

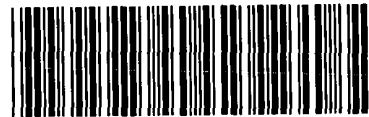
Registered number: 08663212

**FINALTO TRADING LIMITED
(PREVIOUSLY TRADETECH ALPHA LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

WEDNESDAY



ABCIN1PW

A16

14/09/2022

#295

COMPANIES HOUSE

FINALTO TRADING LIMITED

COMPANY INFORMATION

DIRECTORS

Mr S Bunimovich (appointed 13 September 2021)
Mrs J Free (appointed 17 June 2021)
Mr D George
Mr P Hearn
Mr R Hoffman
Mr M J Maloney
Mr P M Mildon
Mr J Schlachter

COMPANY NUMBER

08663212

REGISTERED OFFICE

11th Floor
Broadgate Tower
20 Primrose Street
London
EC2A 2EW

INDEPENDENT AUDITOR

BDO LLP
55 Baker Street
London
W1U 7EU

BANKERS

Barclays Bank plc
1 Churchill Place
London
E14 5HP

FINALTO TRADING LIMITED

CONTENTS

	Page
Strategic Report	2 – 4
Directors' Report	5 - 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report to the Members of Finalto Trading Limited	8 – 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13 -14
Notes to the Financial Statements	15 – 28
Pillar 3 report	Appendix 1

FINALTO TRADING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL ACTIVITIES

Finalto Trading Limited ("FT" or the "Company") acts as a broker in Foreign Exchange ("Forex"), Contracts for Difference ("CFD") and spread bets on behalf of retail and professional clients. The Company is regulated and authorised by the Financial Conduct Authority ("FCA").

The business model results in revenue being generated by the client trading on a bid/offer spread that is displayed on an online trading portal through which the client can initiate opening or closing positions according to the equity available following the depositing or withdrawal of the clients' funds.

The current strategy involves utilising liquidity facilities provided by clearing houses and liquidity providers, including a fellow subsidiary undertaking. The Company also outsources various other functions to fellow subsidiary companies, including some risk management.

Strategy and future developments

During 2021, Finalto Trading Limited performed well with notable achievements in financial performance, system robustness and customer support. The key performance indicators monitored by the Directors were profit after tax, cash availability, the Company's solvency and regulatory capital for FCA purposes and the diversification of clients. Each of these KPIs improved over the course of 2021 compared to the prior year.

Our profit after tax improved by 354% (from \$482,959 to \$2,194,263). Over the course of 2021 client trading volume was \$1.3tn. This is a decrease compared to 2020 (\$2.7tn) which was exceptional due to extreme volatility caused by COVID-19. FT has also optimised our performance through a number of new initiatives rolled out to our client base resulting in increased turnover. Our business continued to onboard high quality clients throughout the year giving us a strong pipeline heading into 2022.

FT's systems performed robustly during the year. We continue to make significant investments in the development of our technology to ensure it remains market leading and meets the ever increasing demand of our clients. During the year, we developed our liquidity offering by enhancing our analytic capabilities and designing bespoke liquidity solutions for our clients.

During the year the Company continued to invest in its customer support and compliance functions. FT maintains the highest standards of regulatory and legal compliance and seeks to adhere to all relevant requirements. The Company continued to benefit from the strength of Finalto Group, and forms a key part of the Group offering multi-asset cross-margined products to a growing global client base. The Group now has regulated operations in Europe, Australia, South Africa, Singapore and BVI.

Regulatory capital and solvency are continually monitored. The Company had a regulatory capital of \$17,531,308 as at 31 December 2021 (2020: \$7,800,787), as a result of improved financial performance and injection of share capital from its parent, Finalto Group. The Directors are pleased to see this and seek to build on FT's high quality technology solutions, services and access to diverse liquidity offering during the coming year. To conclude, the Directors believe that 2022 will be a strong year for the business as we grow on the foundations laid in 2021.

Finalto Group was also successful at the annual Finance Magnates industry awards, winning the Best Multi-Asset Trading Platform award.

FINALTO TRADING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Principle Risks and Uncertainties

FT has conducted a thorough analysis of the likely impacts of global events and continues to benefit from the market volatility, generating EBITDA in excess of budget so far in 2022. However, there is no certainty that market conditions will continue as they have been so far in 2022.

The regulatory landscape is uncertain and continuously evolving which requires FT to remain up to date on any regulatory updates and changes.

As Playtech Plc continues its simplification strategy for the Group, the sale of the Finalto Group has been agreed with Gopher Investments Limited and is awaiting regulatory approval. The sale was a strategic decision to allow Playtech to focus on its core gaming technology strategy and to allow Finalto Group to focus on future growth.

Effectiveness of the supply chain

The Company relies on the services of fellow subsidiary undertakings for the fulfilment of certain key functions. The Company could therefore be adversely affected if some of those functions were either not provided, or provided on a basis that was deemed sub-standard. Such a situation could either prevent, or diminish to a degree the Company's ability to transact on behalf of its clients. In order to mitigate such risks, the Company seeks to enter in to formal Service Level Agreements, as well as retain the right and ability to engage alternative providers for such services.

