected to be recalled within 12 months from the reporting date and so these amounts are classified as non-current assets. Of the non-current amounts owed by fellow group undertakings above, £319,256,000 (2020: £60,429,000) is interest bearing and interest was charged on these amounts ranging from 0.4% to 1.34% (2020: 5.62% to 7.79%) during the year.

Accrued income is stated net of provisions of £1,243,000 (2020: £1,117,000).

The expected credit loss relates to receivables from customers in financial difficulty, customer acceptance issues and cancelled contracts. Impairment charges are recorded against the trade receivables which the company believes may not be recoverable. In the case of trade receivables that are past due, management assesses the risk of non-collection, considering factors such as previous default experience, anticipated default possibilities, any disputes or other factors delaying payment and the risk of bankruptcy or other failure of the customer to meet their obligations. For trade receivables that are not past due, management records an impairment charge only where there is a specific risk of non-collection.

As at 31 May 2021, trade receivables of £11,525,000 (2020: £20,862,000) were aged more than 30 days but not impaired. These relate to a number of customers for whom there is no recent history of default and where commercial discussions lead management to conclude that it remains likely that the customer will pay without concessions from the company. There is no significant concentration of outstanding customer receivables which is considered a heightened risk factor by management.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The fair value of trade and other receivables approximates book value due to the short-term maturities associated with these items.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

23 Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	ACAs £000	Tax losses and accruals £000	Total £000
Deferred tax asset at 1 June 2020	15,616	15,031	30,647
Deferred tax movements in current year			
Credit to profit or loss	(1,144)	(2,802)	(3,946)
Deferred tax asset at 31 May 2021	14,472	12,229	26,701

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £000	2020 £000
Deferred tax assets	26,701	30,647

24 Borrowings

	2021 £000	2020 £000
Unsecured borrowings at amortised cost		
Bank overdrafts	128	-

Analysis of borrowings

The above bank overdraft is unsecured and interest free as the Tahoe Bidco group treasury endeavor to maintain an overall positive balance with the bank across all subsidiary accounts in terms of the financing arrangement with the bank to mitigate interest charges. In the event of an overdraft at a group level, interest is charged by the bank at the rate of 3.5% margin on top of the reference rate for the overdrawn currency. Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £000	2020 £000
Current liabilities	128	-

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

25 Trade and other payables

	Current		Non-current	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade payables	10,645	5,546	-	-
Contract liabilities	76,549	46,717	41,541	77,475
Amounts owed to fellow group undertakings	164,295	328,216	206,380	212,226
Accruals	31,612	26,819	-	-
Other payables	6,064	5,167	-	-
	<u>289,165</u>	<u>412,465</u>	<u>247,921</u>	<u>289,701</u>

Amounts owed to fellow group undertakings are unsecured and repayable on demand. However, the Tahoe Bidco group on behalf of the counterparties have confirmed in writing that payment of £206,380,000 (2020: £212,226,000) will not be recalled within a period of 12 months from the reporting date and so these amounts are classified as non-current liabilities.

Non-current amounts owed to fellow group undertakings are interest bearing and attracted interest at a floating rate ranging from 5.03% to 5.21% (2020: 5.62% to 7.79%).

26 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£000	£000
Current liabilities	1,667	3,153
Non-current liabilities	20,710	24,632
	<u>22,377</u>	<u>27,785</u>

	2021	2020
	£000	£000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>1,500</u>	<u>1,736</u>

The fair value of the Company's lease obligations is approximately equal to their carrying amount. As the company is a qualifying entity under FRS-101, the disclosure of maturity profile of its lease liabilities is included within Note 25.8 of the Tahoe Bidco Limited's group accounts.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

27 Other provisions

	2021 £000	2020 £000
Restructuring	209	138
Onerous contracts	4	26
	<u>213</u>	<u>164</u>
	<u><u>213</u></u>	<u><u>164</u></u>
Movements on provisions:		
	Restructuring	Onerous contracts
	£000	£000
At 1 June 2020	138	26
Additional provisions in the year	71	-
Utilisation of provision	-	(22)
	<u>209</u>	<u>4</u>
At 31 May 2021	<u><u>209</u></u>	<u><u>4</u></u>

28 Retirement benefit schemes

Defined contribution schemes

The Company participates in a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge to profit or loss in respect of defined contribution schemes was £2,753,000 (2020: £2,757,000).

