AI Sky UK Holdco Limited

Annual report and financial statements

as of 31 December 2021 and 31 December 2020 and for the year ended 31 December 2021, and for the period from 1 April 2020 to 31 December 2020

AI Sky UK Holdco Limited

Contents

AI Sky UK Holdco Limited

Company information

Company number	12031110
Registered office	1st Floor Central Square South Orchard Street Newcastle Upon Tyne NE1 3AZ
Board of Directors and Advisers	
Directors	Floris Petrus de Kort Jeffrey David Paduch Thomas Alexander Lorenzo Weisman (resigned 19 May 2022)
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside, London SE1 2RT

AI Sky UK Holdco Limited
Strategic Report
for the year from 1 January 2021 to 31 December 2021

Introduction

The Directors present their strategic report for AI Sky UK Holdco Limited (the "Company") and its subsidiaries (collectively the "Group") for the year from 1 January 2021 and 31 December 2021.

The Company was formed on 4 June 2019 to acquire the existing business of Transaction Services Group Limited ("TSGL"), a United Kingdom registered business. This acquisition completed on 15 October 2019. The financial results for the year ended 31 December 2021 record the 12 months trading since 1 January 2021, while the financial results for the period ending 31 December 2020 record the 9 months of trading from the change of year-end date to that date and are therefore not comparable.

On 1 July 2021 AI Sky UK Midco III Limited ("UK Midco III"), an intermediate parent of the Group that controls and consolidates substantially all of the Group's trading business, completed its merger with Megalo Parent Inc. Megalo Parent Inc consolidates the trading business of Clearent, a USA limited liability company, pursuant to the Merger Agreement. Clearent is a provider of business management software and payment services in the USA. The newly combined business was branded "Xplor Technologies". As part of the business combination AI Sky UK Midco II Limited ("UK Midco II"), the previous immediate parent of UK Midco III, transferred 100% of its shares in UK Midco III to a subsidiary of Xplor Technologies, LLC, the newly incorporated parent company of Xplor Technologies. In exchange for this transfer, Xplor Technologies, LLC issued UK Midco II with shares equating to 49% of the shareholders' equity in Xplor Technologies.

Immediately subsequent to the merger, the Group sold its interest in AI Sky US Bidco Inc, a subsidiary that held the Group's US-domiciled operations, to Xplor T1, LLC. From 1 July 2021 AI Sky UK Holdco ceased to consolidate AI Sky US Bidco Inc and its subsidiaries as controlled entities. The sale of AI Sky US Bidco Inc has been treated by the Group as a disposal of that subsidiary and reported in the current period as a discontinued operation which is disclosed in Note 30.

The merger has had a material impact on the Group's balance sheet and consolidated statement of comprehensive income during the year with the main impacts listed below:

- The Group's loan facilities that were established on 15 October 2019 with various institutional lenders were restructured to now be held at the Xplor Technologies, LLC level. These loan facilities were disclosed as Borrowings on the balance sheet for the period ended 31 December 2020, but due to the restructure were replaced by related party loans which are disclosed as amounts payable to related parties on the balance sheet for the year ended 31 December 2021. The corresponding interest payable on loan facilities were disclosed as Trade and other payables on the balance sheet for the period ended 31 December 2020 but are now disclosed as amounts payable to related parties for the year ended 31 December 2021. Refer to Note 16 and 17.

- As part of the sale of AI Sky US Bidco Inc., an intercompany loan was established between the Group (as lender) and XT1, LLC (as borrower) which is disclosed on the balance sheet as amounts receivable from related parties for the year ended 31 December 2021. Refer to Note 16.

- The Group provides management services to XT1, LLC for which a management fee is charged. This is disclosed as management fee income in the consolidated statement of comprehensive income for the year ended 31 December 2021. Refer to Note 6 and 16.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 (the Act). The Directors acknowledge that every decision they make will not necessarily result in a positive outcome for all stakeholders. By considering the Company's strategic priorities and having processes in place for decision-making, they do, however, aim to make sure that their decisions are consistent. For information about the Board's approach to stakeholder engagement, see Consideration and engagement of our stakeholders on page 5.

Review of the business

The Group specialises in providing software and integrated payments for the fitness & wellbeing and early education markets. The solutions help fitness clubs, leisure and education centres manage their operations, attract and retain more members, and optimise their payments and revenue. That means they can focus on what they love: their business. We deliver this through a range of world-class software solutions operating across Australasia, the United Kingdom and Europe.

AI Sky UK Holdco Limited
Strategic Report
for the year from 1 January 2021 to 31 December 2021

The full product offering of business management software integrated with payments and other commerce accelerating technologies, such as mobile apps and digital marketing solutions, presents a compelling and comprehensive value proposition for clients and means the business continues to hold a strong competitive advantage.

Historically the Group has seen strong growth in revenue driven by both continued organic expansion and growth through acquiring businesses. However, the COVID-19 pandemic adversely impacted trading to a varying extent in all of the Group's primary markets during the period. The impacts commenced when trading restrictions were enforced in Australasia, the United Kingdom and Europe from late March 2020. The restrictions required many of our clients in the Fitness & Wellbeing industry to temporarily close and freeze subscription memberships, which resulted in the Group's revenue generated from subscription payments from Fitness & Wellbeing clients reducing significantly. The Group's other industries were also impacted to a lesser extent. Restrictions eased in the United Kingdom and Europe through the first half of 2021. Australia and New Zealand continued to see intermittent, regional restrictions through 2021 but at the time of approval of the financial statements, many of these restrictions have lifted.

The Group is continuing to monitor the potential impacts of the COVID-19 pandemic on its business, financial condition and results of operations. To date, the Group has not incurred impairment losses in the carrying values of its assets as a result of the pandemic and it is not aware of any specific event or circumstance that would require it to revise its estimates reflected in these consolidated financial statements. The extent to which the pandemic will continue to affect the business, financial condition and results of operations of the Group will depend on numerous evolving factors that the Group may not be able to accurately predict, and which may cause actual results to differ from estimates and assumptions used in the preparation of the Group's consolidated financial statements.

In response to the reduction in revenue the Group undertook numerous cost management actions, including ceasing certain capital expenditure projects, accelerating the integration of recently acquired businesses and utilising government support schemes. Many of the cost management actions create a run rate benefit and will improve profitability as volumes recover.

To support our clients through the crisis we offered promotions and further development of our Fitness & Wellbeing and Education products that contain online features to enable a continuation of certain services at home through lockdowns.

The health and well-being of all colleagues has remained of utmost importance through the COVID-19 pandemic. Our workforce transitioned easily to working from home and we have been able to provide uninterrupted service to our clients. We also introduced various forms of support for our colleagues and continued to keep them informed on the impact of COVID on the Group.

We continue to expand into new regions where we have identified opportunities, often with established clients who have a market presence. In the next fiscal year, we plan to further establish our business in Japan and continental Europe.

Despite the impact of COVID, the Group has continued to invest in the development and expansion of its flagship products, and colleagues capability across its functions to establish a sound platform for growth. These ongoing investments will ensure the Group is in a strong position to continue winning market share as markets recover from the impact of COVID.

