

Paysafe Holdings UK Limited
Annual report and financial statements
For the year ended 31 December 2019
Registered number: 03202517



Paysafe Holdings UK Limited

Contents

<i>Contents</i>	<i>Page</i>
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Report of the Independent Auditors	7
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes	13

Paysafe Holdings UK Limited

Contents

Officers and professional advisers

Directors

Elliott Wiseman
Daniel Winters
Paulette Rowe

Registered office

Floor 27
25 Canada Square
London
England
E14 5LQ

Registered auditors

Deloitte LLP
Statutory Auditor
Four Brindley Place
Birmingham
B1 2HZ

Paysafe Holdings UK Limited

Strategic Report

The Directors present their Strategic report on Paysafe Holdings UK Limited (the “Company”) for the year ended 31 December 2019.

Principal activity and business review

The principal activity of the Company in the period under review was that of an intercompany service provider, a treasury company and the owner of some of the Paysafe Group’s intellectual property, from which it derives intercompany income where it is employed in the wider Group.

As part of Paysafe Group’s broader strategy to restructure the business as a result of Brexit and in order to continue access to the European Economic Area (‘EEA’) market following Brexit, Paysafe Group obtained licenses and completed the necessary passporting notifications from the Central Bank of Ireland (CBI) and two new entities were incorporated in Ireland, Paysafe Payment Solutions Limited and Paysafe Prepaid Services Limited, both directly controlled by Paysafe Holdings UK Limited. In connection with this, in February 2019 the Company subscribed to 12,650,000 ordinary shares of Paysafe Payment Solutions Limited for a total subscription price of €12,650,000 and 2,650,000 ordinary shares of Paysafe Prepaid Services Limited for a total subscription price of €2,650,000. Consequently, on 30 December 2019, Paysafe Holdings UK acquired the shares of Mac Limited from paysafecard.com Wertkarten GmbH for a consideration of €213,000,000 (see Note 11).

On 26 June 2019 Paysafe Group Limited, the immediate parent company, disposed 100% of the share capital of Paysafe UK GOLO Holdco Limited for a total consideration of \$9,523,000 to Pi Jersey Topco Limited, the ultimate parent company. The disposal required the rationalization of certain intercompany debt balances in the structure, one of which is the intercompany loan due from GOLO Inc. for \$CAD20,749,831. The debt was transferred to Paysafe Group Limited in exchange for a new debt instrument issued by Paysafe Group Limited to the Company which resulted in the recognition of an impairment loss of \$CAD12,927,40 (€8,633,384) representing the difference between the carrying value of the debt and the fair market value of the debt at the time of exchange (see Note 5).

A bonus share of EUR denominated preference shares to Paysafe Group Limited for €210,000,000 was issued in June 2019 by reducing the capital reserve account. A similar exercise was carried in prior year (May and September 2018) as part of a series of transactions aimed at minimising the foreign exchange exposure of Pi UK Bidco Limited has under its Euro denominated liabilities (see Note 16).

During the year, the Company employed the senior management responsible for the direction and development of the Unity Platform acquired in December 2019 (see Note 10). The Company would expect to continue to recharge some of the employee costs and generate income. Going forward, the Company will generate additional royalty income following the transfer of the Skrill and Neteller intellectual property to the Company in relation to the Digital Wallet EEA business transfer which was completed post year end.

Subsequent to the Company’s year-end, the coronavirus outbreak has occurred and developed such that on 11 March 2020, the World Health Organization has characterized the outbreak as a pandemic. The expected impact of Covid-19 on the Company is disclosed in further detail within the post balance sheet events note (Note 18). As disclosed within these notes, from the detailed analysis performed by the Paysafe Group and the Company on the expected impact of Covid-19, the Company’s directors have concluded that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Results and transfer to reserves

The Company made a loss of € 24,542,524 (2018: €433,928,734).

Key performance indicators (KPI)

The Company does not use any key performance indicators to monitor the business besides those presented in the financial statements and identified above.

Paysafe Holdings UK Limited

Strategic Report

Disclosure of principal risk and uncertainty

Brexit

Throughout FY19 the Paysafe Group operated its business with EEA customers under UK Financial Conduct Authority (FCA) licence – taking advantage of the passporting regime into the European Economic Area (“EEA”). The Paysafe Group took a prudent approach to Brexit planning, which assumed full loss of passporting post the end of the Brexit transition period. Consequently, in FY19 a related party company has obtained licenses, and completed the necessary passporting notifications from the Central Bank of Ireland (CBI) to enable the continuation of operations within ongoing EEA jurisdictions. In early FY20, the Paysafe Group has successfully transitioned the EEA customers from the FCA to the CBI regulated entities for the eCash Solutions and Payment Processing businesses. In August 2020, the Digital Wallet EEA business has been successfully transferred to one of the Irish companies, Paysafe Payment Solutions Limited – refer to Note 18, *Events after balance sheet date* for details.

Reliance on Group companies

The Company can meet its obligations only if the trading entities within the Paysafe Group continue to perform well operationally, as the Company is financed via loans. At present there is no indication that the aforementioned group companies will not continue to perform well operationally.

