

Entropay Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Company Registration No. 04072405 (England and Wales)

Entropay Limited

Company Information

Directors	M A Spiteri	
	S J D Hanlon	(Appointed 31 August 2021)
	F J Crosby	(Appointed 31 August 2021)
	P Gandhi	(Appointed 31 August 2021)
	P P Nanu	(Appointed 31 August 2021)

Company number	04072405
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Registered office	2 Stephen Street London United Kingdom W1T 1AN
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Auditor	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
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Entropay Limited

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Entropay Limited

Strategic Report

For the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The results for the year are set out on page 8.

Entropay Limited has transitioned from its consumer business and obtained approval to become a self-issuing partner and principal member of Visa and Mastercard in July 2019 and March 2020 respectively. Entropay now provides card issuing services (BIN sponsorship) exclusively to the Ixaris Group. As of October 2020 all Ixaris Group card issuing activity was being carried out via Entropay.

Entropay is authorised for the issuing of electronic money as an e-money institution regulated by the UK's Financial Conduct Authority.

Entropay continues to hold and manage unclaimed funds from the discontinued consumer business – these had reduced by £0.1m during 2020 to £0.6m as dormancy and breakage fees were applied to the funds under the consumer agreements.

With regards to the audit qualification whereby amounts credited to the profit and loss account cannot be substantiated, the company can confirm that this matter has been resolved in August 2021 and related to payments partners that are no longer in use for the company's services as part of its strategy to provide all core payment services in-house. As a result, the company is comfortable that these concerns do not carry any liability to the company's customers and any funds held with the company.

Future developments

The board continues to progress the expansion of its global fulfilment network coverage and a number of important new product offerings.

On 31 August 2021 Ixaris Group Holdings Limited (previously the company's ultimate parent company) was acquired by Nium Pte. Ltd (the new ultimate parent company), a company incorporated and domiciled in Singapore. The acquisition of Ixaris Group Holdings Limited and its subsidiaries by Nium Pte. Ltd is aimed at extending Nium's digital payments influence to new growth markets, beyond Europe, including Asia, Africa and North America.

Entropay Limited

Strategic Report (Continued)

For the year ended 31 December 2020

Principle risks and uncertainties

The management of the business and the execution of the company's strategy for Entropay to be the Visa and Mastercard card issuer (BIN sponsor) for the Ixaris Group are subject to a number of risks. Management have put in place a series of actions to monitor and mitigate these risks.

- **Transaction volumes and market risk:** Entropay provides card issuing services to Ixaris whose underlying business model is based on transactional volumes, currently flowing from its B2B customers in the Global Travel sector. Entropay outsources the majority of its activities to Ixaris Systems (Malta) and Ixaris Technologies (both Ixaris Group companies) and employs no full-time staff and has a low cost flexible cost structure to mitigate potential market and volume risks.
- **Technical capability:** a serious material technical failure in the platform provision outsourced to Ixaris could affect performance and result in lost business. Entropay shares a common senior management structure within Ixaris Group to ensure that appropriate structures and processes are in place to deliver suitable continuity of service.
- **Third party partnerships:** Entropay's operations rely upon holding principal card scheme membership. The company has secured membership with Visa and Mastercard thereby reducing its single dependency.
- **Regulation:** The company's activities as an e-Money institution are regulated and Entropay must therefore ensure it reviews and monitors its compliance regime and procedures – which includes those provided by the group. The directors regularly seek the advice and guidance of external professional advisers to further mitigate regulation compliance risk.
- **Financial and liquidity risks:** Entropay's revenues are generated from Ixaris Solutions and is reliant upon the group's success and operations. The directors review the relevant information (including that for the group) on a regular basis to ensure that adequate resources are available to meet the funding requirements for the company, and the group, on a day to day basis and that the financial risks from the company's underlying operations are effectively identified and managed through regular reporting of management information.