The Group has completed three acquisitions in the period to 31 December 2021. Two businesses offer business management software to the Education markets in Australasia and the third offers data analytics and visualisation tools for the fitness and wellbeing sectors in North America. These acquisitions present opportunities to deliver synergies through integrating with our payments platforms and/or selling software across the Group's broader network.

As the Group sold its interest in AI Sky US Bidco Inc. on 1 July 2021 to another company in the wider Xplor Technologies corporate group, the consolidated statement of comprehensive income has been disaggregated to show the results from continuing operations and discontinued operations separately. The results of AI Sky US Bidco Inc. and its subsidiaries for the period 1 January 2021 to 1 July 2021 are disclosed as profit / (loss) from discontinued operations in the consolidated statement of comprehensive income for the year ended 31 December 2021. The comparative figures in the consolidated statement of comprehensive income for the period 1 April 2020 to 31 December 2020 and corresponding notes have been restated to reflect what continuing operations and discontinued operations would have been to provide a more useful basis for predicting future results.

Overall, the Group revenue for the 12 months ended 31 December 2021 amounted to Australian $180,326k. The Group reports a loss before income tax from continuing operations of Australian $(135,665)k. The loss before income tax is impacted by acquisition, integration and restructuring costs associated with the Xplor Technologies merger as well as the Group's business combinations during the year $(24,215)k, accelerated amortised funding costs of $(29,764)k as a result of the Group's external debt being refinanced, increased employee costs to support the growth of the business, increased cost of sales consistent with the increase in revenue, and an increase in amortisation of intangible assets due to an increase in intangible assets.

Net assets at 31 December 2021 are Australian $830,226k.

The key performance indicators ("KPIs") that are regularly monitored by the Group are transaction volume and revenue and are listed below.

$ are Australian Dollars.

	Group total			
	12 months ended 31 December 2021 '000s		9 months ended 31 December 2020 '000s	
Transaction Volume	$	4,795,081	$	3,204,919
Revenue	$	180,326	$	105,368

The merger has also impacted the balance sheet, refer to the main impacts listed on page 2.

Financial performance controls include the preparation and review of detailed monthly management reports, which include measures of revenue by type and by client, and profitability. The financial and non-financial performance of the Group is reviewed on a monthly basis by the Board.

Environmental, social and governance risks and policy

As the Group expands through both organic and acquisitive growth the Board recognises the need to establish a clear set of values and approaches with regard to environmental and social matters. These values contribute to how management make decisions that can impact all stakeholders.

The Group seeks to comply with applicable local laws (including labour laws) in the countries in which we either are based or in which we otherwise do business, support the payment of competitive wages and benefits to employees, provide a safe and healthy workplace in conformance with national and local law, and consistent with applicable law, respect the rights of employees to decide whether to join a union and engage in collective bargaining. We also respect the human rights of those affected by our business activities, including ensuring that we do not do business with organisations that utilise child or forced labour, or that have discriminatory policies. The Group has a zero-tolerance approach to bribery, facilitation payments and corruption of any form.

The Group is currently considered a low risk sector for Environmental and Social risks, with higher Governance risks in the areas of data security and governance. A summary of key environment, social and governance risks and associated management actions is summarised below.

Environmental

Due to the nature of the Group's business, environmental impact due to emissions, energy and waste management are limited. However, the Group recognises climate change as one of the biggest challenges of our time and we are conscious of our environmental responsibilities. All information in the Group is typically stored electronically. We continuously improve our various digital services solutions, which allows individuals to sign up, manage their account online and pay online. Likewise our customer correspondence is increasingly digital, with email and text messages our preferred channels for communication. These processes have been introduced to reduce the Group's administrative burden, increase efficiency and reduce our carbon footprint. We have initiatives in place to further increase the use of these processes in the future. There are opportunities for cost savings and further reputational enhancement through defining policy more broadly and as the Group carries out the operational integration of acquisitions.

The Group is not required to report on Streamlined Energy and Carbon Reporting matters as this is not material to the Group.

Social

Ensuring the Health & Safety of colleagues at all times is an important area of social risk management. During the period management commenced a process analysing health and safety regulation across all markets in which it participates, with the objective of defining a single Group-wide policy.

The Group continues to promote an inclusive and diverse work environment with initiatives to develop LGBTQI+ inclusion, disability inclusion and cultural diversity. During the period the Group appointed a senior leadership position to oversee the further development of inclusion and diversity, and has established Group-wide policy and objectives.

It is important to ensure that clients uphold the same standards as the Group. As part of onboarding a client the Group will follow a "Know Your Customer" approach to client due diligence. This process verifies the nature of the client's business and includes a background check of the client and controlling parties against credit records and sanctions listings.

Governance

Data security and customer privacy are important areas of risk management for the Group. Breaches in data security or misuse of customer data could cause severe reputational impact or fines from regulatory authorities. The Group has installed leadership roles of General Counsel, Chief Information Security Office and Enterprise Risk Director together with dedicated resource to establish processes across compliance, legal, security and risk and to ensure the ongoing security of data and compliance with privacy laws.

The Group continues to be acquisitive. As part of undertaking due diligence, management will evaluate environmental, public health, safety, and social issues associated with the acquisition target. After an acquisition takes place, the Group will utilise established governance structures to oversee the areas of audit, risk management, and potential conflicts of interest, and to implement policies that align the interests of owners and management.

Consideration and engagement of our stakeholders

The Board recognises its responsibility to consider the needs and concerns of our stakeholders as part of its discussion and decision-making processes and seeks to deliver value for all stakeholders.

The Group has a broad range of stakeholders who are taken into consideration by the Company during the course of its operations. Our core stakeholder groups are set out below together with points of engagement with each stakeholder group throughout the period.

Clients

Our clients are the primary beneficiary of the unique value proposition delivered through the combination of our software, payments and services platforms. We regularly engage our clients to understand their business needs and incorporate these into the ongoing development and continuous enhancement of our solutions.

Our Clients' Customers

Our solutions also serve the needs of our clients' customers, such as the members of a Fitness & Wellbeing location or the caregiver of a child participating in early education. Dependent on the solution being provided to our client, we often engage directly with a client's customers through our software or our contact centres. We also collect various forms of customer data on behalf of our clients, for which we always comply with relevant regulatory requirements for collecting and holding this data.

Colleagues

Our colleagues and their engagement within the organisation is critically important to the success of the Group. The large number of our colleagues represent the business externally on a daily basis, whether engaging through client support or engaging with our clients' customers through customer service. Furthermore a large number of our colleagues participate in the research and development of the Group's intellectual property, which again directly and indirectly benefits all stakeholders of the Group. The Group recognises the importance of high colleague engagement and colleagues having the skills and knowledge to represent the organisation externally. The Group maintains regular communication with colleagues through various communication platforms, keeping colleagues informed of business performance and strategic objectives. Management actively encourages feedback and engagement in communications and also carries out surveys to seek feedback on engagement. The Group also invests in training and development of colleagues. The Group provides a share ownership scheme to certain officers and senior management as disclosed in Note 23.

Shareholders

We engage with our shareholders through both routine and structured management reporting and also on a continuous basis to keep them informed of material developments in the Group. During this period we have also engaged with our shareholders in relation to assessing and executing each acquisition opportunities.