Other

Further risks to the performance of the Company could arise from the general economic environment and market volatility levels, which could discourage existing clients from trading or potential clients from signing-up or making a deposit. If volatility is too low clients cannot initiate a trade with conviction or if too high, there is too much perceived risk.

The Directors have considered the ongoing uncertainty around global events when concluding FT will continue as a going concern. Based on a review of forecasts and the benefit from the post year end market volatility from global events generating strong EBITDA so far in 2022, the Directors have concluded that the going concern basis remains appropriate although acknowledge there is no certainty that current market conditions will continue to remain as favourable as they have been so far in 2022.

Remuneration

Remuneration policy is determined by the Board of Directors with consideration of market employment conditions and regulatory requirements.

The total pay to Directors and other code staff in 2021 was \$2,229,117 (2020: \$4,489,850).

	Directors 2021 \$	Other Code Staff 2021 \$	Directors 2020 \$	Other Code Staff 2020 \$
Fixed pay	192,598	613,812	325,402	885,478
Variable pay	55,028	1,310,107	-	3,208,432
Benefits	-	57,573	3,026	67,512
	<u>247,626</u>	<u>1,981,491</u>	<u>328,428</u>	<u>4,161,422</u>

The above remuneration does not include costs borne by other Group companies.

FINALTO TRADING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Statement in compliance with section 172(1) of CA 2006

The Directors of the Company are acutely aware of the requirement for them to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In considering this duty the Directors consider the following stakeholders:

Shareholders

As a private Company, FT has an ultimate shareholder which is Playtech plc, a Company incorporated in the Isle of Man. The Directors have regular contact with the Finalto Group Board who in turn have regular contact with Playtech plc which ensures that the business strategy of FT is completely aligned with the strategic objectives of the Parent Company. Dividend payment to shareholders is discussed at Board level and is determined by overall Company performance along with future Company strategy and reinvestment of profits.

The FT Board of Directors meet on a regular basis to review strategic, financial and operational performance to ensure FT continues to maximise shareholder return on investment and to meet shareholder objectives.

As Playtech Plc continues its simplification strategy for the Group, the sale of the Finalto Group has been agreed with Gopher Investments Limited and is awaiting regulatory approval.

Employees

A networking meeting of Executive Directors and management team is held on a regular basis to provide information for management to cascade to their teams and to enable Executive Directors to interact freely with employees. The Company also provides internal publications, an intranet, communication programmes and management and staff meetings as well as a confidential whistleblowing hotline. Remuneration of the Board and key employees is subject to the approval of the Remuneration Committee.

Customers

The Group has a varied customer base including fund managers, hedge funds, corporates and private individuals. The Company has always been a customer needs led organisation and treating customers fairly is ingrained in the organisation. The behaviour of employees towards customers is governed by the Company policies and the FCA's requirements.

Suppliers

We have various key supplier relationships which work more as a partnership which ensures the smooth running of our business. Key relationships are reviewed periodically to ensure they remain appropriate.

Conduct

The Company promotes a culture of high standards of business conduct. There is regular training to all staff regarding treating customers fairly and anti-bribery and corruption. The conduct policies also ensures staff and the Board act fairly within the Company.

Community and the environment

As a Company FT encourages and provides sponsorship to employees to take part in various charity events globally.

This report was approved by the board on 20 April 2022 and signed on its behalf by:


Mr Matthew Maloney
Director

FINALTO TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

RESULTS

The profit for the year, after taxation, amounted to \$2,194,263 (2020: \$482,959). No dividend has been declared by the Board.

There have not been any political contributions made during the financial year (2020: nil).

GOING CONCERN

The Directors have considered the Company's ability to continue as a going concern and, having made appropriate enquiries of management are satisfied that the Company has sufficient resources to continue operating for the foreseeable future, and at a minimum for a period of 12 months from the date of this report. As part of the ICAAP and ILAAP process, the 3 year business plan is subject to a number of stress tests based on market and other risks that will likely affect capital and liquidity of the business. The results of the stress tests show the business is well capitalised and has adequate liquidity to continue operating as a going concern. The Company has managed the uncertainty around COVID-19 and the Directors are confident this will continue to be managed. Accordingly, these financial statements have been prepared on a going concern basis.

DIRECTORS

The Directors who served at the date of this report and who served throughout the year, except as otherwise stated, were as follows:

Mr S Bunimovich (appointed 13 September 2021)
Mrs J Free (appointed 17 June 2021)
Mr D George
Mr P Hearn
Mr R Hoffman
Mr M J Maloney
Mr P M Mildon
Mr J Schlachter

STRATEGIC REPORT

In accordance with section 414C of the Companies Act 2006, the Company has produced a Strategic Report which is set out in pages 2 to 4.

BRANCHES OUTSIDE THE UK

The Company has no branches outside of the United Kingdom.

DIRECTORS AND OFFICERS INDEMNITY INSURANCE

The Company has taken out insurance to indemnify the Directors and Officers in respect of third party proceedings against them whilst they are serving on the Board of the Company. These indemnity policies subsisted throughout the year and remain in place at the date of this report.

