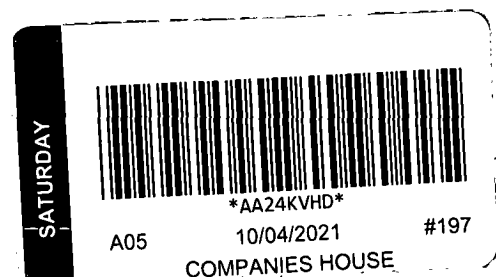


Company registration no. 09641417

Travelex Europe Limited

Report and financial statements
for the year ended 31 December 2019



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Travelex Europe Limited

Corporate information

Directors

D P Gilby	Resigned 14 February 2020
D Norman	
C P Swain	Resigned 1 September 2020
N J Best	Appointed 16 January 2019

Secretary

V Benis-Lonsdale

Auditors

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Bankers

Barclays Bank plc
1 Churchill Place, 11th Floor
Canary Wharf
London
E14 5HP

Registered Office

Worldwide House
Thorpe Wood
Peterborough
PE3 6SB

Travelex Europe Limited

Strategic report

for the year ended 31 December 2019

The Directors present their strategic report for Travelex Europe Limited (the Company) for the year ended 31 December 2019.

Principal activities

During the year, the main activity of the Company was to provide customers with an International Money Transfer solution through a payments platform – Wire. This is an FCA regulated business and the entity obtained its e-money licence from the FCA on 25 August 2016 (FCA Firm reference number: 900537). Following a series of events in 2020, refer to significant and post balance sheet events section below for further details, the Company has become dormant following the decision to discontinue the Wire product. The Company continues to hold the e-money licence while the Directors continue to review the plan for the payment business.

Review of the business

The Wire product was launched on 27 March 2017 and has been trading in line with management expectations to 2019; our vision was to broaden our features, payment methods and limits to allow more of our customers to make international payments easily and cheaply. Performance measures of the Company include, but were not limited to, revenue generation and provision of payment infrastructure to other group entities.

On 1 October 2019 the Travelex/Samsung Pay product was launched in the United States, with this product designed for the remittance of funds in various different currencies to multiple jurisdictions worldwide, accessed via a Samsung smartphone.

Following a series of events in 2020, refer to significant and post balance sheet events sections below for further details, the Company has become dormant following the decision to discontinue the Wire product. The Company continues to hold the e-money licence while the Directors continue to review the plan for the payment business.

Key performance indicators

The Company's key performance indicators were that of revenue generation from the Wire product and service charges from the provision of payment infrastructure to other group entities.

£'000	2019	2018	Var
Revenue – Wire product and service charges	455	92	395%
Cost of sales	(15)	(18)	(17)%
Operating loss	(3,049)	(1,805)	69%

Revenue has increased by 395% from £92k to £455k, mainly related to service charges earned as a result of the launch of the Samsung Pay product. The cost of sales has decreased by 17%, which is linked to the reduction in Wire product volume. Overall, the Company's operating loss increased by 69% from £1.8m to £3.0m, reflecting the initial set up cost of the new Samsung Pay product into use.

Results and dividends

The Company's loss before taxation for the financial year is £12.4m (2018: loss £1.8m). The statement of comprehensive income is set out on page 16 and shows the result for the year. The Company also reported net assets for the year to 31 December 2019 of £2.3m (2018: £6.1m). No interim dividends were declared during the year and the Directors do not recommend the payment of a final dividend (2018: £nil).

Travelex Europe Limited
Strategic report (continued)
for the year ended 31 December 2019

Section 172(1) statement

In performing their duties under s172 of the Companies Act 2006, the directors of the Company have had regard to the matters set out in s172(1) in terms of acting in good faith to promote the Company's success for the benefit of its shareholders as follows:

The Board's approach

The role of the Board

The Board of Directors is responsible for setting the overall strategic direction and risk appetite of the Company, and exercises oversight and control over management's day-to-day running of the business. This is achieved by regular Board meetings that are attended by representatives from all major functions such as Finance, Compliance and Risk, and Legal. The Board holds management to account by ensuring action items are properly addressed and closed at subsequent meetings and requesting regular status updates.

Strategy

The Company has a defined strategy that is supported by a budget and rolling 3-year business plan. This plan considers how the Company can achieve success while continuing to act in the interests of all of its stakeholders. This strategy is also considered alongside the strategy of the wider Travelex Group, of which the Company is a member both prior to and since the restructure referred to in the post balance sheet events section below.

Information

The Board meetings are supported by up-to-date MI covering various performance metrics, new and emerging risks and the status of regulatory compliance submissions, which as an FCA regulated entity are of particular concern. This ensures adequate consideration of historic as well as potential future performance and risk. The information is scrutinised by internal and external parties including the wider Travelex Group's Board, the Company's auditors and regulators.

Policies and practices

The Company, as part of the wider Travelex Group, is subject to oversight through the work of various committees with their own terms of reference and who meet regularly. These committees include the Group Audit and Risk Committee, Group Risk Committee and Group Corporate and Social Responsibility (CSR) Committee.

The wider Travelex Group also has policies and controls concerning expenditure, authorisation limits, AML reporting and other activities undertaken by the group, all of which are regularly reviewed by the relevant committees. These reviews include ensuring that the decisions and intended consequences are in line with a business of the size and scale of the wider Travelex Group.

Training

The Company, as part of the wider Travelex Group, regularly reviews training needs across all of its employees and provides suitable learning, assessments and monitoring to ensure all individuals connected with the Company are fully aware of their role requirements. Training is also provided to management and Board members themselves.

Culture

The Company and New Travelex Group pride themselves in the culture and values demonstrated across the business, and how this culture positively affects relationships with other internal and external stakeholders. This also informs and influences the Board in decision making and promoting the Company's success, as the consequences of negatively impacting the culture can clearly be seen, and so should be avoided.

Travelex Europe Limited
Strategic report (continued)
for the year ended 31 December 2019

Section 172(1) statement (continued)

Maintaining our licence to operate

The Directors recognise that the New Travelex Group's and Company's licence to operate are predicated on maintaining positive relationships with all of its key stakeholders. The Directors' responsibility to act in a way that considers how to maintain these relationships and promote the success of the New Travelex Group and the Company is taken very seriously. Particular focus is given to the interests of all employees, fostering positive relationships with customers and suppliers, how its operations impact on the local community and environment, while also balancing what are sometimes competing priorities and so acting in a way that is fair between the various different stakeholders.