Entropay Limited

Strategic Report (Continued)

For the year ended 31 December 2020

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In promoting the success of the Company the directors have regard to a number of stakeholders who contribute to the value and benefit in the widest context to their mutual benefit including the customers, shareholders, suppliers, and partners. In that regard the actions of the board have been to ensure that the Company:

- Provides market leading and cost effective payments technology offerings to the travel market through its core Group contracting relationships.
- Through its outsourced arrangements with Ixaris Technologies seek to ensure the continued development of innovative fintech product offerings for the benefit of customers to improve their payment activities to generate cash flows ultimately for the company.
- Business relationships have been advanced during and after the year with key suppliers where Entropay achieved self issuer principal member status with both Visa and Mastercard schemes. Through its group operating partner Ixaris Systems (Malta), the directors have continued to ensure investment in resources to strengthen the regular partnership working with the schemes and have earmarked resources for market surveys and bespoke services for the onward benefit of customers and revenues.
- Customer funds safeguarding and regulatory compliance are at the core of operations and essential to Entropay's reputation in the market. The Company is regulated under the UK's FCA and continues to promote these standards. Post Brexit, the Ixaris Group obtained an e-money institution license in Malta however Entropay would still act as the principal card scheme member and as the primary settlement agent with the card schemes.
- Corporate Governance – the Company has a single shareholder, Ixaris Group Holdings, and the directors work very closely with the Group board to ensure a consistent approach and strategy are adopted and that the outsourced contracting relationships across the Group with Ixaris Solutions, Ixaris Technologies and Ixaris Systems (Malta) are meeting expectations.
- The directors are aware of the wider impact of environmental change and the contributing responsibility of all businesses on their local communities and where possible factors this into decision making processes. The business serves the global travel industry but focuses on improving the efficiency of payments and as such its ability to materially impact its impact on the environment is limited. In the year under review the company does not have any employees.

Entropay Limited

Strategic Report (Continued)

For the year ended 31 December 2020

Key Performance Indicators

The business has identified a number of key performance indicators by which it measures its success in achieving its targets as agreed with the Board of directors. These targets are shared with key managers within the business and reported on a monthly basis.

Turnover for the year ended 31 December 2020 decreased by 39% to £1.4m due to the full year effect of closing the consumer business and strategy to create the card principal membership settlement service.

Gross margin % of revenue for year ended 31 December 2020 was 25%, an decrease from 73% in 2019. Gross margin reduced from £1.7m to £0.34m.

Own cash held at the year ended 31 December 2020 was £1.4m (2019 - £0.2m), with a further £0.28m deposited as collateral with Visa compared to £3.9m at 31 December 2019. This result was in line with the expectations of the Board after the decision taken to suspend all consumer business on the Entropay platform and become a Visa principal member.

On behalf of the board

M A Spiteri

Director

15 November 2021

Entropay Limited

Directors' Report

For the year ended 31 December 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

Entropay Limited is a licensed e-money institution. During 2018 it ceased operations providing virtual cards to European consumers and has since changed its business model to provide a payments platform and services to the travel industry and to become a card issuer via a principal membership of the card networks, Visa and Mastercard.

Directors

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

M D Peck	(Appointed 15 May 2020 and resigned 31 August 2020)
M A Spiteri	
A M Brown	(Resigned 12 February 2020)
G W Von Brevern	(Resigned 12 February 2020)
I Balchin	(Resigned 6 January 2020)
Y A Ocampo Ladino	(Appointed 1 April 2020 and resigned 12 May 2020)
S J D Hanlon	(Appointed 31 August 2021)
F J Crosby	(Appointed 31 August 2021)
P Gandhi	(Appointed 31 August 2021)
P P Nanu	(Appointed 31 August 2021)

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events

On 31 August 2021 Ixaris Group Holdings Limited (previously the ultimate parent company) was acquired by Nium Pte. Ltd (the new ultimate parent company), a company incorporated and domiciled in Singapore. The acquisition of Ixaris Group Holdings Limited and its subsidiaries by Nium Pte. Ltd is aimed at extending Nium's digital payments influence to new growth markets beyond Europe, including Asia, Africa and North America.