Future developments

The Company is expected to continue to act as an intercompany service provider and a treasury company in the future.

Approved by the Board of directors and signed on behalf of the Board



Daniel Winters

Director

14 December 2020

Paysafe Holdings UK Limited

Directors' Report

The directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2019.

Business review and future outlook.

The review of the business for the year is given in the Strategic Report on page 2 and 3. The Company is expected to continue to act as a holding company.

Dividend

The Directors do not recommend the payment of a dividend for the year-ended 31 December 2019 (2018: €nil).

Going concern

While the Company had a net liability position of €744,636,641 at 31 December 2019 (2018: €511,320,788), it had net current assets during the year of €21,663,762 (2018: €995,723,787 net current liability position). An indirect parent company, Paysafe Group Holdings II Limited, will provide financial support to the Company to enable it to meet its existing and future liabilities in order for it to continue as a going concern. This financial support will continue for a period of not less than 12 months from the date of signing the financial statements of the Company for the year ended 31 December 2019. Accordingly, the financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the Company, through the financial support from the Paysafe Group, has the resources to continue in business for the foreseeable future.

The Paysafe Group performed a detailed analysis considering a wide range of information relating to present and future conditions, including future projections of profitability, cashflows and capital resources. As noted in Note 18, *Events after the balance sheet date*, subsequent to the Company's year-end the coronavirus outbreak (Covid-19) has occurred and developed such that on 11 March 2020, the World Health Organization has characterized the outbreak as a pandemic. Consequently, the Paysafe Group has conducted a detailed scenario analysis to ensure it has adequate liquidity to support business operations and will remain in compliance with its external debt facilities covenants even in a scenario where Covid-19 has a prolonged impact on the global economy. This analysis and the assumptions used are disclosed in more detail in Note 3 to the consolidated financial statements of Paysafe Group Holdings Limited. Based on the forward-looking analysis performed and assessment of Paysafe Group's recent trading results and outlook, the Directors concluded that the Paysafe Group which includes the Company, will be able to operate as a going concern, noting that the Board's confidence in the Company's forecasts and ability to deliver costs and cash management actions support the preparation of the financial statements on a going concern basis.

Post balance sheet events

Please refer to note 18, *Events after the balance sheet date* of these financial statements.

Financial risk management

The Company's operations expose it to a number of financial risks that mainly include currency risk and liquidity risk.

Currency risk

The Company is exposed to currency risk due to financial assets and liabilities primarily denominated in United States Dollar ("USD") and Great Britain Pound ("GBP"). The Company manages the exposure to currency risk by commercially transacting in Euros and by limiting the use of other currencies for operating expenses where possible, thereby minimising the realised and unrealised foreign exchange gain/(loss).

Liquidity risk

The Company had significant balances of loans and payables to group companies at the year-end date. Management controls and monitors the Company's cash flow on a regular basis, including forecasting future cash flows.

Paysafe Holdings UK Limited

Directors' Report

Directors

The Directors who served during the year and to the date of this report, except as noted, were:

Elliott Wiseman
Paul Brooking (resigned 22 May 2020)
Daniel Winters (appointed 22 May 2020)
Paulette Rowe (appointed 22 May 2020)

Directors' indemnity insurance

As permitted by Section 233 of the Companies Act 2006, the Company has insurance cover on behalf of the directors indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Disclosure of information to the Auditors

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

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

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

Independent Auditors

The Company's auditors, Deloitte LLP, have indicated their willingness to continue in office as auditors and a resolution concerning their re-appointment will be proposed at the Company's next board meeting.

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

Paysafe Holdings UK Limited

Directors' Report

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D. Winters', written over a horizontal line.

Daniel Winters

Director

14 December 2020

Paysafe Holdings UK Limited

Independent auditors' report to the members of Paysafe Holdings UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Paysafe Holdings UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Paysafe Holdings UK Limited

Independent auditors' report to the members of Paysafe Holdings UK Limited

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Paysafe Holdings UK Limited

Independent auditors' report to the members of Paysafe Holdings UK Limited (continued)

Use of our report

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

S. Cumberbatch.

Stewart Cumberbatch, FCA BSc (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom
Date: 16 December 2020

Paysafe Holdings UK Limited

Statement of Comprehensive Income For the year ended 31 December 2019

	Note	2019 €	2018 €
Revenue	2	15,530,408	17,722,229
Cost of sales		-	-
Gross profit		15,530,408	17,722,229
Administrative expenses		(30,254,665)	(31,539,635)
Impairment loss on financial assets	5	(8,633,384)	-
Impairment on investments in subsidiaries	11	-	(1,216,838,185)
Dividend income	5	-	809,010,298
Operating loss	5	(23,357,641)	(421,645,293)
Finance costs	7	(21,052,386)	(36,545,997)
Finance income	7	18,444,658	20,371,015
Loss before taxation		(25,965,369)	(437,820,275)
Income tax credit	8	1,422,845	3,891,541
Loss for the financial year attributable to owners of the Company		(24,542,524)	(433,928,734)

Revenue and operating profit are all derived from continuing operations. There were no items recognised within other comprehensive income.