Employees

People are the key to the Company's success as much as the products offered to customers and so motivating, developing and retaining employees is of paramount importance. By providing a positive working environment, in line with the Company's values and inclusivity and supported by appropriate training opportunities, the Company can ensure that all of its employees reach their individual goals and, in so doing, enable the Company to reach its organisational objectives. Board members and directors from the wider Travelex Group participate in regular updates and provide a forum for questions and views from individual employees to be raised.

Customers and suppliers

Customer satisfaction with the service they receive is a key metric by which all of the Company's outputs are judged. Performance metrics are reviewed at regular Board meetings, and all managers and colleagues are supported to serve customers fairly and consistently, and to resolve any complaints that might arise.

Suppliers are constantly monitored in terms of their own delivery and performance, not just in relation to cost but also their impact on the service provided to customers and the Company's employees. Prospective new suppliers go through a due diligence process to ensure there is a complete picture of that supplier and to identify any potential risks of working with them. Partnerships with key suppliers are a valued source of protection, as this secures service and standards over time to the benefit of customers and the Company more widely.

Community and the environment

The Company and wider Travelex Group are committed to acting responsibly and with the interests of the community and environment in mind. The Travelex Group's key environmental impacts rest in the following areas: energy savings, waste stream lifecycles, natural resource responsibility, responsible supply chains, regular review of our environmental policy and commitments. The Travelex Group are committed to incorporate environmental responsibility into all business operations through planning environmental protection as well as reviewing processes and procedures, while ensuring that Travelex meets legal compliance obligations as these relate to the environmental aspects of the business. In the UK, Travelex is part of the mandatory Energy Savings Opportunity Scheme. The aim of this programme is to ensure companies use a professional body to review and agree the carbon produced by Gas and Electricity consumption, along with using the expertise provided to reduce fuel usage.

All Travelex employees are encouraged to work towards improving our environmental performance by saving energy where possible. Wherever practicable, Travelex will source environmentally friendly products. As part of Travelex's due diligence process to select new suppliers, Travelex assesses the environmental policies of new potential suppliers to ensure their values are aligned with ours.

Travelex Europe Limited
Strategic report (continued)
for the year ended 31 December 2019

Section 172(1) statement (continued)

Key decisions in the year

During 2019, the Board acquired a payments platform asset, Samsung Pay, from a fellow group company. Acquiring the asset was part of the Board's long-term plan as the new platform would be a significant addition to the Company's existing Wire platform and enable it to reach a wider customer base. The decision-making process was supported by detailed financial projections and with full consideration of regulatory impacts on the existing business and relationship with the Company's regulator. The Board also identified what increases in staff, IT and other resources that would be necessary to ensure a successful launch and that could ensure there would not be a detrimental effect on either existing customers/suppliers or indeed the new customers/suppliers that would be acquired.

Subsequently in 2020, as a result of a number of post balance sheet events (refer to post balance sheet events below), this asset was written off.

Financial risk management

The management of the business and the execution of the Company's strategy were subject to a number of risks.

Contract risk

The Company had key contractual arrangements with two FX service providers which were important to its operations. Non-availability of these services would have impacted the Company's ability to remit customer's funds to beneficiaries. Two providers were used to mitigate the impact of non-availability of services by a single provider.

Foreign currency risk

The Company's business involved the conversion of funds between many foreign currencies, however the Company's own exposure to foreign currency risk was minimal, as all money flows in relation to the Wire product are transacted in Sterling, in line with the Company's reporting currency. However, certain costs were incurred in foreign currencies, and so the Company was subject to fluctuations in foreign exchange rates in relation to these items. The Company's foreign exchange risk management policy aimed to identify and minimise this exposure wherever possible, this was done through the central treasury function.

Operational risk

Operational risk is defined as the risk arising within the organisation from:

- systems risk from inadequately designed or maintained systems, including cyber security risks;
- legal and reputational risk from non-compliance with local regulations, international regulations, the Company's ethical business standards and contractual obligations, including the incurrence of fines;
- process risk from inadequate or failed internal processes; and
- people risk from inappropriate staffing levels or inadequately skilled or managed people.

During the year, operational risk exposures were identified, managed and controlled through the regional and Group risk committees as appropriate.

On 31 December 2019, Travelex Holdings Limited (THL), an intermediate parent company, detected a software virus which had compromised some of its and the Company's services. The Wire product itself was unaffected, however the Company made the decision to suspend the service while investigations into the virus were underway, so as to protect customers and clients. Refer to the significant event section below for the Group and the Company's response to this incident specifically.

Following a restructure of THL in August 2020, responsibility for the Company's operational risk exposures was transferred to Travelex Topco Limited, as the ultimate parent of the New Travelex Group. Refer to the post balance sheet events section below for details of the restructure and the New Travelex Group.

Travelex Europe Limited
Strategic report (continued)
for the year ended 31 December 2019

Financial risk management (continued)

Credit risk

The Company's credit risk was that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract.

The risk was that a counterparty would not remit funds within the required time frame to allow prompt settlement to the FX service provider. From a liquidity perspective, this was mitigated by internal processes that allowed the Company to drawdown from deposits held with the parent company. The Company was still exposed to the credit risk of the counterparty during 2019; however, as at the date of signing the financial statements there is no longer any exposure to this risk as there are no contractual relationships remaining.

Liquidity risk

The Company's liquidity risk was managed centrally by the New Travelex Group. The New Travelex Group's policy is to manage its capital requirements and liquidity through a combination of bank borrowings and other term debt, and capital markets. Global cash management is an important daily activity and the Group operates a policy of centralising surplus cash in order to facilitate intra-group funding and to minimise external borrowings requirements.

As a result of the challenging trading condition in 2020, the Company relied on the support of the New Travelex Group for liquidity during 2020. This support is expected to continue into 2021, however there are material uncertainties in relation to the timing and amount of support needed and the availability of the support from the shareholders to the New Travelex Group. Refer to the going concern statement section of the Directors' Report.

The impairment of amounts owed by group undertakings was also evidence of a liquidity risk, however the Company maintains cash and bank balances sufficient to cover its current liabilities.


Compliance and regulatory risk

The Company utilised specialists within THL to ensure compliance with Anti-Money laundering and other legal, regulatory and licensing requirements. While the company is now dormant, it will continue to utilise specialists within the New Travelex Group to maintain compliance.

Political and economic risk

The global COVID-19 pandemic impacted the Company's operations significantly, with lower trading volumes seen. The political and economic risk is now considered low given the dormant state of the Company.