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

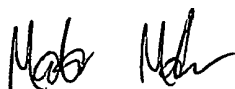
FINALTO TRADING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

INDEPENDENT AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

This report was approved by the Board on 20 April 2022 and signed on its behalf by:

Handwritten signature of Mr Matthew Maloney in black ink.

Mr Matthew Maloney
Director

FINALTO TRADING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

FINALTO TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINALTO FINANCIAL SERVICES LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Finalto Trading Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 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 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.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

FINALTO TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINALTO FINANCIAL SERVICES LIMITED

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

FINALTO TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINALTO FINANCIAL SERVICES LIMITED

- We gained an understanding of the legal and regulatory framework applicable to the Company and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These laws and regulations included but were not limited to compliance with the Companies Act 2006 and those resulting from being authorised by the Financial Conduct Authority to undertake regulated activities. We enquired of management to identify how the entity is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected or alleged fraud.
- We assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur and determined the principle risks related to revenue recognition and management override.
- We obtained an understanding of the entity's control environment that has been established to prevent, detect and deter fraud, in particular in relation to the appropriateness of revenue recognition and management override.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:

Vanessa Bradley

6052FC68EBD6446...

Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
21 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINALTO TRADING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021	2020
		\$	\$
Turnover	3	27,066,012	65,006,316
Cost of Sales		(14,687,366)	(45,789,985)
Gross profit		12,378,646	19,216,331
Administrative expenses		(9,586,533)	(17,354,857)
Operating Profit	4	2,792,113	1,861,474
Interest payable and similar charges	6	(372,983)	(424,229)
Interest receivable	5	30,482	-
Finance income/(costs) from exchange gains/(losses)		240,949	(210,822)
Profit/(Loss) on ordinary activities before taxation		2,690,562	1,226,423
Tax on profit/(loss) on ordinary activities	9	(496,299)	(743,464)
Profit/(Loss) for the year		2,194,263	482,959
Other Comprehensive Income		-	-
Total comprehensive profit/(loss) for the year		2,194,263	482,959

All amounts relate to continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

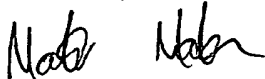
FINALTO TRADING LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021	2020
		\$	\$
Fixed assets			
Tangible assets	10	2,351,933	4,173,955
Intangible assets	11	750,422	1,137,956
Non-current assets		3,102,355	5,311,912
Current assets			
Debtors	12	27,693,356	3,877,799
Cash at bank and in hand	17	55,558,451	96,909,469
Current assets		83,251,807	100,787,268
Creditors – Amounts falling due within one year	13,14	(66,654,654)	(94,485,512)
Lease liability	15	(1,179,404)	(1,336,693)
Net current assets		15,417,749	4,965,063
Total assets less current liabilities		18,520,104	11,613,668
Lease liability	15	(988,797)	(2,476,188)
Net assets		17,531,308	7,800,787
Capital and reserves			
Called up share capital	16	750,141	750,139
Share premium account		15,272,532	7,772,535
Share based payment reserve		80,168	43,910
Profit and loss account		1,428,466	(765,797)
Total Equity		17,531,308	7,800,787

The notes on pages 15 to 28 form part of these financial statements.

The financial statements on pages 11 to 28 were approved by the board of Directors and authorised for issue on 20 April 2022 and were signed on its behalf by


Mr Matthew Maloney
Director

Registered number: 08663212

FINALTO TRADING LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021**

	Called Up Share Capital	Share premium	Share Based Payment Reserve	Profit and loss account	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2021	750,139	7,772,535	43,910	(765,797)	7,800,787
Share Issue	2	7,499,998	-	-	7,500,000
Profit for the year	-	-	-	2,194,263	2,194,263
Other comprehensive income	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	2,194,263	2,194,263
Share based payment reserve	-	-	36,258	-	36,258
Balance at 31 December 2021	750,141	15,272,533	80,168	1,428,466	17,531,308

FINALTO TRADING LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021**

	Called Up Share Capital	Share premium	Share Based Payment Reserve	Profit and loss account	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2020	596,715	4,857,479	-	(1,248,756)	4,205,438
Share Issue	153,424	2,915,056	-	-	3,068,480
Profit for the year	-	-	-	482,959	482,959
Other comprehensive loss	-	-	-	-	-
Total					
comprehensive					
profit for the year	-	-	-	482,959	482,959
Share based	-	-	43,910	-	43,910
payment reserve					
Balance at 31 December 2020	750,139	7,772,535	43,910	(765,797)	7,800,787

FINALTO TRADING LIMITED

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

GENERAL INFORMATION

Finalto Trading Limited ("FT" or the "Company") was incorporated in England and Wales on 27 August 2013, and changed its name from Tradetech Alpha Limited on 24 December 2020. The Company acts as a broker in Foreign Exchange ("Forex"), Contracts for Difference ("CFD"), and spread bets on behalf of clients.

The address of the Company's registered office and principal place of business is 11th Floor, Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.

The Company is regulated and authorised by the Financial Conduct Authority ("FCA"). The address of the registered office is given on the contents page.