The notes on pages 13 to 29 form part of these financial statements.

Paysafe Holdings UK Limited

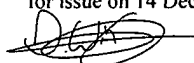
Statement of Financial Position

As at 31 December 2019

	Note	2019 €	2018 €
Non-current assets			
Intangible assets	10	35,702,374	21,192,757
Property, plant and equipment	9	119,624	156,444
Deferred tax asset	8	8,872,997	7,450,152
Investments in subsidiaries	11	683,903,646	455,603,646
Amounts receivable from parent companies	16	14,072,064	-
Amounts receivable from other Group companies	16	303,321,732	-
		<u>1,045,992,437</u>	<u>484,402,999</u>
Current assets			
Cash and cash equivalents		2,524,928	7,519,869
Amounts receivable from parent companies	16	6,086,085	191,248,781
Amounts receivable from other Group companies	16	15,888,190	234,523,724
Trade and other receivables	12	173	398,416
Prepaid expenses and other		6,053,189	5,385,558
		<u>30,552,565</u>	<u>439,076,348</u>
Total assets		<u>1,076,545,002</u>	<u>923,479,347</u>
Current liabilities			
Trade and other payables	0	4,951,955	8,936,077
Amounts payable to parent companies	16	2,852,538	1,058,010,604
Amounts payable to other group companies	16	1,084,310	367,853,454
		<u>8,888,803</u>	<u>1,434,800,135</u>
Net current assets/(liabilities)		<u>21,663,762</u>	<u>(995,723,787)</u>
Total assets less current liabilities		<u>1,067,656,199</u>	<u>(511,320,788)</u>
Non-current liabilities			
Long term debt	14	48,500,000	-
Amounts payable to parent companies	16	1,130,374,576	-
Amounts payable to other group companies		633,418,264	-
		<u>1,812,292,840</u>	<u>-</u>
Net liabilities		<u>(744,636,641)</u>	<u>(511,320,788)</u>
Equity			
Share capital	15	2	2
Capital contribution reserve	16	27,057,832	235,831,161
Retained earnings		<u>(771,694,475)</u>	<u>(747,151,951)</u>
Equity attributable to owners of the Company		<u>(744,636,641)</u>	<u>(511,320,788)</u>

The notes on pages 13 to 29 form part of these financial statements.

The financial statements of Paysafe Holdings UK Limited (No. 3202517) were approved by the board of directors and authorised for issue on 14 December 2020. They were signed on its behalf by:



Daniel Winters
Director
14 December 2020

Paysafe Holdings UK Limited

Statement of changes in equity

For the year ended 31 December 2019

	<i>Note</i>	Share capital €	Share premium €	Capital contribution reserve €	Retained earnings/ (deficit) €	Total €
Balance at 1 January 2018		2	500,800,237	17,201	61,976,546	562,793,986
Total comprehensive loss		-	-	-	(433,928,734)	(433,928,734)
Capital reduction	16	-	(500,800,237)	-	500,800,237	-
Issuance of bonus preference shares	16	-	-	-	(876,000,000)	(876,000,000)
Capital Contribution		-	-	235,813,960	-	235,813,960
Balance at 31 December 2018		2	-	235,831,161	(747,151,951)	(511,320,788)
Balance at 1 January 2019		2	-	235,831,161	(747,151,951)	(511,320,788)
Total comprehensive loss		-	-	-	(24,542,524)	(24,542,524)
Capital reduction	16	-	-	(210,000,000)	210,000,000	-
Issuance of bonus preference shares	16	-	-	-	(210,000,000)	(210,000,000)
Share based payments	0	-	-	1,226,671	-	1,226,671
Balance at 31 December 2019		2	-	27,057,832	(771,694,475)	(744,636,641)

The notes on pages 13 to 29 form part of these financial statements.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

1. General information

Paysafe Holdings UK Limited (the Company) is a private company limited by shares incorporated in England and Wales. The registered office at Floor 27, 25 Canada Square, London E14 5LQ. The nature of the Company's operations and its principal activities are that of an intercompany service provider, a treasury company.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented in these financial statements, unless otherwise stated.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions with other group companies and share based payments. Where relevant, equivalent disclosures have been made in the consolidated financial statements of Paysafe Group Holdings Limited. These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the consolidated financial statements of Paysafe Group Holdings Limited (see Note 17).

These financial statements are presented in Euros ("€") which is also the Company's functional currency.

Basis of measurement

The financial statements are prepared under the historical cost convention.

Going concern

While the Company had a net liability position of €744,636,641 at 31 December 2019 (2018: €511,320,788), it had net current assets during the year of €21,663,762 (2018: €995,723,787 net current liability position). An indirect parent company, Paysafe Group Holdings II Limited, will provide financial support to the Company to enable it to meet its existing and future liabilities in order for it to continue as a going concern. This financial support will continue for a period of not less than 12 months from the date of signing the financial statements of the Company for the year ended 31 December 2019. Accordingly, the financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the Company, through the financial support from the Paysafe Group, has the resources to continue in business for the foreseeable future.