Suppliers

We engage with our suppliers on an ongoing basis to ensure continuity of optimal supply and in the negotiation of commercial terms. Many of our suppliers have worked with us during the period COVID-19 has impacted the business to allow an extension of payment terms. Terms with suppliers have now returned to normal.

Communities

We are mindful of our social responsibility to the community. We continuously engage with the community that interacts with our business, through actively seeking their feedback on satisfaction with our service delivered to them. We also encourage all colleagues to spend a workday each period giving back to the community through working for a charity or community service.

Regulators & Governments

We engage with regulators and government organisations in a number of areas in the business, including taxation, statutory reporting, subsidies and the maintenance of operating licences in various markets. We have dedicated staff across finance and compliance functions who are responsible for ensuring ongoing compliance with regulatory and government requirements.

Future developments

Outlook and Strategic Focus

Despite the challenges presented by the COVID-19 pandemic throughout the period the Directors consider the current state of affairs of the Group to be satisfactory and believe that Fitness & Wellbeing markets will recover quickly and that all parts of the Group will return to growth in the near term based on the sustainable, scalable platform that has been developed and the comprehensive portfolio of products.

The Group expects to continue investing in product development, sales and marketing and customer support for its products. Following the merger with Megalo Parent Inc. the Group is working with its sister and parent companies in the wider Xplor Technologies Group to optimize its investment in technology, particularly in respect of its payment platform, and broaden the distribution of products across multiple regions.

Principal risks and uncertainties facing the business

The Directors acknowledge the importance of dedicating resource to ensure sufficient planning is made to improve operating margins within the Group. Other principal risks and their mitigation are described to be:

Market risk

Competition within the market creates pricing pressures and potential margin erosion. This risk is managed through continuously improving our software products to strengthen the value proposition for our clients and delivering operational efficiencies through developing more automated and digitalised solutions.

Investment risk

Failure to invest in infrastructure to meet increasing demands of business growth is an inherent risk of a growing business. Management monitors infrastructure performance and regularly reviews requirements to ensure sufficient resources are available to meet service level commitments and adequately accommodate forecast growth in business demands.

Employee risk

The correct level, mix and retention of staff is required to execute and achieve business strategies and goals. Management ensure key personnel are committed and personal development plans are in place which are specific to their job, measurable on performance and provide challenges which motivate and identify training needs.

Our staff have adapted well to working from home through COVID-19, with many employees now working on this basis either part or full time. Although this has brought personal and work challenges, particularly for those with younger children, living alone or with home not easily adapted to work environments. Due to the regionally distributed nature of our business, our teams were already familiar with online collaboration tools as part of their way of working, so productivity has not been impacted materially. The health and well-being of all colleagues has remained of utmost importance through the COVID-19 pandemic. Maintaining frequent communication with our staff while working remotely has been priority.

Regulatory risk

An increasingly complex regulatory and legislative environment increases cost and reduces flexibility. It is common to see reforms of regulation and legislation in our existing markets, such as Brexit in Europe. Similarly, as we expand into new markets, the Group becomes subject to new regulation and legislation. The Group maintains adequate resources to monitor compliance against existing, new and changing regulations and laws.

Cyber risk

The Group continually monitors cyber risk. An adverse cyber related event where systems or data are compromised could negatively affect our market reputation or expose us to penalties, liabilities or legal claims. The Group has a Chief Information Security Officer who is responsible for protecting the business against cyber risk through multiple methods that defend against an intrusion of systems and ensure the protection of all data that the Group collects and holds. This active management of cyber risk is also supplemented with cyber related insurance policies. Lockdowns through COVID-19 have required colleagues to transition to work from home on a continuous basis. Our technology environment was already set up to enable this from both an accessibility, productivity and cyber risk perspective, so changes or disruption from a cyber risk perspective have been minimal.

Further risks are described in the Directors Report on pages 8-12.

Approved by the Board and signed on its behalf by:

F. de Kort

Floris Petrus de Kort
11 August 2022

AI Sky UK Holdco Limited
Directors' Report
for the year from 1 January 2021 to 31 December 2021

The Directors present their report and the audited consolidated financial statements for the 12 months ended 31 December 2021.

General information

The Company was incorporated on 4 June 2019 in England and Wales. On incorporation 1 ordinary share was issued at par for cash. Until 15 October 2019 the Company was dormant. On 15 October 2019, an additional 672,343,620 ordinary shares were issued at par for cash. A total of 825,911,071 ordinary shares were issued as at 31 December 2021. The financial results for the year ended 31 December 2021 record the 12 months trading since 1 January 2021, while the financial results for the period ending 31 December 2020 record the 9 months of trading from the change of year-end date to that date and are therefore not comparable.

AI Sky UK Holdco Limited is domiciled in England and Wales and is a limited Company limited by shares.

The Group has established operations in the United Kingdom, Europe, Australia, New Zealand and North America.

The immediate parent company of the Company is AI Sky UK Midco III Limited, a Jersey incorporated company. The ultimate parent undertakings of the Group are New Clearent Holdings, LLC (which owns 51.22% of Xplor Technologies, LLC) and AI Sky (Cayman) Limited (which owns 48.78% of Xplor Technologies, LLC). New Clearent Holdings, LLC and AI Sky (Cayman) Limited are owned by various investment funds managed by Advent International Corporation. The ultimate controlling party is Advent International Corporation, an SEC Registered investment adviser.

The following acquisitions took place within the Group during the year:

On 1 January 2021, AI Sky US Bidco Limited, a subsidiary within the Group, acquired 100% of the shares in Adaptive Analytics LLC, a company incorporated in the USA, for approximately AU$5,260,000.

On 3 May 2021, Transaction Services Holdings Limited, a subsidiary within the Group, acquired 100% of the shares in Superior Admin Limited, a company incorporated in New Zealand, for approximately AU$13,920,000.

On 30 July 2021, TSG Holdings (Aust) No.2 PTY Limited, a subsidiary within the Group, acquired 100% of the shares in Zenrol PTY Limited, a company incorporated in Australia, for AU$500,000.

Adaptive Analytics LLC provides data analytics and visualisation tools for the health and fitness sectors in North America. Superior Admin Limited provides business management, education and parent engagement software to early education centres in New Zealand. Zenrol PTY Limited provides sales and marketing solutions for early education centres in Australia.

Principal activities

The principal activity of the Company during the year was that of a non-trading holding Company. The principal activity of the Group is the provision of business management software, integrated payment processing and services solutions to the Fitness & Wellbeing and Childcare & Education industries.

Disclosure in the Strategic Report

As permitted by section 414C (11) certain matters which are required to be disclosed in the Directors' Report have been omitted as they are in the Strategic Report on pages 2 to 7. These matters relate to the future developments, review of business and principal risks and uncertainties of the Company and engagement with suppliers, customers and others in a business relationship with the Company.

Results and dividends

The Group loss after tax for the 12 months ended 31 December 2021 amounted to Australian $(56,747)k (12 months to 31 December 2020: $(100,075)k). No dividends were paid or proposed for the year (31 December 2020: nil). Refer to page 3 for details of the restated comparative figures in the consolidated statement of comprehensive income.