Business decisions and key stakeholders relationships

The directors consider carefully how decisions are made within the business to promote and secure longevity of relationships with suppliers and customers served through Ixaris Solutions. Foremost is the regulatory nature of activities as an e-payments provider and the importance of reputation. In this regard during the year the business:

- via the Ixaris Group, invested financial and employee resources in stronger direct relationships with two major card networks via self issuing.
- continues to ensure the Company meets and promotes good regulatory standards, in seeking to ensure this the directors have sought ongoing specialist advice and reviews of its operations and payment execution.

Entropay Limited

Directors' Report (Continued)

For the year ended 31 December 2020

- the directors work closely with the key Ixaris contracting partners to ensure the overall group strategy is consistent with the long term development of Entropay's payment settlement activities and critically that their employees are properly rewarded and motivated so that the card relationships are advanced and new product offerings continue to be launched to the market to support revenue diversification and growth.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company in April 2021.

Strategic report

The company has chosen in accordance with Companies Act 2006, s414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect its fair review of the business and the steps taken in relation to continued product development, dealing with Brexit and the Covid pandemic, and the relationships established as part of the strategic move to be a card scheme issuer under principal membership with Visa and Mastercard.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

As of 31 December 2020 Entropay held £1.4m of corporate bank balances together with £0.28m of balances held externally as supporting collateral with Visa. Throughout the year, the business has been materially affected by the global Covid-19 pandemic which has significantly reduced international travel volumes and the volume of transactions and revenues for which Entropay is the card issuer of the Ixaris Group.

The directors monitor both Entropay and group performance and the impacts and mitigating factors considered by the directors with regard to the Going Concern assumption are as follows:

- Payment volumes and revenues have fallen significantly from customers managed by fellow subsidiary, Ixaris Solutions, since the end of 2019. The operations and commercial team in fellow subsidiaries, Ixaris Technologies and Ixaris Systems (Malta), are focused on diversifying the customer base geographically (particularly into Asia) and into new travel segments (for example hotels) to increase the addressable market and to diversify revenues. The Directors note that material uncertainties exist as to when and/or how quickly payment volumes will return in it's core markets.
- To mitigate risks associated with Brexit the board, in collaboration with the Ixaris Group, in 2020 has pursued a dual regulation for its e-money services in the EEA based under Malta's MFSA regime to ensure continuity of operations. An in-principle approval for the Malta license was granted in December 2020.
- Entropay's parent Nium Pte. Ltd has provided written assurances that it will provide financial support to the group and company when needed in the form of additional working capital, parental guarantees and forbearance on intercompany loans.
- The majority of overhead costs are under contract arrangements with the rest of the group and which are essentially fixed in nature, leaving limited scope to adapt them to revenue movements. The directors are satisfied that these costs are at a very competitive level and continue to be affordable even at the low transaction volumes seen in 2020.

Entropay Limited

Directors' Report (Continued)

For the year ended 31 December 2020

- Cash resources have been maximized with the continued use of operating trust models with the card scheme leading to the release of most of the collateral held by the schemes which was £0.28m as of 31 December 2020.

On behalf of the board

M A Spiteri

Director

15 November 2021

Entropay Limited

Directors' Responsibilities Statement

For the year ended 31 December 2020

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

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

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

Entropay Limited

Independent Auditor's Report

To the Members of Entropay Limited

Qualified opinion on financial statements

We have audited the financial statements of Entropay Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for Audit Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion on financial statements

With respect to amounts credited to the profit and loss account of £268,414 the audit evidence available to us was limited because the company cannot determine the nature of the credit to income. Owing to the lack of supporting documentation in respect of these amounts, we were unable to obtain sufficient appropriate audit evidence regarding the existence and accuracy of the amount credited to the profit and loss account by using other audit procedures.