The financial statements are presented in dollars which is also the functional currency of the Company.

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006, including provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted International Accounting Standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Playtech plc includes the Company in its consolidated financial statements. The consolidated financial statements of Playtech plc are prepared in accordance with IFRS and are available to the public and may be obtained from Playtech plc, Ground Floor, St George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In these financial statements the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- A Cash Flow Statement and related notes
- Comparative period reconciliations for share capital and fixed assets

1.2 Going concern

The Directors have taken the following steps to satisfy themselves of the Company as a going concern:

- reviewed budgets and forecasts for the period to 31 December 2023
- reviewed the sensitivity of the business budgets and forecasts
- evaluated the Company's access to capital

During 2021, FT made certain enhancements to its product offering with expectations that this will lead to improved profitability in 2022. The Directors have carefully considered the timetable for implementation of these changes along with contingency plans should they be required in relation to these projects and have concluded that the going concern assumption will not be affected.

FT continues to benefit from the expansion of the customer base and product offering and has generated EBITDA in excess of budget so far in 2022. There is no certainty that market conditions will continue to

FINALTO TRADING LIMITED

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

remain as favourable as they have been so far in 2022. The Directors have considered this when concluding FT will continue as a going concern.

The Directors have conducted a thorough analysis of the ongoing impacts of global events on its business and is confident that FT will continue as a going concern.

1.3 Turnover

Fees and commissions in relation to forex broking transactions are recognised on the trade date of the underlying transaction. Other fees and commissions are recognised as services are provided. Turnover is reported gross of introducer commissions as these amounts directly link to turnover. Introducer commissions are included in cost of sales. Turnover includes interest receivable on broker trading deposits. Within turnover is swap income which is offset against swap cost recognised in cost of sales. Where applicable, turnover is stated exclusive of value added tax.

1.4 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.5 Interest receivable and payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.6 Depreciation and Amortisation

Intangible and tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation or amortisation and any impairment losses. Depreciation and amortisation is provided on fixed assets, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over their estimated useful life. Estimated useful lives are as follows:

- software development	36 months
- leasehold improvements	60 months
- computer equipment	36 months
- fixtures and fittings	36 months
- software licenses	36 months

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

FINALTO TRADING LIMITED

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

1.7 Financial Instruments

Classification and measurement

Financial assets and liabilities are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVTOCI) and those to be measured subsequently at fair value through profit and loss (FVTPL). Classification of debt instruments is driven by the entity's business model for managing its financial assets and liabilities and whether the cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised costs if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sell assets may be classified as FVTOCI. Financial assets and liabilities that do not contain cash flows that are SPPI must be measured at FVTPL. Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition. Investments in equity instruments are always measured at fair value. However, management can make irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit and loss. Most of the requirements in IAS39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS9.

Impairment

The expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Entities must calculate probability of default (PD), losses given default (LGD) and exposure at default (EAD) to estimate security-level expected credit loss provisioning amounts. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. The Company applied the 'three-stage' approach to determine a minimal expected credit loss.

1.8 Share Based Payment Reserve

The Company operates a share based compensation plan whereby employees are awarded equity settled share options by the parent Company for services provided to this Company. The Company has no obligation to settle the awards.

The fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding entry in retained earnings. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

FINALTO TRADING LIMITED

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

1.9 Taxation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.10 Foreign currencies

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

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

Foreign exchange differences resulting on re-translation of monetary items are recognised in profit or loss account. Foreign exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are not recycled.

1.11 Share capital

The Company's share capital is denominated in Pounds and is translated to dollars at the exchange rate effective on the date the shares are issued. Share capital is carried at historic cost.

FINALTO TRADING LIMITED

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

1.12 Critical accounting estimates and judgements

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

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

The adoption of IFRS 9 in 2019 did not have any material impact on the financial statements.

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

Critical Judgements: Debtors

In determining the likely recoverability of past due debtors, management makes judgements as to the credit worthiness of the debtor.

Bad debt provision is based on the following points:

- Whether the customer is still active: whether it was terminated by Finalto or stopped trading.
- The ongoing length of relationship with the client.
- Whether the value of the outstanding balance is material to the financial statements.

These are all factors that are considered before a provision is taken against a receivable balance. The results from these factors determine the value of the provision made against balance which is assessed individually.

1.13 Leases

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease Measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate

FINALTO TRADING LIMITED

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

on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract

FINALTO TRADING LIMITED

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

2. FINANCIAL RISK MANAGEMENT

The Directors monitor and measure on an ongoing basis the risks affecting the Company.

The Company's Internal Capital Adequacy Assessment Process (ICAAP) is prepared and monitored in accordance with FCA requirements. The ICAAP provides an ongoing assessment of the risks the Company believes have the potential to have significant detrimental impact on its performance and prospects and describes how the Company mitigates these risks subject to the Company's risk appetite.

Financial risks arising from financial instruments are separated into market, credit and liquidity risks discussed below.