Research and development

Ongoing investment and innovation in technology has placed the Group at the forefront of business management software and integrated payment processing, which has allowed the Group to drive an increased market share in the health and fitness and childcare and education industries in Australasia, the United Kingdom and North America. The Group's research and development programmes provide continuous improvement in the value proposition and features offered to our clients, and also underpins expansion of our products across our established markets.

Charitable and political contributions

During the 12 months ended 31 December 2021 the Group or Company made no political donations (31 December 2020: $9,999). The Group or Company did not make any charitable donations (31 December 2020: nil).

BIS audit exemption

For the Group's UK subsidiaries, Transaction Services Group Limited, AI Sky Aus Finance Limited, AI Sky NZ Finance Limited, AI Sky CDN Finance Limited, AI Sky UK Bidco Limited, TSG Holdings (UK) Limited, Transserv UK Limited, Harlands Group Ltd, Harlands Finance Limited, Harlands Services Ltd, Legend Club Management Systems (UK) Limited, Legend Leisure Services Limited, Club Machine Holdings Limited, Brightlime Limited, Debit Finance Collections PLC and Myxplor UK Ltd advantage has been taken of the audit exemption available for companies conferred by section 479A of the Companies Act 2006 on the grounds that;

- for the 12 months ended 31 December 2021 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies, and
- no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

The Directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006, and
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2021 and of its profit and loss for the period then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

Thomas Alexander Lorenzo Weisman (resigned on 19 May 2022)
Floris Petrus de Kort
Jeffrey David Paduch

The Company maintained Directors' and Officers' Liability Insurance cover throughout the year for Directors of the Company and for Directors of subsidiaries in the Group.

Employees

During the year, the policy of providing employees with information about the Group's financial performance and strategy has been continued through internal media methods. Employees are encouraged to present their suggestions and views on the Group's performance, and management also carries out engagement surveys allowing employees to provide feedback in an anonymised way. Regular meetings are held between local management and employees to allow a free flow of information and ideas, including contributing to the formation of Group strategy. Departments within the Group hold regular team meetings for the purpose of sharing information and ideas and gathering views which are considered when making decisions which are likely to affect their interests.

During the year we continued to prioritise communication with employees, in particular as large portions of work force now work at least partly from home, to keep them informed of the impact of COVID-19 on the business, changes being made in response to COVID-19 and ensuring they feel supported through a period of significant disruption.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

The Group actively encourages and celebrates the diversity of its workforce and ensures that all employees are offered equal opportunity.

Financial instruments

The Group uses a variety of financial instruments including cash, equity investments and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Group's operations. The Directors are of the view that the main risk arising from the Group's financial instruments is liquidity risk. Credit risk is low. The Directors set and review policies for managing each of these risks and they are summarised below. Due to the restructuring of loan facilities (as detailed on page 2 of the Strategic Report) there are no bank covenants to comply with as at 31 December 2021.

Exchange rate risk

Exchange rate fluctuation represents significant risk as the Group's operations are spread over multiple jurisdictions and trade is conducted in the home currency of each jurisdiction. The primary risk is that of translation risk where foreign based operations are translated to the functional and presentation currency for the Group's financial reports (United States and Australian Dollars). As a natural hedge to partially offset this risk, external debt is held in currencies proportionate to the currencies of earnings.

The Directors do not consider that the potential downside associated with this risk at this stage in the Group's development (or in the immediate future) is of sufficient size to require further hedging.

Interest rate risk

The Group finances its operations through shareholders' funds and related party loans. Interest rates on related party loans in various currencies are monitored regularly. The Directors do not consider that the potential downside associated with this risk at this stage in the Group's development (or in the immediate future) is of sufficient size to require further hedging.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The funding for significant new ventures is secured before commitments are made. The cash position is reviewed daily and cash flows are monitored weekly and monthly. This position is also managed by the mix of external financing from the banks too.

The impact of COVID-19 on our clients and our revenue has impacted the Group's cash generation and therefore liquidity. During the year we have utilised our debt facilities to manage liquidity and raised more equity from shareholders to support the continued investment in the business and for acquisition.

We consider that the Group has sufficient financial means and liquidity to withstand any further impacts of the COVID-19 pandemic. However, at this stage we are seeing all markets recovering from the impact of COVID-19.

Credit risk

The Group has low credit risk on revenue as a larger proportion of the fees due are deducted from amounts due to customers. The Group does carry a level of credit risk on payment processing for clients in relation to amounts collected that represent a prepayment for subscription services. This risk is diminished due to the high frequency of transactions and because services are continuously delivered to customers, as a result it is considered a low risk. All potential areas of financial risk are monitored by management. Any preventative or corrective measures are taken as necessary.

Independent auditors

During the year, PricewaterhouseCoopers LLP were re-appointed in office as auditors of the Company, and a resolution to reappoint will be considered at a forthcoming Board meeting.

AI Sky UK Holdco Limited
Directors' Report
for the year from 1 January 2021 to 31 December 2021

The Company's statement on corporate governance can be found in the "Environmental, social and governance risks and policy" section of the strategic report on pages 4 to 5 of these financial statements. This section forms part of this directors' report and is incorporated into it by reference.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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 Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and 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 Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 Group and Company's auditors are aware of that information.

Going concern

The Directors have undertaken a review of the going concern status of the Group by considering the anticipated level of future trading activity and the associated cash flows for a period of 12 months from the date of authorisation of these financial statements for issue. This review focused primarily on the liquidity requirements of the Group and the wider Xplor Technologies business. The review also considered a letter of support from the Group's parent company XT1 LLC.

The COVID-19 pandemic has had a significant impact on the Group to date and the Directors have taken into account their best estimate of the anticipated future impact of COVID-19 when assessing the Group's liquidity position. This anticipated impact has been factored into the Director's base case outlook in reviewing the going concern basis of preparation. The base case outlook reflects the gradual recovery of a large portion of our client base in all markets from the closures over the previous year. This base case indicates that the Group can meet its obligations when they fall due and has sufficient headroom for a period of at least 12 months from the date of approval of these financial statements. The Group will rely on support from its parent company XT1 LLC to enable it to meet all obligations as they come due.

Having reviewed forecast liquidity for the Group for a period of at least 12 months from the date of approval of the financial statements, and also taking into account a severe but plausible downside scenario as a result of the uncertainty caused by COVID-19 and the actions available to the Directors in the event that scenario eventuated, the Directors are satisfied that the financial statements should be prepared on a going concern basis.

On behalf of the Board

F d Kort

Floris Petrus de Kort
Director
11 August 2022

Independent auditors' report to the directors of Al Sky UK Holdco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Al Sky UK Holdco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements included within the Annual Report and financial statements (the 'Annual Report'), which comprise: Consolidated and Company Balance Sheets as at 31 December 2021; Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the group 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 group's and 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 group's and the company's ability to continue as a going concern

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise *explicitly stated in this report, any form of assurance thereon*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared *in accordance with applicable legal requirements*

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Data protection, payment services and the Financial Conduct Authority's regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase reported revenue or reduce reported expenditure, and application of management bias in accounting estimates. Audit procedures performed by the engagement team included.