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Entropay Limited

Independent Auditor's Report (Continued)

To the Members of Entropay Limited

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter referred to in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our 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.

Matters on which we are required to report by exception

Except for the matter referred to in the basis for qualified opinion section of our report 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 material misstatements in the Strategic Report and the Directors' Report.

In respect solely of the limitation on our work relating to amounts credited to the profit and loss account described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

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.

Entropy Limited

Independent Auditor's Report (Continued)

To the Members of Entropy Limited

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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.

Entropay Limited

Independent Auditor's Report (Continued)

To the Members of Entropay Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Thomas Moore (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

15 November 2021

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Entropay Limited

Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	1,374	2,271
Cost of sales		(1,031)	(613)
Gross profit		<u>343</u>	<u>1,658</u>
Administrative expenses		(73)	(1,198)
Operating profit	4	<u>270</u>	<u>460</u>
Interest receivable and similar income	7	8	10
Interest payable and similar expenses	8	-	(4)
Profit before taxation		<u>278</u>	<u>466</u>
Taxation	9	6	-
Profit for the financial year		<u><u>284</u></u>	<u><u>466</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

Entropay Limited

Balance Sheet

As at 31 December 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10		1		4
Current assets					
Debtors	11	23,728		22,086	
Cash at bank and in hand		9,618		6,819	
		<u>33,346</u>		<u>28,905</u>	
Creditors: amounts falling due within one year	13	<u>(12,466)</u>		<u>(8,312)</u>	
Net current assets			20,880		20,593
Total assets less current liabilities			<u>20,881</u>		<u>20,597</u>
Capital and reserves					
Called up share capital	14		3		3
Share premium account			11,752		11,752
Profit and loss reserves			<u>9,126</u>		<u>8,842</u>
Total equity			<u>20,881</u>		<u>20,597</u>

The financial statements were approved by the board of directors and authorised for issue on 15 November 2021 and are signed on its behalf by:

M A Spiteri
Director

Company Registration No. 04072405

Entropay Limited

Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital	Share premium account	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	3	11,752	8,376	20,131
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	466	466
Balance at 31 December 2019	3	11,752	8,842	20,597
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	284	284
Balance at 31 December 2020	3	11,752	9,126	20,881

Entropay Limited

Notes to the Financial Statements

For the year ended 31 December 2020

1 Accounting policies

Company information

Entropay Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 Stephen Street, London, United Kingdom, W1T 1AN.

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

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Ixaris Group Holdings Limited. These consolidated financial statements are available from Companies House.

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

1.2 Going concern

The directors have prepared and regularly consider trading and cash flow forecasts which includes travel industry estimates of passenger volumes. The main industry segment addressed by Entropay on behalf of the Ixaris Group is the travel sector which has been impacted significantly during the financial year by the global Covid-19 pandemic, and while revenues have been materially affected, Entropay has received written assurances from its parent company, Nium Pte. Ltd, that it will provide additional financial support as required so as not to jeopardise the going concern status of the company nor prejudice the interests of creditors. On this basis the directors have a reasonable expectation that the company has adequate resources to continue to trade and meet its liabilities as they fall due for at least the next 12 months from the date of approval of these financial statements and thus continue to adopt the going concern basis of accounting in preparing the financial statements.

As of 31 December 2020 Entropay held £1.4m of corporate bank balances together with £0.28m of balances held externally as supporting collateral with Visa. Throughout the year, the business has been materially affected by the global Covid-19 pandemic which has significantly reduced international travel volumes and the volume of transactions and revenues for which Entropay is the card issuer of the Ixaris Group.