Market Risk - Foreign currency risk

Foreign exchange risk arises when obligations of the Company are to be paid in a currency other than USD. At the year end the Company holds cash and has obligations to creditors primarily in Euro and Mexican pesos. The USD to EUR and USD to MXN exchange rates at 31 December 2021 were \$1.1371 (2020: \$1.2217) and MXN 0.0488 (2020: MXN 0.0503) respectively.

	2021	2020
Net assets / (liabilities)	\$	\$
Euro	(2,090,507)	273,114
Mexican pesos	1,434,890	1,721,147
Other currencies	858,729	296,558

Based on the Company's year-end net asset denominated in non-Dollar currencies the impact of a 10% strengthening in the Dollar against the other currencies would be a profit of \$720,789 (2020: \$244,673) and the impact of a 10% weakening in the Dollar against the other currencies would be a loss of \$908,713 (2020: \$293,596).

The Company holds some exposures in financial instruments which carries market risk. This is managed through active monitoring and management by senior personnel and management under the supervision of the Board of Directors. The Company is not exposed materially to any other form of market risk, including interest rate risk.

Credit risk

At 31 December 2021 the Company had credit exposures of \$102,151,801 (2020: \$103,497,239), of which \$34,447,791 (2020: \$68,595,034) was cash held with counterparties with at least a rating of A, \$8,935,901 (2020: \$8,712,112) was cash held with counterparties with at least a rating of BBB and \$4,781,799 (2020: \$10,117,015) was cash held with counterparties with at least a rating of BB- and \$7,406,388 (2020: \$9,485,308) was an amount due from an unrated affiliate.

Liquidity risk

Liquidity risk is the risk of not being able to meet liabilities as they fall due. The Company's obligations are monitored daily and the Company is adequately capitalised and has steady revenues to meet its day to day obligations. All of the Company's obligations are due in less than one year.

Capital management

The Company's regulatory capital resources management objective is to ensure it complies with the regulatory capital resources requirements set by the FCA. The Company's capital management policy aims to maximise returns, whilst maintaining a strong capital position to support the development of the business. The Company has not breached its minimum requirements during the year.

As at 31 December 2021, FT held \$17,531,308 (2020: \$7,800,787) of Tier 1 capital in the form of ordinary share capital and audited reserves. The Company had a significant regulatory capital surplus of \$9,004,978 as at 31 December 2021 (2020: \$597,854).

FINALTO TRADING LIMITED

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

3. TURNOVER

	2021	2020
	\$	\$
Rendering of services	<u>27,066,012</u>	<u>65,006,316</u>

All turnover is derived from activities within the UK.

4. OPERATING PROFIT

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2021	2020
	\$	\$
Bad debt provision	511,530	6,944,420
Depreciation and amortisation	895,881	824,689
Foreign exchange gain	197,042	(210,822)
Fees payable to the Company's auditor:		
- for the audit of these financial statements	82,542	80,622
- for audit-related assurance services	27,514	20,156
Total payable to the Company's auditor	<u>110,056</u>	<u>100,778</u>

5. INTEREST RECEIVABLE

	2021	2020
	\$	\$
Interest received from banks/brokers	<u>30,482</u>	<u>29,173</u>
	<u>30,482</u>	<u>29,173</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	\$	\$
Bank charges and merchant fees	189,768	206,855
Interest on lease liability	183,215	246,548
	<u>372,983</u>	<u>453,403</u>

FINALTO TRADING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021****7. EMPLOYEES**

Staff costs, including Directors' remuneration, were as follows:

	2021	2020
	\$	\$
Wages and salaries	2,535,945	3,021,623
Social security costs	361,370	557,017
Other Pension Costs	346,953	858,844
	<u>3,244,268</u>	<u>4,437,484</u>

The wages and salaries above does not include costs borne by the parent Company related to a number of Directors' remuneration.

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

	2021	2020
	Number	Number
Directors	7	6
Sales employees	4	7
Support employees	17	23
	<u>28</u>	<u>36</u>

8. DIRECTORS' REMUNERATION

	2021	2020
	\$	\$
Aggregate emoluments	<u>247,626</u>	<u>328,428</u>
Contributions to a personal pension totalled \$nil (2020: \$3,026)		
Highest Paid Director		
	2021	2020
	\$	\$
Emoluments	<u>137,570</u>	<u>148,851</u>

Contributions to a personal pension totalled \$nil (2020: \$nil)

FINALTO TRADING LIMITED

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

9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Factors affecting the current tax charge are explained below:

	2021	2020
Current tax:	\$	\$
UK corporation tax	669,770	396,137
Adjustments in respect of prior periods	(42,899)	177,417
Total current tax charge	626,871	573,554
Deferred tax:		
Origination and reversal of temporary differences	(184,228)	169,909
Adjustments in respect of prior periods	53,656	-
Total deferred tax charge/(credit)	(130,572)	169,909
Total (credit)/charge on profit/(loss) on ordinary activities	496,299	743,463
Profit/(Loss) on ordinary activities before tax	2,690,562	1,226,423
Profit/(Loss) on ordinary activities at the effective rate of corporation tax in the UK: 19.00% (2020: 19.00%)	511,207	233,020
Effects of:		
Fixed asset differences	10,290	5,473
Expenses not deductible for tax purposes	13,111	8,292
Amortisation of intangible assets	-	272,598
Deferred Tax not recognised	(12,271)	-
R&D expenditure credits	-	436
Timing differences not recognised in the computation	17,421	46,316
Adjustments to tax charge in respect of previous periods	(11,120)	177,417
Group relief surrendered/(claimed)	(10,001)	-
Current tax (prior period) exchange difference arising on movement between opening and closing spot rates	(31,779)	(89)
Adjust closing deferred tax to average rate at 19%	9,441	(204)
Current tax (credit)/charge for the year	496,299	743,463