By order of the Board

DocuSigned by:

C36A9BB285CA457...
D Norman
Director

March 31, 2021 | 1:40:47 PDT

Registered office
Worldwide House
Thorpe Wood
Peterborough
PE3 6SB

Travelex Europe Limited

Directors' report

for the year ended 31 December 2019

The Directors present their report and the audited financial statements for Travelex Europe Limited (the Company) for the year ended 31 December 2019.

Directors

The following were Directors of the Company during the year and held office throughout the year unless stated otherwise:

D P Gilby	Resigned 14 February 2020
D Norman	
C P Swain	Resigned 1 September 2020
N J Best	Appointed 16 January 2019

Directors indemnities

As at the date of signing the financial statements, there were qualifying third-party indemnity arrangements for the benefit of all of the Company's Directors. These indemnities were first implemented in March 2020 via an intermediate parent company and are effective from that date onwards.

Risk management

The strategic report has covered the management risk objectives. Please refer to Financial risk management section in the Strategic report.

Dividends

As stated in Strategic report, there are no dividends recommended to be paid in the current year (2018: £nil).

Charitable and political donations

The Company made no charitable or political donations in the current or prior year.

Significant event during the year

Malware incident

On 31 December 2019, Travelex Holdings Limited and its subsidiaries ('THL') detected malware which had compromised some of its services. On discovering the malware, THL invoked its incident management process immediately in order to assess, contain and remediate the impact of such malware. THL also engaged with external cyber security experts, third-party partners as well as law enforcement agencies to respond to this incident and conduct the necessary investigations. Following the event some of the Company's services were disrupted. The Wire product itself was unaffected, however the Company made the decision to suspend the service while investigations into the virus were underway, so as to protect customers and clients. During 2020, the Company reviewed its contractual obligations in relation to this incident and concluded that there was no further financial impact on the Company.

Given the malware incident identified on 31 December 2019, the Directors acknowledge that it limited the availability of an appropriate audit trail in respect of the completeness of balances and transactions including the following: intangible and tangible assets, debtors, creditors, cash at bank and in hand, revenue, cost of sales, administrative expenses, foreign exchange gains and losses, depreciation and amortisation, interest receivable and similar income, impairment of intangible fixed assets and impairment of amounts due from group undertakings.

Post balance sheet events

COVID-19

The outbreak of COVID-19 has resulted in the closure of most of THL's and its subsidiaries foreign exchange bureaux globally in order to ensure the safety and security of employees, customers and partners, and to comply with local government requirements.

Travelex Europe Limited
Directors' report (continued)
for the year ended 31 December 2019
Post balance sheet events (continued)

COVID-19 (continued)

These closures, together with associated significant reductions in global travel, and the current economic outlook, in turn reduce the demand for foreign currency services provided by the Company and therefore have had a material negative impact on the 2020 results for the Company. The loss of earnings specifically related to COVID-19 cannot be reasonably estimated since this event coincided with the malware incident explained above. In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Other events subsequent to, but linked to the COVID-19 pandemic, have resulted in the Wire product being permanently withdrawn and the Company is now dormant. See Permanent closure of Wire product section below for further information.

Finabl Plc announcement

On 16 March 2020, Finabl Plc (the parent company of THL) announced that it faces "a material uncertainty over its ability to continue as a going concern". THL and its subsidiaries have maintained a separate legal and financing structure that is capable of operating independently of Finabl Plc and as a result of this event, THL was restructured. In accordance with FRS 102, this was treated as an adjusting post balance sheet event.

As a result of this announcement, the funding to support the Company's projects and assets was discontinued in March 2020. This has had a number of impacts, as follows:

- The Samsung Pay platform and other payment assets were impaired in full as at 31 December 2019, resulting in an impairment charge of £9,046,000. This is because these projects were undertaken with the support of Finabl and would have required further funding to promote and market them to a wider audience. The impairment charge was based on an assessment of value in use and fair value less cost to sell. Due to the lack of marketing expenditure as a direct result of the withdrawal of funding from Finabl, the value in use for these assets was nil. As these assets were tailored to the Company's systems and processes there was no fair value attributable to them.
- The Directors are reviewing the options for new payment projects with the aim to launch them in the future, once the Group's financial position is secured.

Restructuring

These recent events including the Finabl Plc announcement combined to create significant liquidity constraints within THL, and additional funding was required to ensure the continued operation of the Travelex Group. During discussions with the FCA regarding liquidity risks and following the submission of a wind down plan for Travelex Europe Limited in May and June 2020, the FCA suggested the Company consider whether it was putting its customers at additional risk by continuing to trade during this time of uncertainty. While the FCA did not formally request that the Wire product be suspended, the Board of the Company acknowledged the FCA's concerns and ultimately took the decision to temporarily suspend the Wire product with effect from 26 June 2020, pending resolution of the restructuring process affecting the Travelex Group.

On 6 August 2020, the Travelex Group reached agreement with at least 66.7% of Senior Secured Noteholders ("SSNs") and all of its Revolving Credit Facility ("RCF") lenders on the terms of a comprehensive debt restructuring. The SSNs took control of the Travelex Group via a new holding company ("Travelex Topco Limited") and provided £84.0m of new money in the form of New Senior Secured Notes.

Bridge funding of £17.6m has been provided and was refinanced by the New Senior Secured Notes. The existing EUR360m SSNs was fully equitised and the existing £50.0m RCF was reinstated along with a new guarantee facility of c.£9.6m.

The Company will be transferred to Travelex Acquisitionco Limited after necessary regulatory approvals and expects to receive the necessary support from the new group to continue as a going concern. As part of this transaction, the Company will become a guarantor to the debts of the new group from the date of acquisition. As at the date of signing the accounts, the Financial Conduct Authority is still to approve the transfer of legal ownership of the Company; this approval is expected to be received in early 2021.

Travelex Europe Limited
Directors' report (continued)
for the year ended 31 December 2019
Post balance sheet events (continued)

Restructuring (continued)

The Company's registered address changed on 20 October 2020 from 4th Floor, Kings Place, 90 York Way, London, N1 9AG to Worldwide House, Thorpe Wood, Peterborough, PE3 6SB.

In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Intercompany loan transactions

As at 31 December 2019, the Company had a £987,000 net receivable from Travelex Limited, which is recorded at a recoverable value of £691,000 net of impairment. This was made up of a £3,632,000 receivable from and a £2,645,000 payable to Travelex Limited.