The Paysafe Group performed a detailed analysis considering a wide range of information relating to present and future conditions, including future projections of profitability, cashflows and capital resources. As noted in Note 18, *Events after the balance sheet date*, subsequent to the Company's year-end the coronavirus outbreak (Covid-19) has occurred and developed such that on 11 March 2020, the World Health Organization has characterized the outbreak as a pandemic. Consequently, the Paysafe Group has conducted a detailed scenario analysis to ensure it has adequate liquidity to support business operations and will remain in compliance with its external debt facilities covenants even in a scenario where Covid-19 has a prolonged impact on the global economy. This analysis and the assumptions used are disclosed in more detail in Note 3 to the consolidated financial statements of Paysafe Group Holdings Limited. Based on the forward-looking analysis performed and assessment of Paysafe Group's recent trading results and outlook, the Directors concluded that the Paysafe Group which includes the Company, will be able to operate as a going concern, noting that the Board's confidence in the Company's forecasts and ability to deliver costs and cash management actions support the preparation of the financial statements on a going concern basis.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

Revenue recognition

Revenue is derived from recharges made to other group companies based on centrally incurred charges plus an agreed mark-up on the accruals basis.

Dividend and interest revenue

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

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Operating profit

Operating profit is stated before investment income and finance costs.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date. A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Fixtures and equipment	20% - 33%
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The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within administrative expenses.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Income within administrative expenses over the assets estimated useful life as follows:

Computer software	3-5 years straight line
Platform development	3-5 years straight line

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Development costs are capitalised only when it is probable that future economic benefit will result from the project and the following criteria are met:

- The technical feasibility of the product has been ascertained;
- Adequate technical, financial and other resources are available to complete and sell or use the intangible asset;
- The Group can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated;
- It is the intention of management to complete the intangible asset and use it or sell it; and
- The development costs can be measured reliably.

Development expenditure that does not meet the above criteria is expensed as incurred.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amounts. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. In assessing the fair value less costs of disposal, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Financial Instruments

The Company classifies its financial assets as at amortised cost.

Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently measured at amortised cost using the effective interest rate method, less expected credit loss allowances in accordance with IFRS 9.

Financial assets at amortised cost include cash and cash equivalents, trade and other receivables, and amounts receivable from related parties.

Financial liabilities that are not measured at fair value through profit or loss are classified as amortised cost. Financial liabilities designated as amortised cost are initially measured at their fair value (net of any issue costs for loans and borrowings) and subsequently measured at their amortised cost using the effective interest rate method. They include trade and other payables, and amounts owed to related parties.

Finance costs are charged to the statement of comprehensive income using the effective interest rate method. Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Share-based payments

The Company participates in an equity-settled, share-based compensation plan, under which certain executive and senior managers of the Company are issued equity-based awards in consideration for their employee services.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on management's best estimate of the number of equity instruments that will ultimately vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest. The movement in cumulative expense since the previous reporting date is recognized in the income statement within "Admin expenses" with a corresponding adjustment to equity reserves.

Adoption of new and revised Standards

The Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods beginning on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or amounts in the financial statements.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies at the date of the Company's financial statements, and expenses during the reporting period. Actual results could differ from those estimated. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the Company's financial statements of changes in estimates in future periods could be significant.

Intangible assets

Software was valued using a relief from royalty methodology. Management's key assumptions included average revenue growth rate, EBIT/EBTDA margin, merchant attrition rates, royalty rates, estimated useful lives and post-tax discount rate.

Investment in subsidiaries

The Company's investment in subsidiaries is supportable by the assets and future profitability of the relevant Paysafe Group business units. The recoverable amount of the relevant business unit was calculated based on a five-year discounted cash flow model prepared by management, including a terminal value calculated by applying an EBITDA/Enterprise Value exit multiple to year five EBITDA. The assumptions subject to estimation uncertainty include the estimated cashflows, the EBITDA/Enterprise Value exit multiple and the discount rate used. Based on the impairment assessment on the Company's investment in subsidiaries, there is a significant amount of headroom between the carrying value of the investment and the recoverable amount before an impairment of the investment occurs.

There are no other key sources of estimation uncertainty and no significant judgements in applying the company's accounting policies have been made.

4. Auditor's remuneration

Auditor's remuneration of €12,952 (2018: € 25,000) is borne by fellow group company and will not seek to reimburse it in the future. No non-audit services were provided.

5. Operating loss

Operating result is stated after charging/(crediting):

	2019 €	2018 €
Amortization	7,230,256	5,908,091
Depreciation	45,100	44,279
Impairment loss on financial assets (i)	8,633,384	-
Impairment loss on investments in subsidiaries (ii)	-	396,452,567
Staff costs	3,667,000	2,241,162
Dividend Income (iii)	-	(809,010,298)
Foreign Exchange (Gain)/Loss	(542,498)	2,485,752

- (i) On 26 June 2019 Paysafe Group Limited disposed 100% of the share capital of Paysafe UK GOLO Holdco Limited to Pi Jersey Topco Limited. As part of the disposal, the intercompany loan due from GOLO Inc. was settled and an impairment loss of €8,633,384 was recognized which represents the difference between the carrying value of the loan and its fair value at the time of settlement.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

5. Operating loss (continued)

- (ii) On 26 April 2018 a series of transactions were completed in order to unwind intra-group debt and thus simplify the financing structure of the Paysafe Group (the "Unwind"). As a result, the Company fully impaired its investment in one of its subsidiaries for an amount of €396,452,567 and recognised dividend income of €485,009,758. Additionally, certain related party balances were settled on a cashless basis (see further details in Note 15).
- (iii) During 2018 the Company also received dividend income from its subsidiaries totalling €809,010,298.