29 Share capital

	2021 £000	2020 £000
Ordinary share capital		
<i>Issued and fully paid</i>		
60,000,003 (2020: 60,000,002) Ordinary shares of £1 each	60,000	60,000
	<u>60,000</u>	<u>60,000</u>
	<u><u>60,000</u></u>	<u><u>60,000</u></u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Reconciliation of movements during the year:

	Ordinary Number
At 1 June 2020	60,000,002
Issue of fully paid shares	1
	<u>60,000,003</u>
At 31 May 2021	<u><u>60,000,003</u></u>

During the year the Company issued 1 Ordinary share with a par value of £1 for a total non-cash consideration of \$177,168,000 in settlement of an inter-company payable to its immediate parent as part of a restructuring project undertaken to reduce intercompany balances.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

30 Reserves

Share premium account

The share premium comprises amounts subscribed for share capital in excess of their nominal value.

Capital redemption reserve

The capital redemption reserve comprises the nominal value of share capital that has been repurchased.

Translation reserve

The translation reserve represents amounts arising as a result of translating overseas branches' financial statement items from their functional currency into the Company's presentation currency.

Merger reserve

As a part of restructuring of the Tahoe Bidco Group's Irish operations to derive greater synergy from its operations, the Company set up a branch in Ireland on the 26th March 2019 (hereinafter referred to as the "Irish branch") to acquire the business, assets, and liabilities of Finastra Ireland Limited and D+H Financial Technology Limited (Ireland) both of which are wholly owned subsidiaries of the Company's immediate parent Finastra Holdings Limited.

The business, assets & liabilities of Finastra Ireland Limited were acquired by the Irish branch of the Company in terms of an Asset Transfer Agreement dated 31st July 2019 for a consideration of €206,155,000 (£189,119,000 equivalent). The value was determined based on the book value of net assets and valuation of product brands of Finastra Ireland Limited. The valuation of product brands was performed by an external financial advisor. The consideration was settled by issuance of an interest free on demand promissory note for the aforesaid amount. The business, assets, and liabilities of D+H Financial Technology Limited (Ireland) were acquired in terms of an Asset transfer Agreement dated 31st October 2019 for a consideration \$46,362,000 (£35,851,000 equivalent) determined based on the book value of net assets of D+H Financial Technology Limited (Ireland) to be settled by an interest free on demand promissory note for the aforesaid amount.

Effective as at the Agreement dates, the assets and liabilities of former Finastra Ireland Limited and D+H Financial Technology Limited were transferred to the Company's Irish Branch and the difference between the agreed purchase consideration and the book value of net assets taken over amounting to £126,882,000 for Finastra Ireland Limited and £8,754,000 for D+H Financial Technology Limited are included within a merger reserve as a part of equity.

Retained earnings/(Accumulated losses)

Retained Earnings/(Accumulated losses) represents cumulative losses net of distributions to owners.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

31 Share-based payment transactions

The Tahoe Bidco Group operates the Finastra Group's Management Equity Plan ('Finastra MEP') for Key Management Personnel and a Long Term Incentive Plan ('Finastra LTIP') for certain members of management and senior employees which allow these individuals to purchase an ownership interest in the Group at the shares' tax market value. The equity settled share-based payments are granted to certain individuals by Tahoe Topco Limited, an intermediate parent of the Group. This interest will vest upon change of control event, through the sale of Tahoe Topco Limited.

As part of the Finastra LTIP, the 'Finastra Employee Incentive Trust' was established in FY18 to hold legal ownership of the shares in Tahoe Topco Limited and the Group issued £5,900,000 (2020: £5,000,000) of promissory notes to employees to fund the acquisition of the shares. As new employees join the plan further shares are granted, and loans made available. As employees leave, the proceeds from selling the shares back to the Group are used to repay the promissory notes.

The total cost recognised in the Company income statement in respect of the share-based payment plan was \$426,000 (2020: \$nil) representing payments done to employees who have left the Tahoe Bidco Group. A charge for the plan has not been recognised during the year as a vesting event was not deemed probable.

The details of movements during the year are disclosed in note 27 of the Tahoe Bidco Group financial statements, copies of which may be obtained from Finastra Group secretariat, Four Kingdom Street, Paddington, London W2 6BD.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

32 Contingent liabilities

On 13 June 2017 as part of the combination with D+H, Vista Equity Partners, the Tahoe Bidco Group's ultimate controlling party arranged for new external debt finance to refinance its existing debt and provide funding for the acquisition of D+H.