The directors monitor both Entropay and group performance and the impacts and mitigating factors considered by the directors with regard to the Going Concern assumption are as follows:

- Payment volumes and revenues have fallen significantly from customers managed by fellow subsidiary, Ixaris Solutions, since the end of 2019. The operations and commercial team in fellow subsidiaries, Ixaris Technologies and Ixaris Systems (Malta), are focused on diversifying the customer base geographically (particularly into Asia) and into new travel segments (for example hotels) to increase the addressable market and to diversify revenues. The Directors note that material uncertainties exist as to when and/or how quickly payment volumes will return in its core markets.
- To mitigate risks associated with Brexit the board, in collaboration with the Ixaris Group, in 2020 has pursued a dual regulation for its e-money services in the EEA based under Malta's MFSA regime to ensure continuity of operations. An in-principle approval for the Malta license was granted in December 2020.
- Entropay's parent Nium Pte. Ltd has provided written assurances that it will provide financial support to the group and company when needed in the form of additional working capital, parental guarantees and forbearance on intercompany loans.
- The majority of overhead costs are under contract arrangements with the rest of the group and which are essentially fixed in nature, leaving limited scope to adapt them to revenue movements. The directors are satisfied that these costs are at a very competitive level and continue to be affordable even at the low transaction volumes seen in 2020.
- Cash resources have been maximized with the continued use of operating trust models with the card scheme leading to the release of most of the collateral held by the schemes which was £0.28m as of 31 December 2020.

1.3 Turnover

Turnover is recognised as the consideration received or receivable and mainly relates to dormancy and breakage fees charged to clients as well as issuer and platform fees charged to other group entities for Entropay's role as card program issuer for the group; it is recognised at the time the services are rendered and shown net of VAT.

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Office equipment	straight line over 3 to 4 years
------------------	---------------------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

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

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, safeguarded client bank accounts, collateral held with card networks, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. The safeguarded client bank accounts include an amount of relevant funds which are pending instructions and are held for the benefit of Mastercard.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

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

1.9 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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

1.10 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Carrying value of amounts owed by group undertakings

The directors have reviewed the carrying value of the company's initial investment in its subsidiary undertakings including subsequent funding towards development costs and working capital. Based on forecasted trading results and cash flow projections, they are satisfied that the carrying value of loans made to these subsidiary undertakings will be recoverable in the foreseeable future.

Based on the above the directors concluded that no material provision for impairment is required at the balance sheet date.

3 Turnover and other revenue

The company's turnover and profit/(loss) on ordinary activities before taxation were all derived from its principal activity. All turnover originates from the UK.

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

3	Turnover and other revenue	(Continued)	
		2020	2019
		£'000	£'000
	Other significant revenue		
	Interest income	8	10
		<u> </u>	<u> </u>
4	Operating profit	2020	2019
		£'000	£'000
	Operating profit for the year is stated after charging/(crediting):		
	Exchange (gains)/losses	(53)	77
	Fees payable to the company's auditor for the audit of the company's financial statements	27	10
	Depreciation of owned tangible fixed assets	3	7
	Operating lease charges	-	103
		<u> </u>	<u> </u>
	Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £53,000 (2019 - £77,000)		
5	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was 0.		
	Their aggregate remuneration comprised:		
		2020	2019
		£'000	£'000
	Wages and salaries	-	307
		<u> </u>	<u> </u>
6	Directors' remuneration	2020	2019
		£'000	£'000
	Remuneration for qualifying services	-	72
		<u> </u>	<u> </u>
7	Interest receivable and similar income	2020	2019
		£'000	£'000
	Interest income		
	Interest on bank deposits	2	10
	Other interest income	6	-
		<u> </u>	<u> </u>
	Total income	8	10
		<u> </u>	<u> </u>

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

8 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Other interest on financial liabilities	-	4
	<u> </u>	<u> </u>