During early 2020, the Company's payable balance with Travelex Limited increased by £1,039,000, as operating costs that were paid by Travelex Limited on the Company's behalf were recharged to it. On 29 April 2020, the Board of Travelex Limited agreed to waive £3,542,000 due from Travelex Europe Limited, leaving the net receivable balance from Travelex Limited to be £3,496,000 which comprised £3,638,000 receivable from and £142,000 payable to Travelex Limited. The waiver amount was recorded as a capital contribution.

On 6 August 2020, Travelex Limited entered administration. As part of this transaction, it was agreed that the loan owed from Travelex Limited to the Company would be acquired by a sister company, Travelex Central Services Limited. The value of the loan acquired was £3,467,000. In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Permanent closure of Wire product

On 6 November 2020, the Company notified the FCA of its intention to permanently close the Wire product (which had been suspended since June 2020, see Restructuring section above). As a result of this decision, the recoverable value of the Wire payments platform asset was assessed as being nil, and so it was fully impaired from its carrying value of £875,000 immediately before impairment. Following the impairment, the net book value of tangible and intangible assets was nil. In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Issuance of new money notes

On 8 February 2021, the New Travelex Group announced a proposal to issue up to £60m of New Money Notes, to provide the group with fresh liquidity and to fund working capital in anticipation of a return of consumer travel. The initial issue of £20m net was completed on 26 February 2021, with any subsequent issues to be determined in due course depending on the liquidity requirements of the group. While the Company is not yet a guarantor to the New Money Notes, it will become so once the transfer to Travelex Acquisitionco Limited is completed (see Restructuring section above). In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report, the Strategic 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 prepared the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. 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 account of the Company for that period.

Travelex Europe Limited
Directors' report (continued)
for the year ended 31 December 2019

Directors' responsibilities statement (continued)

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Present information, including accounting policies, in a manner that gives relevant, reliable, comparable and understandable information.
- Give additional disclosures when complying with the specific requirements in FRS 102 is not enough to let users understand the impact of particular transactions, other events and conditions on the Company's financial position and performance.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.
- State that the Company has complied with FRS 102, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and estimates that are reasonable and prudent.

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.

The directors confirm, to the best of their knowledge:

- that the financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Going concern assessment

The Directors assess the Company's going concern for a period of 12 months from the date of approval of these financial statements to the end of March 2022. In making this assessment the Directors considered the following:

- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether there is sufficient liquidity to support the rest of the entities within the Group, at the point of the Company being transferred to the New Travelex Group, in the Company's role as a guarantor for the Group's debts;
- Whether post balance sheet trading is in line with expectations;
- Continued availability of financing facilities and trading lines;
- The regulatory environment in which the Company operates;
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks; and
- The impact of Brexit on the Company's and Group's operations.

The Directors have concluded that, as a standalone entity, the Company can continue as a going concern as a dormant company, based on the net asset position of the Company at the date of signing and the fact that the Directors do not have any plans to liquidate the Company in the going concern look forward period.

Travelex Europe Limited
Directors' report (continued)
for the year ended 31 December 2019
Going concern assessment (continued)

Solvency & liquidity

At 31 December 2019 the Company has net assets of £2,295,000 (2018: £6,126,000) and net current assets of £1,438,000 (2018: £4,198,000). Included within net assets is £798,000 (2018: £3,844,000) receivable from group undertakings and £196,000 (2018: £138,000) payable to group undertakings.

As part of the THL restructuring, Travelex Limited entered administration on 6 August 2020. As at 31 December 2019, Travelex Limited owed the Company £987,000, which is recorded at a recoverable value of £691,000 net of impairment. The full loan was acquired from Travelex Limited by Travelex Central Services Limited in August 2020.

As at the date of signing these financial statements, Travelex Europe Limited is not actively trading and is instead in a dormant state, with bank balances and intercompany receivables/payables the only items on its Statement of Financial Position following the full impairment of fixed assets post yearend (refer to post balance sheet section for details). The bank balances exceed total payables and so there is no risk to the Company's solvency or liquidity while it is dormant. There is also no impact as a result of Brexit on the Company's operations.

Guarantor of Group debts consideration

Once regulatory approval for the transfer of the Company to the New Travelex Group is granted, the Company will become a guarantor to the debts of the New Travelex Group. As a result, the going concern assessment is extended to consider the New Travelex Group's own going concern status.

Having considered the above, the Directors conclude that the material uncertainties affecting the Company's ability to continue as a going concern are:

- The impact of COVID-19 on the New Travelex Group's revenue projections which determine the timing and magnitude of funding needs; and
- Continued support from the New Travelex Group parent (Travelex Topco Limited); and
- The ability for the New Travelex Group parent to access required funding from the shareholders.

In order to evaluate the impact of these material uncertainties on the Company's going concern, management prepared the forecasts for the 12-month period to the end of March 2022. These projections took account of the trading results for the year ending 31 December 2020 and management expectations for the remaining period to the end of March 2022.

The New Travelex Group's revenue is dependent on the foreign exchange demand from retail customers which in turn is driven by the recovery of the global macro economies and travel demands both from a tourism and business perspective from COVID-19. Significant assumptions around passenger numbers have been utilised by management in order to model the recovery of these revenue drivers.

The New Travelex Group considers the primary risks from Brexit are the potential reduction in business volumes as a result of significant border controls or short-term flight cancellations and FX volatility which may indirectly impact the demand for foreign currencies. Due to the material uncertainties around Covid-19 and the significantly reduced volumes, the impact of any short-term disruption attributable to Brexit is not expected to materially impact the cashflow and liquidity projections.

The Group's base case scenario is based on the recovery profile of 2019 performance. This recovery profile has been benchmarked with externally published market analysis including Fitch Ratings analysis published in October 2020. Fitch are forecasting passenger numbers to increase from 30% at the end of 2020 to c.77% of 2019 levels by March 2022.

Travelex Europe Limited
Directors' report (continued)
for the year ended 31 December 2019
Going concern assessment (continued)

As the Fitch Ratings analysis was last updated in October 2020, it would not have taken into account the latest developments in the COVID-19 pandemic which include but are not limited to the below:

- New variants of the virus across the globe led to stricter quarantine requirements in the UK
- Further lockdowns globally
- Success of vaccines in rollout in the UK and plans in place to rollout in Europe, Asia, Australia and New Zealand

Management have therefore utilised IATAs latest press release published in early 2021 within the base case scenario and downside scenario. According to this press release, "the IATA's baseline forecast for 2021 is for a 50.4% improvement on 2020 demand that would bring the industry to 50.6% of 2019 levels. While this view remains unchanged, there is a severe downside risk if more severe travel restrictions in response to new variants persist. Should such a scenario materialize, demand improvement could be limited to just 13% over 2020 levels, leaving the industry at 38% of 2019 levels."