At the year-end, the company, together with several other wholly owned subsidiaries of the group also guaranteed the main credit facilities of the group. The credit facilities consist of a \$3,582m (2020: \$3,582m) and €940m (2020: €940m) First Lien Term Loans, a \$1,245m (2020: \$1,245m) Second Lien Term Loan, and a Multi-Currency Revolving Credit Facility ("new RCF") totaling \$400m (2020: \$400m). The First Lien Term loans mature on 13 June 2024, the Second Lien Term loan matures on June 13, 2025, and the RCF has been renewed until 2024 at \$375m. Under the credit facilities, there is a fixed and floating charge over all the assets of the company, as well as a negative pledge over the assets.

Net Group finance costs were \$531.1m (May 2020: \$532.6m), predominantly reflecting interest costs on term loans related to \$3,582.0m and €940.0m First Lien Term Loans, \$1,245.0m Second Lien Term Loan and \$875.0m of Series A Preference Shares. The associated interest on the facilities was \$475.4m (May 2020: \$496.1m) of total finance costs with the cost of financing decreasing as the year progressed and interest rates being lower compared to the prior year, for US-Dollar-denominated debt. Effective from 30 November 2017, principal repayments of \$9.0m and €2.4m are being made every three months on the \$3,582.0m and €940.0m First Lien Term Loans, respectively. No principal repayments are due on the \$1,245.0m Second Lien Term Loan. Further details are available in the Tahoe Bidco Group accounts.

Contingent liabilities that are quantifiable generally arise from guarantees, letters of credit and bonds that have been issued in support of tenders submitted to prospective customers. There were no such commitments for the company as at the reporting date.

The company may be party to legal actions and claims arising in the ordinary course of business. Whilst the outcome of current outstanding actions and claims remains uncertain, it is expected that they will be resolved without a material impact to the company's financial position.

The company considers that it is remote that any material liabilities will arise from any other contingent liabilities which are not identified above.

FINASTRA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

33 Related party transactions

Other transactions with related parties

During the reporting period, the Company received management services from Vista Consulting Group LLC, a company under the control of Vista Equity Partners, for fees of £1,035,546 (2020: £1,731,260).

During the reporting period, the Company received management services from Vista Equity Partners III, a company under the control of Vista Equity Partners for fees of £18,837 (2020: £416,309).

During the reporting period, the Company received marketing services from Market One Europe LLP, a company under the control of Vista Equity Partners, for fees of £158,854 (2020: £172,246).

During the reporting period, the Company did not receive any marketing services from Cvent Europe Limited, a company under the control of Vista Equity Partners (2020: £6,106).

During the reporting period, the Company received services from Tibco Software (Ireland) Limited, a company under the control of Vista Equity Partners, for fees of £172,069 (2020: £nil).

During the reporting period, the Company received services from Xactly Corp, a company under the control of Vista Equity Partners, for fees of £333,927 (2020: £198,379).

During the reporting period, the Company received services from Autotask Corp, a company under the control of Vista Equity Partners, for fees of £1,260 (2020: £7,260).

During the reporting period, the Company did not receive any services from Acquia Inc, a company under the control of Vista Equity Partners (2020: £53,445).

During the reporting period, the Company received services from Navex Global UK Limited, a company under the control of Vista Equity Partners, for fees of £11,597 (2020: £11,045).

During the reporting period, the Company received services from Fusion Risk Management, Inc., a company under the control of Vista Equity Partners, for fees of £111,039 (2020: £nil).

During the reporting period, the Company received services from Thomson Reuters, a company under the control of Vista Equity Partners, for fees of £20,268 (2020: £nil).

34 Controlling party

The Company's immediate parent company is Finastra Holdings Limited, whose registered office address is Four Kingdom Street, Paddington, London, W2 6BD.

The parent company of the smallest group in which the company is included in consolidated financial statement is that of Finastra Limited, a company incorporated in the Cayman Islands. The parent company of the largest group in which the company is included in consolidated financial statements is that of Tahoe Bidco Limited, a company incorporated in Cayman Islands. Copies of the consolidated financial statements of Finastra Limited and Tahoe Bidco Limited may be obtained from Finastra Group Secretariat, Four Kingdom Street, Paddington, London, W2 6BD.

The ultimate controlling party is Vista Equity Partners, incorporated in the United States of America.