FINALTO TRADING LIMITED

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

10. TANGIBLE FIXED ASSETS

	Leasehold Improvements \$	Office equipment \$	Plant and property \$	Right of use asset \$	Total \$
Cost					
At 1 January 2021	1,053,754	124,916	1,099,353	4,705,146	6,983,169
Additions	31,648	51,360	-	-	83,008
Disposals	-	-	-	(704,186)	(704,186)
Total Cost	1,085,402	176,275	1,099,353	4,000,959	6,361,991
Depreciation					
At 1 January 2021	(365,968)	(60,225)	(407,348)	(1,975,672)	(2,809,214)
Depreciation charge for year	(221,313)	(49,361)	(237,673)	(983,505)	(1,491,852)
Disposals	-	-	-	291,008	291,008
Total depreciation	(587,281)	(109,586)	(645,021)	(2,668,169)	(4,010,057)
Net Book Value					
At 31 December 2021	498,121	66,689	454,333	1,332,790	2,351,933
At 31 December 2020	687,786	64,690	692,005	2,729,474	4,173,955

11. INTANGIBLE ASSETS

	Software Development \$	Total \$
Cost		
At 1 January 2021	1,819,152	1,819,152
Additions	-	-
Disposals	-	-
Total Cost	1,819,152	1,819,152
Amortisation		
At 1 January 2021	(681,195)	(681,195)
Amortisation charge for year	(387,535)	(387,535)
Disposals	-	-
Total amortisation	(1,068,730)	(1,068,730)
Net Book Value		
At 31 December 2021	750,422	750,422
At 31 December 2020	1,137,956	1,137,956

FINALTO TRADING LIMITED

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

12. DEBTORS

	2021	2020
	\$	\$
Trade debtors	10,318,866	2,137,446
Other debtors	16,540,555	610,221
Corporation Tax Receivable	212,610	402,551
Other taxes and social security	99,145	221,287
Prepayments and accrued income	522,181	506,294
	<u>27,693,356</u>	<u>3,877,799</u>

All amounts shown under debtors fall due for payment within one year.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Amounts falling due within one year	2021	2020
	\$	\$
Trade creditors – open positions at fair value	64,236,078	87,754,621
Trade creditors – suppliers	123,213	474,938
Social security and other taxes	74,080	-
Client payables	-	17,960
Accruals and deferred income	2,181,945	6,068,084
	<u>66,615,317</u>	<u>94,315,603</u>

14. DEFERRED TAX

	2021	2020
	\$	\$
Deferred tax asset/(liability) at 1 January	169,909	-
Acceleration/(reversal) of timing differences	(130,572)	169,909
Deferred tax asset/(liability) at 31 December	<u>39,337</u>	<u>169,909</u>

15. LEASE LIABILITY

	2021	2020
	\$	\$
Due in less than one year	1,179,404	1,336,693
Due between three and five years	988,797	2,476,188
	<u>2,168,201</u>	<u>3,812,881</u>

FINALTO TRADING LIMITED

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

The Company leases one office at Broadgate Tower, 20 Primrose Street, London, EC2A 2EW. The office lease commenced in October 2018 under a non-cancellable operating lease agreement, with a ten year term ending in 2028 and a 12 month rent-free period. The agreement includes a break clause in October 2023. In accounting for the lease, management have assumed that the break option will be exercised due to recent changes to working arrangements since COVID-19.

16. SHARE CAPITAL

	2021	2020
Allotted and fully paid	\$	\$
518,003 (2020: 518,001) ordinary shares of £1 each	750,141	750,139

17. CASH AT BANK AND IN HAND

	2021	2020
	\$	\$
Cash at bank and in hand	27,870,455	70,796,877
Cash held with clearing houses	27,687,996	26,112,592
	<u>55,558,451</u>	<u>96,909,469</u>

Cash at bank and in hand comprise of cash held with banks and clearing houses.

18. RELATED PARTY TRANSACTIONS

The Company's immediate parent undertaking is Finalto Group Limited and the ultimate parent undertaking is Playtech PLC, a Company incorporated in the Isle of Man. Playtech PLC is listed on the premium segment of the London Stock Exchange's Main Market and copies of its consolidated financial statements may be obtained from the Playtech group's website (www.playtech.com). The smallest and largest group in which the Company's results are consolidated is that headed by Playtech PLC. Playtech PLC is registered at Ground Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. Safecap Investments Limited ("Safecap"), Magnasale Trading Limited ("Magnasale"), Finalto (BVI) Limited ("BVI"), and Finalto Financial Services Limited ("FFS") (formerly CFH Clearing Limited) are related by virtue of being companies within the Group headed by Playtech PLC.