In order to limit the impact of COVID-19 on the performance and liquidity of the New Travelex Group, management continue to focus on cost savings initiatives and liquidity initiatives:

- Cost savings initiatives: management expect to have materially delivered cost savings initiatives in 2020 at the New Travelex Group level, the benefits of which will be fully realised in 2021 and have been incorporated in the base case projection. The Group's base case scenario also assumes recovery of management fees from companies currently outside of the New Travelex Group where it continues to provide services and over which the Group has an option to acquire for no cash consideration.
- Liquidity initiatives: from a New Travelex Group perspective, management focus on opportunities to reduce the amount of working capital invested in the business, rationalise the foreign currency holdings to align to the demand as the market picks up. These liquidity management initiatives are within the New Travelex Group's control.

The base case scenario takes into account the £20m net proceeds received in February 2021 (refer to post balance sheet section for details) and assumes an overall recovery profile of 50.6% to 2019 passenger number levels, per IATA. Under the base case scenario, in order to take advantage of the peak trading periods across the broader Group, while maintaining covenant requirements, the New Travelex Group is projected to require additional funding from shareholders in June 2021. The peak expectation for this requirement is forecast to be £19.1m in order to fully support the additional working capital anticipated largely in other companies within the new Travelex Group. If the forecast passenger numbers recovery profile is slower than IATAs baseline forecast this would impact upon this expected peak funding requirement. Management has also identified a number of working capital opportunities that could mitigate this need which are outside of the base case scenario.

Within the base scenario there are assumed non-contractual cost savings and insurance recoveries totalling £41.7m. Management have a high degree of confidence in their delivery as a result of having agreed £264m of cost savings to date. If the amount or timing of these cash flows are not as planned it would result in the additional funding being required from shareholders from April 2021 and would also increase the peak expectation.

To provide assurance over the timing of the funding requirement the New Travelex Group ran an extreme zero revenue scenario to demonstrate the need for additional funding could be delayed until September 2021, assuming the non-contractual cost savings and insurance recoveries are achieved and little to no liquidity would be required for working capital purposes. This scenario is considered remote as trading in the second half of 2020 was comfortably in excess of this scenario, coupled with the outlook for up to March 2022 as supported by external reference points detailed above.

While there is no formal requirement from the perspective of shareholders of the New Travelex Group to support the Company and the New Travelex Group, there has been proven support in the New Travelex Group in 2020 with funding of £84m injected in the form of Senior Secured Notes in August 2020.

Travelex Europe Limited
Directors' report (continued)
for the year ended 31 December 2019
Going concern assessment (continued)

There has been an additional £20m cash injection in February 2021 as part of an overall proposal to issue up to £60m of New Money Notes. Management propose to request a further £25m issuance in June 2021, leaving the remaining £15m as headroom for any further funding requirements. Whilst the noteholders/shareholders have been made aware of the additional funding requirements, there is no legal commitment or obligation with regard to the amount or the timing of additional funding beyond the £20m which has already been provided. The Directors are confident the additional funds will be received.

There is regular, ongoing dialogue between Directors, the directors of the New Travelex Group, the shareholders of the New Travelex Group, and their representatives which has provided the Directors with confidence in the longer-term support they expect to be provided to the Group and the Company. However, the Directors acknowledge there is no binding commitment for additional funds to flow to the Company and hence the material uncertainties.

The board of the New Travelex Group has been reconstituted with the addition of a new Chief Executive Officer and three Non-Executive Directors with significant turnaround experience who will help the New Travelex Group, including the Company, navigate the immediate post-restructuring transition period and ensure that the group is well-positioned for future success.

The Company and the New Travelex Group have, via the Group restructuring and a significant programme of cost reductions, become far more flexible to varying levels of trading activity. Not only protecting against the material uncertainties around timing of recovery, but also ensuring that the business is poised to ramp up operations to react to and capitalise on market recovery.

The Directors, using the base case scenario, consider that the New Travelex Group, and therefore the Company, is able to continue as a going concern and that the preparation of the financial statements to be appropriate based on the following:

- The Company itself is dormant, with bank balances in excess of all known payables as at the date of signing these financial statements
- Consideration of a recovery in the demand for foreign currency as supported by external benchmarking, leading to improved trading conditions
- Visible delivery of planned cost savings through 2020 and their continuation throughout 2021 and early 2022
- The Board and majority shareholders are fully aware of the New Travelex Group's potential funding need in 2021 and remain supportive of the New Travelex Group. Additional funding of £20m was received on 26 February 2021 and whilst the noteholders/shareholders have been made aware of the additional funding requirements there is no legal commitment or obligation with regard to the amount or the timing of additional funding beyond the £20m which has already been provided. However, for the reasons noted above, the Directors are confident the additional funds will be received.

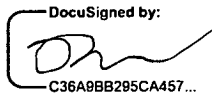
Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. In addition, the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Travelex Europe Limited
Directors' report (continued)
for the year ended 31 December 2019
Independent Auditors

KPMG LLP is to be appointed as auditor to the Company. Ernst & Young LLP will submit a notice of resignation to the Company subsequently to their signing the Auditors' Report for the financial year ended 31 December 2019 (the "Auditors' Report"). This notice will be effective on that date that it is received by the Company, at a time subsequent to the signing of the Auditors' Report, at which time the directors will appoint KPMG LLP as auditor to the Company with the provisions of the Companies Act 2006.

By order of the Board

DocuSigned by:

C36A8BB295CA457...

D Norman
Director

March 31, 2021 | 1:40:47 PDT

Registered office
Worldwide House
Thorpe Wood
Peterborough
PE3 6SB

Company Registration Number
09641417

Travelex Europe Limited
Independent auditors' report
to the shareholders of Travelex Europe Limited
for the year ended 31 December 2019

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Travelex Europe Limited (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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).

We do not express an opinion on the accompanying financial statements of the Company. Due to the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The significant malware incident, identified on 31 December 2019, impacted a number of different management processes and the financial records which has affected all significant accounts in the statement of comprehensive income and statement of financial position with the exception of called up share capital.

As a result of this incident, we were unable to obtain appropriate audit evidence to support these balances included in the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended. We were unable to determine whether any adjustments might have been found necessary in respect of the financial statements.

Opinions on other matters prescribed by the Companies Act 2006

Due to the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have been unable to form an opinion, whether 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or directors' report.

Arising from the limitation of our work referred to 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 have been kept.

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:

- 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.