9 Taxation

	2020	2019
	£'000	£'000
Current tax		
Adjustments in respect of prior periods	(6)	-
	<u> </u>	<u> </u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£'000	£'000
Profit before taxation	278	466
	<u> </u>	<u> </u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)</i>	53	89
Tax effect of expenses that are not deductible in determining taxable profit	1	44
Tax effect of utilisation of tax losses not previously recognised	-	1
Group relief	(54)	(89)
Research and development tax credit	(6)	(45)
	<u> </u>	<u> </u>
Taxation credit for the year	(6)	-
	<u> </u>	<u> </u>

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

10 Tangible fixed assets

	Office equipment £'000
Cost	
At 1 January 2020	51
Disposals	(2)
At 31 December 2020	49
Depreciation and impairment	
At 1 January 2020	47
Depreciation charged in the year	3
Eliminated in respect of disposals	(2)
At 31 December 2020	48
Carrying amount	
At 31 December 2020	1
At 31 December 2019	4

11 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	4	1,689
Amounts due from group undertakings	23,526	20,376
Other debtors	126	20
Prepayments and accrued income	72	1
	23,728	22,086

Amounts owed by group undertakings are interest free. They have no fixed payment dates but have the ability to be settled within one year.

12 Cash at bank and in hand

Cash at bank and in hand of £9,618,138 (2019: £6,818,988) includes £7,898,017 (2019: £2,741,112) held in respect of customer balances in segregated bank accounts, an associated liability for which is included within other creditors.

Cash at bank and in hand also includes an amount of £284,464 (2019: £3,856,470) as collateral with card networks.

Balances held in settlement accounts on trust for payment partners of £376,628 (2019: £nil) are offset against the corresponding liability with creditors.

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	93	64
Amounts due to group undertakings	-	2,921
Other creditors	10,546	3,594
Accruals and deferred income	1,827	1,733
	<u>12,466</u>	<u>8,312</u>

Included within other creditors are amounts owed to clients and payment partners of £10,536,057 (2019: £3,560,330) which relate to the company's e-money and payment services business. Cash at bank and in hand includes an associated amount of £7,898,017 (2019: £2,741,112) which relates to the safeguarded client bank accounts.

Accruals and deferred income materially consists of an invoice issued to one of Entropay's payment partners amounting €2m.

14 Share capital

	2020 £'000	2019 £'000
Ordinary share capital		
Issued and fully paid		
1,950,630 Ordinary shares of 0.1p each	2	2
704,849 A Ordinary shares of 0.1p each	1	1
48,600 B Ordinary shares of 0.1p each	-	-
	<u>3</u>	<u>3</u>

The Ordinary and Ordinary A shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Ordinary B shares rank in all aspects as equal to the Ordinary shares, with the exception that on a show of hands every holder of B Ordinary shares who (being an individual) is present in person or (being a corporation) is present by a representative shall have 0.999 votes.

15 Reserves

Share premium

The share premium represents the amount received on the issue of shares in excess of their par value.

Profit and loss reserves

The profit and loss reserves represent the cumulative profit and loss net of distributions to owners.

Entropay Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

16 Events after the reporting date

On 31 August 2021 Ixaris Group Holdings Limited (previously the ultimate parent company) was acquired by Nium Pte. Ltd (the new ultimate parent company), a company incorporated and domiciled in Singapore. The acquisition of Ixaris Group Holdings Limited and its subsidiaries by Nium Pte. Ltd is aimed at extending Nium's digital payments influence to new growth markets beyond Europe, including Asia, Africa and North America.

17 Related party transactions

The company has taken advantage of the exemption under FRS102 Section 33 'Related Party Transactions' from disclosing transactions with its parent and fellow group companies.

18 Ultimate controlling party

The immediate parent undertaking is Ixaris Group Holdings Limited, a company incorporated in the UK. The consolidated financial statements for Ixaris Group Holdings Limited are available from its registered office, 2 Stephen Street, Fitzrovia, London W1T 1AN.

The ultimate controlling party is Nium Pte. Ltd, a company incorporated and domiciled in Singapore.

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