6. Staff costs

The average number of persons employed was:

	2019 Number	2018 Number
Administration and management and other	12	31
	<u>12</u>	<u>31</u>

The aggregate remuneration comprised:

	2019 €	2018 €
Wages and salaries	2,094,723	1,874,177
Social security costs	278,230	266,126
Pension costs	67,376	100,859
Share based payments (i)	1,226,671	-
	<u>3,667,000</u>	<u>2,241,162</u>

- (i) For the year ended 31 December 2019, the Company recognised total expense of £1,226,671 (2018: nil) related to share-based payment transactions, with a corresponding entry recognised in the Capital Contribution Reserve in equity. Information on the scheme to which the Company's expense in 2019 relates to can be found in the financial statements of Paysafe Group Holdings Limited.
- (ii) Pension costs relate to the Company's contribution to the Paysafe Group's defined contribution plan for its employees. Payments to defined contribution plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

No remuneration was paid to directors of the Company.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

7. Finance income and costs

	2019 €	2018 €
Interest income on loans to group companies	18,430,273	20,371,015
Interest income on short term deposits	14,385	-
Finance income	18,444,658	20,371,015
Interest expense on loans from group companies	(20,316,832)	(36,382,324)
Interest expense on long-term loan	(509,090)	(148,278)
Other finance costs	(226,464)	(15,395)
Finance costs	(21,052,386)	(36,545,997)

8. Tax

	2019 €	2018 €
Current income tax (credit) / expense		
Current income tax arising from the current period	-	465,363
Adjustments for prior year tax	-	274,065
	-	739,428
Deferred income tax credit		
Origination and reversal of temporary differences	78,562	13,770
Recognition of tax losses	(2,970,508)	(4,553,622)
Adjustment for prior period	743,374	(91,117)
Impact of rate change	725,727	-
	(1,422,845)	(4,630,969)
Income tax credit for the year	(1,422,845)	(3,891,541)

UK corporation tax has been charged at 19% (2018: 19%). Deferred tax is calculated based on the substantively enacted 19% tax rate effective from 1 April 2020.

Under Finance Act 2016, the main rate of corporation tax reduced from 20% to 19% effective from 1 April 2017. The corporation tax rates remain the same under Finance Act 2019 which received Royal Assent in February 2019.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

8. Tax (continued)

The charge for the year can be reconciled to the profit in the income statement as follows:

	2019 €	2018 €
Loss before tax	(25,965,369)	(437,820,275)
Tax (credit) / expense at the UK corporation tax rate of 19% (2018: 19%)	(4,933,420)	(83,185,852)
Tax effect of expenses that are not deductible in determining taxable profit	1,962,913	231,823,857
Tax effect of income not taxable in determining taxable profit	-	(153,711,957)
Movement in deferred tax not recognised	-	534,100
Effect of different tax rates between current and deferred tax	725,726	374,246
Adjustment for prior period	743,374	274,065
Adjustments for fixed assets	78,562	-
Tax credit for the year	<u>(1,422,845)</u>	<u>(3,891,541)</u>

The composition of deferred tax assets and liabilities is made up as follows:

	Statement of financial position		Statement of comprehensive income	
	2019	2018	2019	2018
	€	€	€	€
Accelerated depreciation/amortisation for accounting purposes	41,001	(336,522)	377,523	(357,371)
Carried forward tax losses	8,831,996	7,786,674	1,045,322	4,988,340
Deferred tax credit			<u>1,422,845</u>	<u>4,630,969</u>
Deferred tax asset	<u>8,872,997</u>	<u>7,450,152</u>		

Paysafe Holdings UK Limited

Notes to the financial statements For the year ended 31 December 2019

9. Property, plant and equipment

	Computer equipment €	Total €
Cost		
At 1 January 2019	221,812	221,812
Additions	8,280	8,280
Disposals	-	-
At 31 December 2019	230,092	230,092
Accumulated depreciation		
At 1 January 2019	65,368	65,368
Charge for the year	45,100	45,100
At 31 December 2019	110,468	110,468
Carrying amount		
At 31 December 2019	119,624	119,624
At 31 December 2018	156,444	156,444