Travelex Europe Limited
Independent auditors' report (continued)
to the shareholders of Travelex Europe Limited
for the year ended 31 December 2019

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 8 and 9, 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.

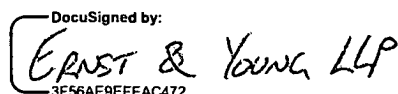
Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

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:

3F56AE9EFEAC472...

Manprit Dosanjh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

April 7, 2021 | 7:30:06 BST

Travelex Europe Limited
Statement of comprehensive income
for the year ended 31 December 2019

£'000	Note	2019	2018
Revenue	3	455	92
Cost of sales		(15)	(18)
Gross profit		440	74
Administrative expenses		(1,642)	(364)
Amortisation of intangible fixed assets		(1,875)	(1,498)
Depreciation		(9)	(5)
Foreign exchange gains		7	-
Exceptional items		-	(12)
Operating loss	4	(3,079)	(1,805)
Interest receivable and similar income	5	30	21
Impairment of intangible fixed assets	9	(9,046)	-
Impairment of amounts due from group undertakings	10	(342)	-
Loss on ordinary activities before taxation		(12,437)	(1,784)
Tax credit/(charge) on loss on ordinary activities	7	250	(90)
Loss for the financial year		(12,187)	(1,874)
Total comprehensive loss for the financial year		(12,187)	(1,874)

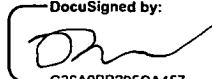
The notes on pages 20 to 36 form an integral part of these financial statements.

Travelex Europe Limited
Statement of financial position
as at 31 December 2019

£'000	Note	2019	2018
Fixed assets			
Tangible assets	9	174	7
Intangible assets	9	683	1,921
		857	1,928
Current assets			
Debtors – amounts falling due within one year	10	1,113	3,901
Cash at bank and in hand		970	545
		2,083	4,446
Creditors – amounts falling due within one year	11	(645)	(248)
Net current assets		1,438	4,198
Net assets		2,295	6,126
Capital and reserves			
Called up share capital	12	10,000	10,000
Profit and loss account		(7,705)	(3,874)
Total shareholders' funds		2,295	6,126

The notes on pages 20 to 36 form an integral part of these financial statements.

The financial statements on pages 16 to 36 were approved by the Board of Directors on 31 March 2021 and were signed on its behalf by:

DocuSigned by:

C36A9BB295CA457...
D Norman
Director

Travelex Europe Limited
Statement of changes in equity
for the year ended 31 December 2019

£000's	Note	Called up share capital	Profit and loss account	Total
At 1 January 2018		10,000	(2,000)	8,000
Total comprehensive loss for the year		-	(1,874)	(1,874)
At 31 December 2018		10,000	(3,874)	6,126
At 1 January 2019		10,000	(3,874)	6,126
Total comprehensive loss for the year		-	(12,187)	(12,187)
Waiver of intercompany loan	11	-	8,356	8,356
At 31 December 2019		10,000	(7,705)	2,295

The notes on pages 20 to 36 form an integral part of these financial statements.

Travelex Europe Limited
Statement of cash flows
for the year ended 31 December 2019

£'000	Note	2019	2018
Cash flows from operating activities			
Cash generated/(utilised) by operating activities	14	515	(70)
Taxation (paid)/repaid		(90)	417
Net cash generated by operating activities		425	347
Cash flows from investing activities			
Proceeds on disposal of tangible fixed assets		-	18
Net cash generated by investing activities		-	18
Net increase in cash and cash equivalents		425	365
Cash and cash equivalents at the beginning of the year		545	180
Cash and cash equivalents at the end of the year		970	545

The notes on pages 20 to 36 form an integral part of these financial statements.

Travelex Europe Limited

Notes to the financial statements

for the year ended 31 December 2019

1. Accounting policies

General information

Travelex Europe Limited (the Company) is a private company incorporated in England and Wales under the Companies Act 2006 and limited by shares. The registered office and principal place of business is Worldwide House, Thorpe Wood, Peterborough, PE3 6SB.

Until 6 August 2020, BRS Investment Holdings 1 Limited was the ultimate parent company of the Company. On 6 August 2020, PwC were appointed as administrators of the immediate parent company, Travelex Limited.

The Company will be transferred to Travelex Acquisitionco Limited after necessary regulatory approvals and expects to receive the necessary support from the new group to continue as a going concern. As at the date of signing the accounts, the Financial Conduct Authority is still to approve the transfer of legal ownership of the Company; this is expected to be received in early 2021.

Travelex Acquisitionco Limited is a wholly owned subsidiary of Travelex TopCo Limited which in turn is ultimately owned by a group of shareholders with Barings group of companies holding 56.16% of the shares. While legally PwC will remain in control of the Company until the transfer of ownership has been completed, de facto control is held by Travelex Topco Limited.

During the year, the Company's ownership structure was as follows:

- Until 15 April 2019, BRS Ventures and Holdings Limited was Travelex Europe Limited's ultimate parent company. It is incorporated and domiciled in the British Virgin Islands.
- On 15 April 2019, ownership of the ordinary share capital in the Company was transferred from UTX Holdings Limited, an intermediate parent of the Company, to Finabl Limited (Finabl), a company incorporated in the Abu Dhabi Global Market. BRS Investment Holdings 1 Limited is Travelex Europe Limited's ultimate parent company. The company is registered and domiciled in the Abu Dhabi Global Market. Other holding companies are BRS Investment Holdings 2 Limited, BRS Investments Holdings 3 Limited and UX Investment Holdings Limited.
- On 15 May 2019, an Initial Public Offering was launched, whereby 700,000,000 Shares of Finabl PLC (intermediate parent of the Company) were listed on the London Stock Exchange. Following on from the IPO, the holdings of Finabl PLC have diluted to BRS Investment Holdings 1 Limited (53.5%), BRS Investment Holdings 2 Limited (4.4%), BRS Investment Holdings 3 Limited (5.2%) and UX Investment Holdings Limited (6.8%).

Basis of preparation

The financial statements of the Company have been prepared, on a going concern basis, under the historical cost convention, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', and with the Companies Act 2006.

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in Sterling (£).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The accounting policies set out below have, unless otherwise stated been applied consistently to all years presented in these financial statements. The Company accounting policies dealing with material items are set out below.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Standards, amendments and interpretations to existing standards which are not yet effective or early adopted by the Company

The Financial Reporting Council (FRC) has published clarifications and incremental improvements to FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The effective date of the amendments is for accounting periods starting on or after 1 January 2020.