- Enquiries of the Directors, management, staff in tax and compliance functions, internal audit and the legal counsel to identify any instances of non-compliance with laws and regulations including considerations of known of suspected instances of fraud
- Evaluation of management's controls designed to prevent and detect irregularities;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business. In particular any journal entries posted with unusual account combinations, unusual words or those posted by senior management;
- Reading key correspondance with regulatory authorities,
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 August 2022

AI Sky UK Holdco Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2021 and period from 1 April 2020 to 31 December 2020

	Note	GROUP 1 January 2021 to 31 December 2021 AU$000s	GROUP 1 April 2020 to 31 December 2020 AU$000s Restated
Continuing Operations			
Revenue	5	**180,326**	**105,368**
Other income	6	5,902	9,643
Employee costs	22	(90,491)	(60,224)
Other operating costs	9	(85,878)	(69,399)
Depreciation of property, plant and equipment	7	(2,528)	(1,799)
Loss on disposal of property, plant and equipment		(69)	(28)
Amortisation of intangible assets	8	(79,588)	(52,492)
Impairment of intangible assets	8	—	(3,644)
Amortisation of leased assets	24	(4,324)	(2,399)
Operating Loss		**(76,650)**	**(74,974)**
Finance income	9	10,583	32
Finance costs	9	(85,081)	(41,043)
Foreign exchange gain	9	15,483	18,055
Finance costs - net		**(59,015)**	**(22,956)**
Loss before income tax		**(135,665)**	**(97,930)**
Income tax credit	10	29,972	12,114
Loss for the period from continuing operations		**(105,693)**	**(85,816)**
Profit / (loss) from discontinued operations	30	48,946	(14,259)
Loss for the period		**(56,747)**	**(100,075)**
Other comprehensive loss			
Items that may be subsequently reclassified to profit and loss			
Currency translation differences		(33,808)	(55,634)
Other comprehensive loss		**(33,808)**	**(55,634)**
Total comprehensive loss for the period		**(90,555)**	**(155,709)**

The Notes on pages 23 to 65 are an integral part of these consolidated financial statements.

AI Sky UK Holdco Limited
Consolidated and Company Balance Sheets
as at 31 December 2021

	Note	GROUP 31-Dec-21 AU$000s	GROUP 31-Dec-20 AU$000s	COMPANY 31-Dec-21 AU$000s	COMPANY 31-Dec-20 AU$000s
NON-CURRENT ASSETS					
Property, plant and equipment	7	10,682	7,450	—	—
Right of use assets	24	17,870	15,706	—	—
Investments	29	—	—	1,010,735	926,726
Goodwill	8	951,947	1,039,775	—	—
Intangible assets	8	478,739	595,331	—	—
Deferred tax asset	10	—	15,423	75	—
Amounts receivable from related parties	16	269,884	—	—	—
		1,729,122	1,673,685	1,010,810	926,726
CURRENT ASSETS					
Cash and cash equivalents	14	10,512	32,145	—	—
Collection deposits	25	79,470	51,039	—	—
Trade and other receivables	15	18,973	21,424	—	—
Income tax receivable		620	898	—	—
Amounts receivable from related parties	16	26,209	—	90	27
Assets classified as held for sale		1,637	—	—	—
		137,421	105,506	90	27
Total Assets		**1,866,543**	**1,779,191**	**1,010,900**	**926,753**
NON-CURRENT LIABILITIES					
Deferred tax liability	10	60,280	111,574	—	—
Lease liabilities	24	16,464	12,401	—	—
Other non-current liabilities	26	12,447	9,072	—	—
Borrowings	17	311	738,817	—	—
Amounts payable to related parties	16	783,575	—	2,061	
		873,077	871,864	2,061	—
CURRENT LIABILITIES					
Trade and other payables	18	37,275	80,466	—	—
Collection liabilities	25	79,470	51,039	—	—
Redeemable preference shares	13	—	21,408	—	8,000
Deferred income		10,136	11,747	—	—
Lease liabilities	24	3,396	3,585	—	—
Income tax payable		4,337	730	14	—
Amounts payable to related parties	16	28,626	—	—	—
		163,240	168,975	14	8,000
Total Liabilities		**1,036,317**	**1,040,839**	**2,075**	**8,000**
Net Assets		**830,226**	**738,352**	**1,008,825**	**918,753**
EQUITY					
Share capital and Share premium	12	1,009,066	918,820	1,009,066	918,820
Other reserves	11	98	(13,238)	—	—
Accumulated losses		(178,938)	(167,230)	(241)	(67)
Total Equity		**830,226**	**738,352**	**1,008,825**	**918,753**

AI Sky UK Holdco Limited
Consolidated and Company Balance Sheets
as at 31 December 2021

The Company has elected to take exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the period from 1 January 2021 to 31 December 2021 was $174,000 (1 April 2020 to 31 December 2020: $60,000). The Company does not present a company statement of cash flows as the Company does not hold any cash and/or does not have any cash transactions.

The Notes on pages 23 to 65 are an integral part of these consolidated financial statements.

The financial statements and related notes on pages 17 to 65 were approved by the Board of Directors on 11 August 2022 and signed on its behalf by:

Floris Petrus de Kort, Director

AI Sky UK Holdco Limited
Consolidated Statement of Changes in Equity
for the period from 1 January 2021 to 31 December 2021

GROUP	Note	Share capital and share premium AU$000s	Other reserves AU$000s	Accumulated losses AU$000s	Total equity AU$000s
For the period ended 31 December 2021:					
Balance at 1 January 2021		**918,820**	**(13,238)**	**(167,230)**	**738,352**
Loss for the financial period		—	—	(56,747)	**(56,747)**
Other comprehensive loss					
Currency translation differences	11	—	(33,808)	—	**(33,808)**
Total other comprehensive loss		—	**(33,808)**	—	**(33,808)**
Total comprehensive loss		—	(33,808)	(56,747)	(90,555)
Transactions with owners					
Share capital issued	12	90,246	—	—	**90,246**
Capital contribution	11	—	4,247	—	**4,247**
Share based payments	11,23	—	8,374	—	**8,374**
Disposal of subsidiary		—	34,523	45,039	**79,562**
Total transaction with owners		90,246	47,144	45,039	182,429
Balance at 31 December 2021	11,12	**1,009,066**	**98**	**(178,938)**	**830,226**
For the period ended 31 December 2020:					
Balance at 1 April 2020		**840,134**	**31,913**	**(67,156)**	**804,891**
Loss for the financial period		—	—	(100,074)	(100,074)
Other comprehensive loss					
Currency translation differences	11	—	(55,634)	—	(55,634)
Total other comprehensive loss		—	(55,634)	—	(55,634)
Total comprehensive loss		—	(55,634)	(100,074)	(155,708)
Transactions with owners					
Share capital issued	12	78,686	—	—	78,686
Capital contribution	11	—	3,533	—	3,533
Share based payments	11,23	—	6,950	—	6,950
Total transaction with owners		78,686	10,483	—	89,169
Balance at 31 December 2020	11,12	**918,820**	**(13,238)**	**(167,230)**	**738,352**

AI Sky UK Holdco Limited
Company Statement of Changes in Equity
for the period from 1 January 2021 to 31 December 2021