10. Intangible assets

	Computer software €	Platform development €	Total €
Cost			
At 1 January 2019	8,733,839	22,442,996	31,176,835
Additions	3,448,870	18,890,981	22,339,851
Adjustment to cost	-	(599,977)	(599,977)
At 31 December 2019	12,182,709	40,734,000	52,916,709
Accumulated amortisation			
At 1 January 2019	998,208	8,985,871	9,984,079
Charge for the year	2,436,769	4,793,487	7,230,256
At 31 December 2019	3,434,977	13,779,358	17,214,335
Carrying amount			
At 31 December 2019	8,747,732	26,954,642	35,702,374
At 31 December 2018	7,735,632	13,457,125	21,192,757

In December 2019, the Company acquired the Unity platform and licensing activities from Paysafe Technologies Inc for a total consideration of €18,890,981 which represents the market value of the Unity business at the time of acquisition. Unity platform is one of Paysafe's internally-developed intellectual property which is intended to be a group-wide, cross-platform technology to be used by all divisions of Paysafe's business.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

11. Investments in Subsidiaries

Details of the Company's principal subsidiaries held at cost at 31 December 2019 are as follows:

	€
Cost	
At 1 January 2019	455,603,646
Additions	228,300,000
	<u>683,903,646</u>
At 31 December 2019	<u>683,903,646</u>
Carrying amount	
At 31 December 2019	<u>683,903,646</u>
At 31 December 2018	<u>455,603,646</u>

The additions in the year relate to the following transactions:

- As mentioned in the Strategic report, as part of Paysafe Group's broader strategy to restructure the business as a result of Brexit and in order to continue access to the European Economic Area ('EEA') market following Brexit, Paysafe Group obtained licenses and completed the necessary passporting notifications from the Central Bank of Ireland (CBI) and two new entities were incorporated in Ireland, Payment Solutions Limited and Paysafe Prepaid Services Limited, both directly controlled by Paysafe Holdings UK Limited. In connection with this, in February 2019 the Company subscribed to 12,650,000 ordinary shares of Paysafe Payment Solutions Limited for a total subscription price of €12,650,000 and 2,650,000 ordinary shares of Paysafe Prepaid Services Limited for a total subscription price of €2,650,000.
- Consequently, on 30 December 2019, Paysafe Holdings UK acquired the shares of Mac Limited from paysafecard.com Wertkarten GmbH for a consideration of €213,000,000.

The parent Company and the Company have investments in the following subsidiary undertakings.

Name of subsidiary	Place of incorporation and Operation	Proportion of ownership interest	Type of shares	Principal activity
Paysafe Processing Limited	United Kingdom, 27 Canada Square, London, E14 5LQ	100%	Ordinary shares	UK based company involved in internet credit card processing.
Paysafe US Holdco	25 Canada Square, Canary Wharf, E14 5LQ London, United Kingdom	100%	Ordinary shares	UK based company that acts as a holding company for the Paysafe Group
Paysafe Payment Solutions Ltd	Glandore Business Centres, Suite 101, Grand Canal House, 1 Grand Canal Street Upper, D04 Y7R5 Dublin 4, Ireland	100%	Ordinary shares	Ireland based company that is authorized and regulated as a online money institution
Skrill Holdings Ltd	25 Canada Square, Canary Wharf, E14 5LQ London, United Kingdom	100%	Ordinary shares	UK based company involved in electronic money transfer services and online prepaid solutions.
Paysafe Prepaid Services Limited	Glandore Business Centres, Suite 101, Grand Canal House, 1 Grand Canal Street Upper, D04 Y7R5 Dublin 4, Ireland	100%	Ordinary shares	Ireland based company that is authorized and regulated as a online money institution
Mac Limited	Gibraltar, Suite 2A, Icom House, 1/5 Irish Town GX11 1AA	100%	Ordinary shares	Gibraltar based company. Service centre for the paysafecard Group's Sales and

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

Name of subsidiary	Place of incorporation and Operation	Proportion of ownership interest	Type of shares	Principal activity
				Account Management for European online gaming operators offering paysafecard.
Paysafe Digital Solutions Limited	25-27 Canada Square, London, United Kingdom, E14 5LQ	100%	Ordinary shares	Non-trading company
Paysafe Digital Services Limited	25-27 Canada Square, London, United Kingdom, E14 5LQ	100%	Ordinary shares	Non-trading company
Digital Payments Europe Ltd	C/O Bdo LLP, 55 Baker Street, London, W1U 7EU	100%	Ordinary shares	Non-trading company
MB Acquisitions Ltd	25 Canada Square, London, E14 5LQ	100%	Ordinary shares	Non-trading company
Sentinel Bidco Ltd	25 Level 27 Canada Square, London, E14 5LQ	100%	Ordinary shares	Non-trading company
Skrill Capital UK Limited	25 Canada Square, London, E14 5LQ	100%	Ordinary shares	UK based company involved in electronic money transfer services and online prepaid solutions.
Digital Payments Solutions Australia PTY LTD	Level 16, 201 Elizabeth street, Sydney NSW 2000	100%	Ordinary shares	Non-trading company
Digital Payments solutions New Zealand Ltd	Level 12, 55 Shortland street, Auckland 1010, New Zealand	100%	Ordinary shares	Non-trading company

12. Trade and other receivables

All amounts are falling due within one year:

	2019 €	2018 €
Other receivables	173	398,416
	<u>173</u>	<u>398,416</u>

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

13. Trade and other payables

All amounts are falling due within one year:

	2019 €	2018 €
Accounts payable	803,930	5,483,810
Accrued liabilities	1,128,006	1,816,929
Payroll liabilities	784,749	673,913
Interest payable on long-term debt	13,941	-
Sales tax payable	1,452,629	221,997
Corporate tax	768,700	739,428
	<u>4,951,955</u>	<u>8,936,077</u>

14. Long term debt

All amounts are falling due within more than one year:

	2019 €	2018 €
Long term debt	48,500,000	-
	<u>48,500,000</u>	<u>-</u>

As at 31 December 2019 the Company has utilised €48,500,000 of the available \$225,000,000 Revolving Credit Facility, part of the Senior Facilities Agreement signed on 20th December 2017 with Credit Suisse. The debt is maturing in January 2024. The annual rate of interest is 2.75% + Euribor.

15. Share capital

	2019 €	2018 €
Authorised:		
2 ordinary shares of € 1 each	<u>2</u>	<u>2</u>
Issued and fully paid:		
2 ordinary shares of € 1 each	<u>2</u>	<u>2</u>

Ordinary shareholders

Holders of the ordinary shares are entitled to receive dividends and other distributions, to receive notice of, attend and vote at any general meeting, and to participate in all returns of capital on winding up or otherwise. One share carries one vote.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

16. Related party balances

During the year, the Company entered into the following transactions with related parties:

	Transaction Amount 2019 €	Balance outstanding 2019 €	Transaction Amount 2018 €	Balance outstanding 2018 €
Immediate parent company	(287,968,517)	(1,128,335,245)	(877,051,616)	(840,366,728)
Indirect parent company	41,661,375	15,266,280	241,757,128	(26,395,095)
Subsidiaries	(191,028,412)	(296,387,900)	22,513,446	(105,359,488)
Other group companies	9,065,490	(18,904,751)	247,392,217	(27,970,241)

All amounts between related parties are unsecured and repayable on demand other than those noted below.

In August 2018 a series of transactions were completed in connection with the liquidation of Paysafe Finance Limited, a group company. As a result, the Company received a capital contribution in kind from Paysafe Group Limited, its parent company, totalling €235,813,960 and used to settle on a cashless basis a related party payable for the same amount.

In May 2018 and September 2018, the Company carried out a bonus issue of EUR denominated preference shares to Paysafe Group Limited for an amount of €646,000,000 and €230,000,000, respectively. For this purpose the Company reduced its share premium account by €500,800,237 to create distributable reserves. This was completed as part of a series of transactions to minimise the foreign exchange exposure Pi UK Bidco Limited has under its Euro denominated liabilities. The preference shares are interest free, redeemable 20 years after issuance and repayable on demand. A similar exercise was completed in June 2019 where the Company issued another bonus issue of EUR denominated preference shares to Paysafe Group Limited for an amount of €210,000,000 by reducing the reserve account.

All other loans noted below are amounts due from/to group companies:

Related Party	Currency	Interest Rate	Facility maturity date	Principal Outstanding at 31 December 2019	Payable/ Receivable
Paysafe Holdings US Corp	USD	4% + 1-month USD LIBOR	September 30, 2023	14,858,338	Receivable
Paysafe Technologies Inc	USD	4% + 1-month LIBOR	May 31, 2022	84,096,461	Receivable
Payolution GmbH	EUR	4% + 1-month EURIBOR	September 1, 2024	1,596,431	Receivable
Skrill Services GmbH	EUR	4% + 1-month EURIBOR	November 18, 2024	733,024	Receivable
Paysafe Technology Services Germany GmbH	EUR	4% + 1-month EURIBOR	November 18, 2024	230,000	Receivable
PAYS Services Italy SRL	EUR	4% + 1-month EUR LIBOR	September 30, 2024	396,399	Receivable

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

Related Party	Currency	Interest Rate	Facility maturity date	Principal Outstanding at 31 December 2019	Payable/ Receivable
Paysafe Technology Services Austria GmbH	EUR	4% + 1-month EURIBOR	October 4, 2022	1,450,000	Receivable
Prepaid Services Company Limited	EUR	4% + 1-month EURIBOR	October 20, 2024	54,000,000	Receivable
Pi UK Bidco Limited	EUR	4% + 1-month USD LIBOR	October 31, 2023	14,072,064	Receivable
Paysafe US Holdco Ltd	EUR	7.5% + 12-month EURIBOR	December 18, 2025	150,083,177	Receivable
MAC Limited	GBP	4.25%	June 28, 2023	5,559,659	Receivable
Paysafe Group Limited	USD	4% + 1-month LIBOR	April 23, 2022	(49,038,564)	Payable
PAYS Services UK Limited	GBP	4% + 1-month GBP LIBOR	November 14, 2022	(4,828,432)	Payable
Paysafe Financial Services Limited	USD	4% + 1-month LIBOR	April 23, 2022	(14,131,232)	Payable
Paysafe Processing Limited	GBP	4% + 1-month GBP LIBOR	February 25, 2023	(376,497)	Payable
Paysafe Prepaid Services Ltd	EUR	4% + 1-month EURIBOR	December 11, 2023	(1,800,000)	Payable
Prepaid Services Company Limited	EUR	4% + 1-month EURIBOR	October 20, 2024	(213,000,000)	Payable
Paysafecard.com Wertkarten GmbH	EUR	4% + 1-month EURIBOR	November 21, 2023	(3,000,000)	Payable
Paysafe Payment Solutions LTD	EUR	4% + 1-month EURIBOR	March 27, 2024	(9,553,741)	Payable
Sabemul Beteiligungsverwaltungs GmbH	EUR	4% + 1-month EURIBOR	February 5, 2022	(57,500,000)	Payable
Skrill Holdings Limited	EUR	4% + 1-month EURIBOR	April 12, 2022	(87,267,614)	Payable
Skrill Limited	EUR	4% + 1-month EURIBOR	January 7, 2025	(236,378,430)	Payable
Ecom Access Inc.	CAD	4% + 1-month CDOR	December 6, 2022	(8,968,368)	Payable
Paysafe Group Holdings III Limited	USD	4% + 12-month LIBOR	October 29, 2024	(716,429)	Payable