The main amendments relate to the following sections of the standard:

- Defined benefit accounting for multi-employer defined benefit plans. Amendments have been made to FRS 102 to set new and explicit requirements for how an entity shall transition from defined contribution accounting to defined benefit accounting. These amendments to Section 28 Employee Benefits require the difference between any liability for the contributions payable arising from an agreement to fund a deficit and the net defined benefit liability recognised when applying defined benefit accounting to be recognised in other comprehensive income.
- Hedge Accounting. As a result of interest rate benchmark reforms, new amendments have been added to FRS 102 which provide relief that will avoid unnecessary discontinuation of hedge accounting. Entities applying hedge accounting requirements will be able to assume that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based are not altered as a result of Interest Rate Benchmark Reform.

The above sections of FRS 102 are not applicable to the Company and therefore the Company does not expect any impact on its financial statements.

Revenue

Revenue comprises fees from payment services and service charges to other group undertakings. These are recognised in the income statements when earned.

Interest receivable and payable

Interest receivable and payable is recognised in the statement of comprehensive income using the effective interest method and therefore recorded in the period in which it is earned or incurred.

Dividends receivable

Dividends are recognised when declared and approved by the Board of Directors of the investee.

Tangible and Intangible assets

Tangible and Intangible assets are initially recorded at cost and depreciated so as to write off the cost of the asset over its estimated useful economic life. Cost includes expenditure which is directly attributable to bringing the asset into the condition required for its intended use.

Computer software comprises off the shelf packages, modified to meet the Company's requirements, software developed in house, including the development of the in-house digital capabilities, and software purchased as part of business combinations. Internal and external costs are capitalised to the extent that they are directly attributable to the development of modified software provided they meet the recognition criteria under FRS 102. Capitalised costs are amortised on a straight-line basis over their estimated useful lives.

Depreciation and amortisation are calculated on a straight-line basis using the following rates:

Computer hardware	33.3% per annum
Computer software	33.3% per annum

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Assets under construction

Projects of a capital nature, occurring over an extended period of time and that meet the requirements of FRS 102, require the creation of an asset under construction if, and only if, all of the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

This allows costs associated with the project to be held in the statement of financial position without depreciation, until such time as the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Project costs are recognised at the time the related project activity has been performed and are determined by reference to invoices received and/or as a proportion of work performed to date.

On completion of the project, the asset is reclassified to the appropriate asset category and depreciation is charged in accordance with the accounting policy above.

Financial instruments

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets and financial liabilities have been classified in the financial statement as follows:

Assets

Debtors

Debtors principally comprise amounts due from group undertakings, which represent both trading and non-trading loans. It also includes taxation related balances. These are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest method.

Liabilities

Creditors

Creditors comprise accruals, trade creditors and amounts due to group undertakings. They are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest method.

Income taxes

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date.

Deferred taxation

In accordance with FRS 102, full provision is made for deferred tax liabilities arising from timing differences due to the different treatment of certain items for taxation and accounting policies. The provision is calculated at the average tax rates that are expected to apply when the timing differences are expected to reverse and is not discounted. No provision is made in respect of timing differences arising from the sale or revaluation of fixed assets unless there is a binding commitment to dispose of the assets at the balance sheet date.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Deferred taxation (continued)

Deferred tax assets are recognised to the extent that it is considered more likely than not there will be suitable taxable profit from which the future reversal of the underlying timing difference can be deducted. The Directors have made an assessment of how much is expected to be utilised against future taxable income based on future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

Share capital

Share capital represents the capital contributions made by Travelex Limited in the Company on incorporation. Incremental costs directly related to the issuance of new ordinary shares are deducted against the share capital account.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction into Pounds sterling. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date, with differences arising on translation recorded in the profit and loss account. All other exchange gains and losses, which arise from normal trading activities, are included in the profit and loss account as incurred.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short-term deposits with an original maturity date of three months or less.

Pension costs

Contributions to the Travelex Group's defined contribution pension schemes are charged to the statement of comprehensive income account as incurred.

2. Significant management estimates and judgements in applying accounting policies

Going concern assessment

The Directors assess the Company's going concern for a period of 12 months from the date of approval of these financial statements to the end of March 2022. In making this assessment the Directors considered the following:

- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether there is sufficient liquidity to support the rest of the entities within the Group, at the point of the Company being transferred to the New Travelex Group, in the Company's role as a guarantor for the Group's debts;
- Whether post balance sheet trading is in line with expectations;
- Continued availability of financing facilities and trading lines;
- The regulatory environment in which the Company operates;
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks; and
- The impact of Brexit on the Company's and Group's operations.

The Directors have concluded that, as a standalone entity, the Company can continue as a going concern as a dormant company, based on the net asset position of the Company at the date of signing and the fact that the Directors do not have any plans to liquidate the Company in the going concern look forward period.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

2. Significant management estimates and judgements in applying accounting policies

Going concern assessment (continued)

Solvency & liquidity

At 31 December 2019 the Company has net assets of £2,295,000 (2018: £6,126,000) and net current assets of £1,438,000 (2018: £4,198,000). Included within net assets is £798,000 (2018: £3,844,000) receivable from group undertakings and £196,000 (2018: £138,000) payable to group undertakings.

As part of the THL restructuring, Travelex Limited entered administration on 6 August 2020. As at 31 December 2019, Travelex Limited owed the Company £987,000, which is recorded at a recoverable value of £691,000 net of impairment. The full loan was acquired from Travelex Limited by Travelex Central Services Limited in August 2020.

As at the date of signing these financial statements, Travelex Europe Limited is not actively trading and is instead in a dormant state, with bank balances and intercompany receivables/payables the only items on its Statement of Financial Position following the full impairment of fixed assets post yearend (refer to post balance sheet section for details). The bank balances exceed total payables and so there is no risk to the Company's solvency or liquidity while it is dormant. There is also no impact as a result of Brexit on the Company's operations.

Guarantor of Group debts consideration

Once regulatory approval for the transfer of the Company to the New Travelex Group is granted, the Company will become a guarantor to the debts of the New Travelex Group. As a result, the going concern assessment is extended to consider the New Travelex Group's own going concern status.

Having considered the above, the Directors conclude that the material uncertainties affecting the Company's ability to continue as a going concern are:

- The impact of COVID-19 on the New Travelex Group's revenue projections which determine the timing and magnitude of funding needs; and
- Continued support from the New Travelex Group parent (Travelex Topco Limited); and
- The ability for the New Travelex Group parent to access required funding from the shareholders.