COMPANY	Note	Share capital and share premium AU$000s	Other reserves AU$000s	Accumulated losses AU$000s	Total equity AU$000s
For the period ended 31 December 2021:					
Balance at 1 January 2021		918,820	—	(67)	**918,753**
Loss for the financial period		—	—	(108)	(108)
Other comprehensive loss					
Currency translation differences			(66)		(66)
Total other comprehensive loss			(66)		(66)
Total comprehensive loss		—	(66)	(108)	(174)
Transactions with owners					
Share capital issued	12	90,246	—	—	**90,246**
Total transaction with owners		90,246	—	—	90,246
Balance at 31 December 2021	11,12	**1,009,066**	**(66)**	**(175)**	**1,008,825**
For the period ended 31 December 2020:					
Balance at 1 April 2020		**840,134**	—	**(7)**	**840,127**
Loss for the financial period		—	—	(60)	(60)
Total comprehensive loss		—	—	(60)	(60)
Transactions with owners					
Share capital issued	12	78,686	—	—	78,686
Total transaction with owners		78,686	—	—	78,686
Balance at 31 December 2020	11,12	**918,820**	—	**(67)**	**918,753**

The Notes on pages 23 to 65 are an integral part of these consolidated financial statements.

AI Sky UK Holdco Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2021 and period from 1 April 2020 to 31 December 2020

	Note	GROUP 1 January 2021 to 31 December 2021 AU$000s	GROUP 1 April 2020 to 31 December 2020 AU$000s
Cash flows from operating activities			
Cash receipts from customers		183,031	131,511
Cash receipts from other income		5,902	9,685
Interest income	9	12	32
Cash generated from operations		188,945	141,228
Cash payments to suppliers and employees		(166,938)	(160,813)
Acquisition and integration costs		(13,749)	(1,622)
Income tax (paid) / received		(3,375)	558
Net cash flows used in operating activities		4,883	(20,649)
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(8,889)	(1,824)
Acquisition of intangible assets	8	(982)	(929)
Capitalisation of software development assets	8	(32,702)	(25,704)
Acquisition of subsidiaries, net of cash acquired	19	(15,555)	(45,117)
Net cash flows used in investing activities		(58,128)	(73,574)
Cash flows from financing activities			
Redeemable preference shares (repaid) / issued	13	(13,568)	21,408
Receipt of cash held on behalf of fellow group companies		83,514	20,004
Repayment cash held on behalf of fellow group companies		(3,366)	(23,286)
Proceeds from borrowings (net of funding costs)		27,157	19,483
Repayments on borrowings		(35,432)	—
Payment for lease liabilities		(2,938)	(3,618)
Interest paid		(23,476)	(26,604)
Net cash flows generated from financing activities		31,891	7,387
Net decrease in cash and cash equivalents		**(21,354)**	(86,836)
Opening cash and cash equivalents brought forward		32,145	117,887
Exchange rate changes on cash and cash equivalents		(279)	1,094
Cash and cash equivalents at the end of the period		10,512	32,145

The Notes on pages 23 to 65 are an integral part of these consolidated financial statements.

General information

The Company was formed on 4 June 2019 to acquire the existing business of Transaction Services Group Limited ("TSGL"), a United Kingdom registered business with established operations in the United Kingdom, Continental Europe, Australia, New Zealand and the North America. This acquisition completed on 15 October 2019. The financial results for the year ended 31 December 2021 record the 12 months trading since 1 January 2021, while the financial results for the period ending 31 December 2020 record the 9 months of trading from the change of year-end date to that date and are therefore not comparable.

The Group specialise in providing business management software and the outsourced management of recurring payment services. Collectively the software and services are described by the Group as revenue management solutions that help clients to onboard, manage, retain and maximise revenue from their customers. The solutions are organised in support of the sales channels or 'go to-market' product verticals (Health and Fitness, Education, and Boutique Studios) which operate across Australasia, North America, the United Kingdom, Europe, and Japan.

The principal activity of the Company is that of a holding company for the Group and it has no operating activities. The Company is a private limited company, limited by shares, incorporated in England, United Kingdom. The address of its registered office is 1st Floor Central Square South, Orchard Street, Newcastle Upon Tyne, United Kingdom, NE1 3AZ. For commentary on the Group's performance and financial position during the reported period, refer to the Strategic Report.

The financial position and performance of the Group was particularly affected by the following events and transactions that occurred during the reporting periods covered by these financial statements:

- Acquisitions took place within the Group. These acquisitions resulted in the recognition of goodwill and other intangible assets, which are disclosed in Note 8.
- On 1 July 2021 UK Midco III (an intermediate parent of the Group that controls and consolidates substantially all of the Group's trading business) completed its merger with Megalo Parent Inc. Megalo Parent Inc consolidates the trading business of Clearent, a USA limited liability company, pursuant to the Merger Agreement. Clearent is a provider of business management software and payment services in the USA. The newly combined business was branded "Xplor Technologies". As part of the business combination UK Midco II transferred 100% of its shares in UK Midco III to a subsidiary of Xplor Technologies, LLC, the newly incorporated parent company of Xplor Technologies. In exchange for this transfer, Xplor Technologies, LLC issued UK Midco II with shares equating to 49% of the shareholders' equity in Xplor Technologies.
- Immediately subsequent to the merger, the Group sold its interest in AI Sky US Bidco Inc, a subsidiary that held the Group's US-domiciled operations, to Xplor T1, LLC. From 1 July 2021 AI Sky UK Holdco Limited ceased to consolidate AI Sky US Bidco Inc and its subsidiaries as controlled entities. The sale of AI Sky US Bidco Inc has been treated by the Group as a disposal of that subsidiary and reported in the current period as a discontinued operation which is disclosed in Note 30.

As the Group sold its interest in AI Sky US Bidco Inc. on 1 July 2021 to another company in the wider Xplor Technologies corporate group, the consolidated statement of comprehensive income has been disaggregated to show the results from continuing operations and discontinued operations separately. The results of AI Sky US Bidco Inc. and its subsidiaries for the period 1 January 2021 to 1 July 2021 are disclosed as profit from discontinued operations in the consolidated statement of comprehensive income for the year ended 31 December 2021. The comparative figures in the consolidated statement of comprehensive income for the period 1 April 2020 to 31 December 2020 and corresponding notes have been restated to reflect what continuing operations and discontinued operations would have been to provide a more useful basis for predicting future results.

The merger has had a material impact on the Group's balance sheet and consolidated statement of comprehensive income during the year with the main impacts listed below:

- The Group's loan facilities that were established on 15 October 2019 with various institutional lenders were restructured to now be held at the Xplor Technologies, LLC level. These loan facilities were disclosed as Borrowings on the balance sheet for the period ended 31 December 2020, but due to the restructure were replaced by related party loans which are disclosed as amounts payable to related parties on the balance sheet for the year ended 31 December 2021. The corresponding interest payable on loan facilities were disclosed as Trade and other payables on the balance sheet for the period ended 31 December 2020 but are now disclosed as amounts payable to related parties for the year ended 31 December 2021. Refer to Note 16 and 17.

- As part of the sale of AI Sky US Bidco Inc., an intercompany loan was established between the Group (as lender) and XT1, LLC (as borrower) which is disclosed on the balance sheet as amounts receivable from related parties for the year ended 31 December 2021. Refer to Note 16.