During the year, the following transactions took place between the Company and related parties:

Fellow group undertakings

The Company received liquidity services from, Magnasale, BVI, Safecap and FFS. The Company had client trades hedged with Magnasale, BVI, Safecap and FFS whereby the underlying risk and exposure of certain customer trading transactions is passed to said companies.

FINALTO TRADING LIMITED

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

At 31 December 2021, the Company had the following balances with the following related parties:

- Cash and debtor balances included \$1,806,710 (2020: \$1,806,710) held with Magnasale. Creditor Balance \$3,459,350 (2020: \$7,278,608) also held with Magnasale.
- Cash and debtor balances included \$6,813,595 (2020: \$3,871,857) held with Safecap. Creditor balance \$5,636,851 (2020: \$4,509,765) also held with Safecap.
- Cash and creditor balances included \$22,752 (2020: \$12,770) held with Finalto Australia Pty Ltd
- Cash and debtor balances included \$4,400,029 (2020: \$nil) held with Finalto (BVI) Limited. Creditor balance \$726,428 (2020: \$214,057) also held with Finalto (BVI) Limited.
- Cash and debtor balances included \$353,101 (2020: \$229,759) held with ACM Inc.
- Cash and debtor balances included \$4,802,856 (2020: \$12,489,117) held with Finalto Financial Services Limited. Creditor balance \$2,358,903 (2020: \$1,816,581) also held with Finalto Financial Services Limited.

	Sales to		Administrative expenses incurred from	
	2021	2020	2021	2020
	\$	\$	\$	\$
Other related parties	35,605,539	26,998,312	5,344,948	123,529,735
	<u>35,605,539</u>	<u>26,998,312</u>	<u>5,344,948</u>	<u>123,529,735</u>

Other related parties includes subsidiaries of Playtech plc.

Within Other debtors in note 12 is an amount of \$4.5m (2020: \$nil) due from the parent Company, Finalto Group Limited.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking is Playtech plc, a Company incorporated on the Isle of Man. Financial statements for the parent undertaking can be obtained from Playtech plc, Ground Floor, St George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE. Playtech plc does not have a single controlling shareholder.

The largest group in which the results of the Company are consolidated is that headed by Playtech plc, Ground Floor, St George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE. The consolidated financial statements of this group is available to the public.

FINALTO TRADING LIMITED

APPENDIX 1 (Unaudited)

RISK MANAGEMENT

The directors monitor and measure on an ongoing basis the risks affecting the company. A full disclosure of the directors' assessment of these risks and how they are mitigated is detailed below.

Overview

Finalto Trading Limited (previously Tradetech Alpha Limited) ("FT") is regulated by the Financial Conduct Authority (the "FCA") under license number 607305. Within its Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), the FCA has set out its regulations for implementation of the Basel 2 capital adequacy framework. This framework consists of three pillars, each of which focuses on a different aspect of capital adequacy and stability.

Pillar 1 is a formal set of rules for calculating a firm's minimum capital requirements.

Pillar 2 focuses on a firm's internal capital adequacy assessment process.

Pillar 3 is designed to be a public disclosure of a firm's risk and capital profile building upon Pillar 1 and Pillar 2.

Pillar 3 disclosure

The following is the Pillar 3 disclosure for FT in accordance with the FCA's IFPRU regulations (Chapter 11).

Scope

FT is controlled by Finalto Holding Limited which owns 100% of the FT's shares. For the purposes of the FCA requirements, this disclosure relates to FT alone. FT does not have any subsidiary undertakings.

Capital Resources

As at 31 December 2021, FT held \$17,531,308 (2020: \$7,800,787) of Tier 1 capital in the form of ordinary share capital, share premium and audited reserves.

Internal Capital Adequacy Process – "ICAAP"

FT considers the ICAAP process a key risk management and monitoring tool, comprising the business' risk management framework, business planning and capital management.

Risk Management Framework

FT has compiled a risk register to identify its key risks and to enable ongoing management and monitoring of these risks ("Risk Register"). The register was compiled by senior management and reviewed and approved by the Board.

The Board and senior management of FT comprise four executives and four non-executive directors, of which two are independent non-executive directors, with significant senior level knowledge and understanding of the industry and management expertise.

Senior Management has identified the key risks which it expects the business to face based on their experience and knowledge of the industry. It has measured and ranked the risks according to their significance and likelihood.

The Risk Register is used as a basis for ongoing management and monitoring of the risks facing the business. Risks are monitored by the legal, operational and finance teams on a continuous basis and reports submitted to the Board at regular board meetings. The Risk Register itself is reviewed annually by the Board.

FINALTO TRADING LIMITED

APPENDIX 1 (Unaudited)

Business Planning

Strategic planning is led by the CEO of FT and considered at Board level. In determining the best route to growth and profitability for the business, the Board considers various factors including the markets in which it wants to operate, the clients it should target, the technology it should use, the products it should research and develop to sell and the overall risk appetite of the business.