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

17. Controlling party

The immediate parent company is Paysafe Group Limited, a company incorporated in Isle of Man. The ultimate parent company is Pi Jersey Topco Limited, a company incorporated in Jersey. There is no ultimate controlling party of the Company.

The smallest group to consolidate these financial statements is Paysafe Group Holdings II Limited. The largest group to consolidate these financial statements is Paysafe Group Holdings Limited. Copies of the consolidated financial statements of Paysafe Group Limited and Paysafe Group Holdings II Limited are available from their registered office at Floor 27, 25 Canada Square, London, England, E14 5LQ.

18. Events after the balance sheet date

Brexit

As noted in the Directors Report, the Digital Wallet EEA operation has been successfully transferred to one of the Irish companies, Paysafe Payment Solutions Limited in August 2020, in line with Paysafe Group's Brexit business planning in order to continue to do business in the EEA after Brexit. In preparation for the business transfer, a series of restructuring steps were completed which included the transfer of the Skrill and Neteller intellectual properties to the Company from Skrill Limited in exchange for a loan note. Following the intellectual properties transfer, the Company issued two licenses: (1) UK/Rest of the World license and (2) EEA license. Going forward, the Company will charge Paysafe Payment Solutions Limited, Skrill Limited and Paysafe Financial Services Limited royalty fees at market rate. This also resulted in the transfer of the Company's shares in Paysafe Payment Solutions Limited to Paysafe Financial Services Limited and Skrill Limited for consideration left outstanding.

COVID-19 pandemic

Subsequent to the Company's year-end, the coronavirus outbreak has occurred and developed such that on 11 March 2020, the World Health Organization has characterized the outbreak as a pandemic. The Company is included in the Paysafe Group's pandemic response programmes to ensure it is prepared for scenarios that might threaten the core business activities including people, customers, merchants and society at large. Further disclosures in respect of the Paysafe Group's response to Covid-19, of which the Company is a part of, are made in the financial statements of Paysafe Group Holdings Limited.

As these events arose after the reporting date and do not provide evidence of a condition that existed at 31 December 2019, these are considered non-adjusting subsequent events. While actions taken during the earlier phases of the pandemic to limit the financial impact (such as pay cuts, freezes on pay rises and promotions) have since been reversed due to performance of the business being better than forecasted, the extent and duration of the effect of the coronavirus outbreak on the Company and its partners remain unclear and the following estimates and judgments made in the preparation of the financial statements as at 31 December 2019 may change:

Impairment of financial assets

As the Company continue to experience disruption to the global economy as a result of Covid-19, the Company may be exposed to increased counterparty credit risk from default on its financial assets. The Company's exposure to credit risk is mainly from its loans and receivables from group companies where there may be a potential increase in credit risk as a result of the pandemic. The Paysafe Group has conducted detailed liquidity analysis and has implemented measures to manage the Group's credit exposure which have been discussed in detail in the financial statements of Paysafe Group Holdings Limited.

Impairment of intangible assets

The extensive social distancing and associated retail sector and sports competition suspensions in Europe and North America are expected to have a material impact on consumer leisure spending and on our sports gambling merchants which are key drivers to the Paysafe Group's revenues and profitability. These factors could be indicators of impairment, depending on the significance and duration of the disruption. While short-term, temporary disruptions may not indicate an impairment; the effects of a prolonged outbreak and associated suspensions may cause asset impairments.

Paysafe Holdings UK Limited

Notes to the financial statements

For the year ended 31 December 2019

18. Events after the balance sheet date (continued)

Recoverability of deferred tax balances

Deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that there is sufficient taxable temporary differences or sufficient future taxable profit against which they can be utilised. Given the economic slowdown, there is a risk that forecast of future profits may not be achieved and that there may not be sufficient future taxable profits for which the deferred tax assets can be applied. This could lead to reversal of a portion or in full of the deferred tax assets recognized as at 31 December 2019.