- The Group provides management services to XT1, LLC for which a management fee is charged. This is disclosed as management fee income in the consolidated statement of comprehensive income for the year ended 31 December 2021. Refer to Note 6 and 16.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Ultimate Parent Company

The ultimate parent companies of AI Sky UK Holdco Limited are New Clearent Holdings, LLC (which owns 51.22% of Xplor Technologies, LLC) and AI Sky (Cayman) Limited (which owns 48.78% of Xplor Technologies, LLC). New Clearent Holdings, LLC and AI Sky (Cayman) Limited are owned by various investment funds managed by Advent International Corporation. The ultimate controlling party is Advent International Corporation, an SEC Registered investment adviser.

There is no company above this Company that files publicly available financial statements that consolidate these financial statements. The Company's immediate parent undertaking is AI Sky UK Midco III Limited.

COVID-19 Impacts

The COVID-19 pandemic started to impact our markets during March 2020. The most significant impact on the Group was triggered when lockdowns were enforced across many markets from late March 2020.

In response to the reduction in revenue, the Group has undertaken numerous cost management actions, including ceasing certain capital expenditure projects, accelerating the integration of recently acquired businesses and accessing government support schemes. We do not consider that any cost management actions to date impact the longer-term strategic objectives of the Group.

The extent to which the pandemic will continue to affect the business, financial condition and results of operations of the Group will depend on numerous evolving factors that the Group may not be able to accurately predict, and which may cause actual results to differ from estimates and assumptions used in the preparation of the Group's consolidated financial statements.

Our assessment at 31 December 2021 was that the Group has sufficient financial means and liquidity to withstand the ongoing impact of the COVID-19 pandemic.

The recovery of the Group's revenue forecasted for a period of at least 12 months from the date of approval of the financial statements supports there being no impairment of the Group's goodwill balance.

1 Summary of significant accounting policies

(a) Basis of preparation

International Financial Reporting Standards

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company and Group transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The financial statements of the Company and Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared on a historical cost basis, as modified by the financial assets and financial liabilities at fair value through profit and loss.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Refer to Note 3 for details.

The Group and Company has applied all accounting policies consistently, other than where new policies have been adopted.

Amendments to published standards

The following new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021, and have been applied in preparing these financial statements:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 7, IFRS 4 and IFRS 16

The application of these amendments did not have a material impact on the financial statements and is not expected to have a material impact on future periods.

The following new standards and amendments to standards and interpretations have been issued but are not yet effective for the year ended 31 December 2021 and have not been early adopted.

- Amendment to Classification of Liabilities as Current or Non-current IAS 1
- Amendment to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting policies
- Amendment to IAS 8 Definition of Accounting Estimates
- Amendment to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020

Management is still reviewing the impact of the above standards and amendments.

Going concern

The Directors have undertaken a review of the going concern status of the Group by considering the anticipated level of future trading activity and the associated cash flows for a period of 12 months from the date of authorisation of these financial statements for issue. This review focused primarily on the liquidity requirements of the Group and the wider Xplor Technologies business.

Having reviewed forecast liquidity for the Group for a period of at least 12 months from the date of approval of the financial statements, and also taking into account a severe but plausible downside scenario as a result of the uncertainty caused by COVID-19 and the actions available to the Directors in the event that scenario eventuated, the Directors are satisfied that the financial statements should be prepared on a going concern basis. The Group will rely on support from its immediate parent company XT1 LLC to enable it to meet all obligations as they come due.

Entities reporting

The Consolidated Financial Statements for the Group are for the economic entity comprising AI Sky UK Holdco Limited and its subsidiaries.

(b) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of the Company as at 31 December 2021 and 2020 and the results of its subsidiaries for the periods ending on those dates. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date, that if known, would have affected the amounts recognised as of that date.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains or losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(c) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Group's presentation currency. On 1 July 2021 the Company changed its functional currency from AUD to USD. The Group's presentation currency remains in Australian dollars.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income within finance costs - net. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair values were determined.

Financial statements of foreign operations

The revenues from foreign operations are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. This would normally be the average foreign exchange rate for the reporting period, or such shorter period for an entity or business acquired or disposed of during the period. All resulting exchange differences are recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Revenue

All revenue is measured net of discounts, refunds, rebates and sales tax and excludes amounts collected on behalf of third parties. Payments and Software revenues are derived from separately identifiable short and long term processing and software contracts.

Payments revenue

Payments revenue relates to contractual fees and commissions earned by facilitating the collection of client monies in the form of billing transactions from the client's customers and distribution back to the client. The Payments revenues are generated by services priced as a percentage of transaction value or a specified fee per transaction depending on the level of value added service provided. Fees earned on billing transactions are recognised on completion of the billing transaction.

In respect of its Payments revenues, the Group followed the guidance on principal versus agent considerations in IFRS 15 to determine the appropriateness of recognising revenue based on the gross transaction fees and commissions billed to a client or the net commissions receivable by evaluating the facts and circumstances of the contractual arrangements in place. Where the Group's Payments revenue is recognised gross of transaction fees, these are charged to the Group by third party banks or card acquiring partners and recognised as an expense, on the basis that the Group contracts separately and directly with both the client and third party banks or card acquiring partners and is primarily responsible for fulfilling the promise to provide the billing transaction to its clients, assumes the risk of loss and has pricing discretion with its clients.

Software revenue

The Group provides a majority of its software offerings only as SaaS where the customer has no license to use the software on premise, only via a Group-hosted service. For certain products, the Group does provide an on-premise license. There are selected on-premise arrangements where the Group combines the on-premise software license with the related updates and maintenance to recognize revenue over time. This is because these updates are integral to the customer's ability to derive substantive benefit from the software license. These updates incorporate regulatory updates that are necessary to continue processing certain transactions; without the updates the software would not function as intended. As a result, the updates and software license are highly interrelated and not separately identifiable. Revenue obtained for the combined performance obligation is recognised evenly each month, the Director's have judged that this most closely follows the customer's consumption of the service.

Hardware revenue

Hardware revenue relates to the sale of hardware and other consumables to be used alongside the Group's software offerings, and is recognised when control of a product is transferred to the client.

Professional services revenue

Professional services revenue relates to the development and sale of bespoke software and consulting services for clients, and is recognised on a stage of completion basis.

(e) Other income

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Covid-19 grants

Covid-19 government grants are recognised in profit or loss over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Research and developments grants

Government grants in the form of research and development grants are receivable as compensation for expenses already incurred and are recognised in comprehensive income in the period in which they are received.

(f) Expenses

Leases

A right-of-use asset and a lease liability are recognised at the lease commencement date.

Lease liabilities are initially measured at the present value of the remaining lease payments, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Subsequently, the carrying value of the liability is adjusted to reflect interest and lease payments made. The interest and lease payments made are expensed in the Statement of Comprehensive Income. Lease liabilities may be re-measured when there is a change in future lease payments arising from a change in an index or market rate, or if there is a change in the lessee estimate of the amount expected to be payable.

The carrying amount of the leased asset is recorded as the right of use asset and is measured as being equal to the lease liability at the beginning of the reporting period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

The lessee assesses at lease commencement whether it expects to exercise renewal options included in contracts. Where it is reasonably certain that renewal options will be exercised, the extension period is included in the lease liability calculation.