Strategic planning is supported by financial planning. The Finance department compiles the annual budget, based on assumptions provided by senior management of the business and ratified by the Board. The budget is reviewed and approved by the Board. This is updated annually for review and sign off by the Board. In addition, the finance department compiles a three year forecast on the same basis as the annual budget.

Capital Management

The company is supervised by the UK's Financial Conduct Authority (FCA). The company's regulatory capital resources management objective is to ensure it complies with the regulatory capital resources requirements set by the FCA. The company's capital management policy aims to maximise returns, whilst maintaining a strong capital position to support the development of the business. The company's Internal Capital Adequacy Assessment Process (ICAAP) is prepared and monitored in accordance with FCA requirements. The company had significant surplus regulatory capital resources over resources requirements throughout the year.

Capital Requirements

Credit Risk

Credit risk is defined as "the potential loss to an institution of all or part of a loan, outstanding debtor balance, security, guarantee or indemnity given by the institution."

For FT, credit risk principally arises from the settlement of market transactions, amounts receivable from clients and counterparties and bank deposits.

The credit risk from settlement of market transactions is mitigated by the fact that FT only trades with recognised and creditworthy liquidity providers.

The credit risk arising from amounts receivable from clients is mitigated by the fact that all clients deposit margins before they commence trading and any commission owed to FT by the clients is taken directly from this margin. Client trades are stopped out automatically when a certain proportion of the margin has been lost.

Collateral is placed with a number of banks and brokers, each of which are assessed for credit worthiness.

Clients are granted pre-agreed temporary credit when requested for a time limit of 24 hours subject to a swift confirmation of a next day payment. The swift confirmation is an irrevocable message providing comfort the funds will arrive on the value date confirmed. Other clients can also be offered credit over a longer period of time. These credit requests and the clients' financials are reviewed by the executive level Credit Risk Committee to assess the credit worthiness of the client and whether it is a risk FT is willing to bear.

Market Risk

Market risk is defined as "the risks that arise from fluctuations in values of, or income from assets or in interest or exchange rates."

The Company holds some exposures in financial instruments which carries market risk. This is managed through active monitoring and management by senior personnel and management under the supervision of the Board of directors. The Company is not exposed materially to any other form of market risk, including interest rate risk.

FINALTO TRADING LIMITED

APPENDIX 1 (Unaudited)

FT anticipate that there are efficiencies to be gained through this activity whilst still observing the best execution requirements of its clients. FT intends that market risk shall at all times stay within regulatory capital requirements. As FT's expertise in this area develops, it is possible that the risk positions will grow but at all times it is envisaged that, through the application of proprietary, automated risk management tools, balance sheet risk will not exceed 100% of available capital. The budget assumes that no more than \$17m of Tier 1 Capital will be required to mitigate Market Risk.

FT does have some foreign exchange exposure, in that the majority of its revenues are in US Dollars and its costs are in Sterling. The Board monitors this and will consider hedging any position if it considers this appropriate.

Operational Risk

Operational risk is defined as "the risks of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risks."

FT seeks to mitigate operational risk to acceptable residual levels by maintaining a strong control environment which is overseen by the Directors and the Chief Risk Officer. In addition, FT seeks to employ skilled and appropriately qualified staff to maintain the requisite systems and perform the processes within this control environment.

In addition, FT has taken out appropriate insurance cover.

FT maintains Pillar 1 Capital in respect of an operational risk capital requirement. The Board regularly reviews whether Pillar 2 capital is required beyond this in respect of operational risk.

Liquidity Risk

Liquidity risk is defined as "the risk arising from a mismatch between assets and liabilities and the ability to realise assets to meet liabilities as they fall due."

The company's Internal Liquidity Adequacy Assessment (ILAA) is prepared and monitored in accordance with FCA requirements.

The large majority of FT's assets are held as cash. The FT treasury function holds this cash in liquid funds in order that FT can meet its liabilities as they fall due.

In addition, the nature of FT's business and the method by which it earns commission revenues from clients which are paid daily from client margin accounts, mean that FT has a high correlation between profitability and cash generation.

Concentration Risk

Concentration risk is defined as "the risk arising due to exposure to sectoral, geographic, liability and assets concentration".

FT conducts business globally and has no particular geographic concentration risk. As a growing business, FT continues to diversify its client base and product offering. The Board reviews concentration risk and encourages the growth in clients and products, but within a controlled environment.

Reputational Risk

Reputational risk is defined as "the risk that poor performance or poor customer services may lead to potential economic loss."

FT mitigates this risk principally by employing appropriately qualified and skilled staff in all areas of the business to ensure high standards of client service. In addition, FT performs detailed due diligence on any outsourced service providers and continues to monitor the performance of these providers.

FINALTO TRADING LIMITED

APPENDIX 1 (Unaudited)

Business Risk

Business risk is defined as "any risk to a firm arising from change in its business, including the risk that the firm may not be able to carry out its business plan and its desired strategy."

The Board of FT meet on a quarterly basis at least (and on an ad hoc basis where required) to discuss business strategy and changes in the market and business environment in which FT operates. There are members of the Board who are not involved in the day-to-day management of the business. This allows for discussions on all elements of business strategy and reassessment of strategy where appropriate.