Interest expense

Interest expense comprises interest payable on borrowings calculated using the effective interest rate method, and gains and losses on derivative instruments that are recognised in the statement of comprehensive income.

The interest expense component of lease payments is recognised in the statement of comprehensive income using the effective interest rate method.

(g) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except if it relates to items recognised directly in equity, in which case the income tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates at the balance sheet date, and any adjustments to tax payable in prior periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the end of the reporting period.

(h) Property, plant and equipment

Owned assets

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Assets are depreciated straight line at the rates below which equate approximately to their estimated useful lives.

The depreciation rates are as follows:

Land, lease improvements & buildings	2% – 20% or over the life of the lease
Furniture, office equipment & motor vehicles	5% – 40%
Computer hardware	18% – 48%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

(i) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration paid over the fair value of the identifiable net assets acquired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) that is expected to benefit from the business combination in which the goodwill arose. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the amount of goodwill relating to the entity sold.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date calculated on an excess earnings basis. Customer relationships is defined as the relationship with customers paying membership fees, or when appropriate, key contracts with clients. Customer relationships are amortised over their useful life at an amortisation rate of between 5% to 20% on a straight line basis. The useful economic life of customer relationships is based on benchmarking analysis performed during valuations for acquisition.

Trade names

Trade names acquired in a business combination are recognised at fair value at the acquisition date calculated on a royalty relief basis. Trade names are amortised straight line over a period of between 10–20 years. At acquisition the estimated useful life has been individually assessed via benchmarking analysis documented as part of the acquisition process. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Computer software

Computer software purchased is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Development costs that are directly attributable to the design, development and testing of new or substantially improved major software products and processes controlled by the Group are capitalised and recognised as intangible assets when the following criteria are met:

- the product or process is technically and commercially feasible;
- the Group has sufficient resources to complete development, and intends to complete the development of the software product;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software acquired in a business combination is recognised at fair value at the acquisition date based on a replacement cost valuation method or multi period excess earnings method.

Computer software is stated at cost less accumulated amortisation and is amortised to residual value over estimated useful life. Amortisation rates range between 15% and 40%.

Costs associated with maintaining computer software programmes and annual licence fees are recognised as an expense as incurred.

(j) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one period or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

In accordance with IFRS 9 *Financial Instruments* , the Group recognises impairment losses using the lifetime Expected Credit Loss (ECL) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(k) Financial assets at amortised costs

Financial assets at amortised costs are initially recognised at the fair value of the amounts to be received, plus any transaction costs (if any). They are subsequently measured at amortised cost using the effective interest rate method less impairment losses.

(l) Cash and cash equivalents and collection deposits

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and bank overdrafts with maturities of 3 months or less. Collection deposits are Company funds deposited at call with financial institutions in bank accounts separate from those relating to the operations of the Group.

(m) Impairment on non-financial assets

The carrying amount of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life, and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. These classes were valued as at the date of acquisition and considered for impairment at 31 December 2021. Refer to Note 8 for details of the impairment assessment performed as at 31 December 2021.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

The recoverable amount of other assets is the greater of their fair value less costs of disposal and value in use.

(n) Share capital

Ordinary shares are classified as equity. Transaction costs attributable to the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Dividends are recognised as a liability in the period in which they are declared.

(o) Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributed transaction costs. The attributed transaction costs are amortised over the period of the borrowings on an effective interest basis. Borrowings are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one period or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(q) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Pension contributions

For defined contribution plans, the Group pays contributions to independently administered superannuation plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(r) Share based payments

The Group has two equity settled share based payment arrangements.

Equity settled share based payments are fair valued at grant date, with the grant date fair value being recognised in employee costs and equity progressively over the vesting period. The fair value of equity settled share based payments is not remeasured after grant date unless the award is subsequently modified.

(s) Value added tax (VAT) / Goods and services tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of VAT/GST. All items in the balance sheet are stated net of VAT/GST, with the exception of receivables and payables, which include VAT/GST invoiced.

(t) Financial instruments

Financial instruments recognised in the Statement of Financial Position include cash and cash equivalents, receivables and payables, contingent consideration and term debt.

Classification and fair values

The Group performs a fair value assessment of its financial assets and liabilities at each financial period end in accordance with IFRS 9. Under IFRS 9, financial instruments are classified as either measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The Group classifies its financial assets and liabilities stated above at amortised cost, except for when a business combination includes a contingent consideration arrangement, the contingent consideration is remeasured at year end.

Recognition and derecognition

Financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group recognises its financial assets and liabilities at fair value. The financial assets and liabilities are subsequently recognised at amortised cost, except for when a business combination includes a contingent consideration arrangement, the contingent consideration is remeasured at year end.

(u) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. For those derivative instruments that do not qualify for hedge accounting, any changes in the fair value of the derivative instrument is recognised immediately in the statement of comprehensive income.

Derivative instruments that do qualify for hedge accounting reflect changes in the fair value of the derivative instrument through a hedge reserve in the balance sheet, to the extent that the hedge is effective. The gain or loss relating to any ineffective portion is recognised immediately in the statement of comprehensive income.

There were no derivatives as at 31 December 2021 (31 December 2020: Nil).

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign Exchange Risk

The Group operates internationally and is exposed to fluctuations in foreign exchange rates when reporting on a consolidated basis, where performance in the home currency of foreign operations is translated to the reporting currency of Australian dollars. However, the Group's exposure to fluctuations in foreign currency in trading and cash flow is limited as the Group's trading and financing structure naturally hedges the exposure to foreign currency. This is due to the majority income and costs from trading in foreign jurisdictions being denominated in local currencies and the Group's borrowings and financings costs being denominated in proportion to local currencies.

Below is an illustrative sensitivity of the impact on reported Profit before Tax due to a +/- 5% shift in the translation of below mentioned currencies to Australian Dollars for the year ended 31 December 2021:

	GROUP		GROUP	
	1 January 2021 to 31 December 2021	1 January 2021 to 31 December 2021	1 April 2020 to 31 December 2020	1 April 2020 to 31 December 2020
	AU$000s +5%	AU$000s -5%	AU$000s +5%	AU$000s -5%
(Loss)/Profit before Tax				
NZD	146	(146)	(764)	764
GBP	1,077	(1,077)	1,089	(1,089)
USD	820	(820)	(691)	691

(ii) Interest Rate Risk

The Group's interest rate risk arises from related party loans. Related party loans issued at variable rates exposes the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

Based on a simple simulation, if for the period from 1 January 2021 to 31 December 2021 interest rates on variable borrowings had been 50 basis points higher/lower with all other variables held constant, the calculated Profit before Tax for the period would have been $3,174,738 lower/higher.

(iii) Price Risk

The Group is not exposed to price risk given the Group does not hold any equity investments.

(b) Credit risk

The Group has minimal credit risk as the majority of the fees due are deducted from amounts due to customers. All potential areas of financial risk are regularly monitored and reviewed by the Directors and senior management. Any preventative or corrective measures are taken as necessary.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with an appropriate credit rating are accepted.

Receivables from customers are settled in cash as part of the collection services performed by the Group.