In order to evaluate the impact of these material uncertainties on the Company's going concern, management prepared the forecasts for the 12-month period to the end of March 2022. These projections took account of the trading results for the year ending 31 December 2020 and management expectations for the remaining period to the end of March 2022.

The New Travelex Group's revenue is dependent on the foreign exchange demand from retail customers which in turn is driven by the recovery of the global macro economies and travel demands both from a tourism and business perspective from COVID-19. Significant assumptions around passenger numbers have been utilised by management in order to model the recovery of these revenue drivers.

The New Travelex Group considers the primary risks from Brexit are the potential reduction in business volumes as a result of significant border controls or short-term flight cancellations and FX volatility which may indirectly impact the demand for foreign currencies. Due to the material uncertainties around Covid-19 and the significantly reduced volumes, the impact of any short-term disruption attributable to Brexit is not expected to materially impact the cashflow and liquidity projections.

The Group's base case scenario is based on the recovery profile of 2019 performance. This recovery profile has been benchmarked with externally published market analysis including Fitch Ratings analysis published in October 2020. Fitch are forecasting passenger numbers to increase from 30% at the end of 2020 to c.77% of 2019 levels by March 2022.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

2. Significant management estimates and judgements in applying accounting policies

Going concern assessment (continued)

As the Fitch Ratings analysis was last updated in October 2020, it would not have taken into account the latest developments in the COVID-19 pandemic which include but are not limited to the below:

- New variants of the virus across the globe led to stricter quarantine requirements in the UK
- Further lockdowns globally
- Success of vaccines in rollout in the UK and plans in place to rollout in Europe, Asia, Australia and New Zealand

Management have therefore utilised IATAs latest press release published in early 2021 within the base case scenario and downside scenario. According to this press release, "the IATA's baseline forecast for 2021 is for a 50.4% improvement on 2020 demand that would bring the industry to 50.6% of 2019 levels. While this view remains unchanged, there is a severe downside risk if more severe travel restrictions in response to new variants persist. Should such a scenario materialize, demand improvement could be limited to just 13% over 2020 levels, leaving the industry at 38% of 2019 levels."

In order to limit the impact of COVID-19 on the performance and liquidity of the New Travelex Group, management continue to focus on cost savings initiatives and liquidity initiatives:

- Cost savings initiatives: management expect to have materially delivered cost savings initiatives in 2020 at the New Travelex Group level, the benefits of which will be fully realised in 2021 and have been incorporated in the base case projection. The Group's base case scenario also assumes recovery of management fees from companies currently outside of the New Travelex Group where it continues to provide services and over which the Group has an option to acquire for no cash consideration.
- Liquidity initiatives: from a New Travelex Group perspective, management focus on opportunities to reduce the amount of working capital invested in the business, rationalise the foreign currency holdings to align to the demand as the market picks up. These liquidity management initiatives are within the New Travelex Group's control.

The base case scenario takes into account the £20m net proceeds received in February 2021 (refer to note 18, post balance sheet events for details) and assumes an overall recovery profile of 50.6% to 2019 passenger number levels, per IATA. Under the base case scenario, in order to take advantage of the peak trading periods across the broader Group, while maintaining covenant requirements, the New Travelex Group is projected to require additional funding from shareholders in June 2021. The peak expectation for this requirement is forecast to be £19.1m in order to fully support the additional working capital anticipated largely in other companies within the new Travelex Group. If the forecast passenger numbers recovery profile is slower than IATAs baseline forecast this would impact upon this expected peak funding requirement. Management has also identified a number of working capital opportunities that could mitigate this need which are outside of the base case scenario.

Within the base scenario there are assumed non-contractual cost savings and insurance recoveries totalling £41.7m. Management have a high degree of confidence in their delivery as a result of having agreed £264m of cost savings to date. If the amount or timing of these cash flows are not as planned it would result in the additional funding being required from shareholders from April 2021 and would also increase the peak expectation.

To provide assurance over the timing of the funding requirement the New Travelex Group ran an extreme zero revenue scenario to demonstrate the need for additional funding could be delayed until September 2021, assuming the non-contractual cost savings and insurance recoveries are achieved and little to no liquidity would be required for working capital purposes. This scenario is considered remote as trading in the second half of 2020 was comfortably in excess of this scenario, coupled with the outlook for up to March 2022 as supported by external reference points detailed above.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

2. Significant management estimates and judgements in applying accounting policies

Going concern assessment (continued)

While there is no formal requirement from the perspective of shareholders of the New Travelex Group to support the Company and the New Travelex Group, there has been proven support in the New Travelex Group in 2020 with funding of £84m injected in the form of Senior Secured Notes in August 2020.

There has been an additional £20m cash injection in February 2021 as part of an overall proposal to issue up to £60m of New Money Notes. Management propose to request a further £25m issuance in June 2021, leaving the remaining £15m as headroom for any further funding requirements. Whilst the noteholders/shareholders have been made aware of the additional funding requirements, there is no legal commitment or obligation with regard to the amount or the timing of additional funding beyond the £20m which has already been provided. The Directors are confident the additional funds will be received.

There is regular, ongoing dialogue between Directors, the directors of the New Travelex Group, the shareholders of the New Travelex Group, and their representatives which has provided the Directors with confidence in the longer-term support they expect to be provided to the Group and the Company. However, the Directors acknowledge there is no binding commitment for additional funds to flow to the Company and hence the material uncertainties.

The board of the New Travelex Group has been reconstituted with the addition of a new Chief Executive Officer and three Non-Executive Directors with significant turnaround experience who will help the New Travelex Group, including the Company, navigate the immediate post-restructuring transition period and ensure that the group is well-positioned for future success.

The Company and the New Travelex Group have, via the Group restructuring and a significant programme of cost reductions, become far more flexible to varying levels of trading activity. Not only protecting against the material uncertainties around timing of recovery, but also ensuring that the business is poised to ramp up operations to react to and capitalise on market recovery.

The Directors, using the base case scenario, consider that the New Travelex Group, and therefore the Company, is able to continue as a going concern and that the preparation of the financial statements to be appropriate based on the following:

- The Company itself is dormant, with bank balances in excess of all known payables as at the date of signing these financial statements
- Consideration of a recovery in the demand for foreign currency as supported by external benchmarking, leading to improved trading conditions
- Visible delivery of planned cost savings through 2020 and their continuation throughout 2021 and early 2022
- The Board and majority shareholders are fully aware of the New Travelex Group's potential funding need in 2021 and remain supportive of the New Travelex Group. Additional funding of £20m was received on 26 February 2021 and whilst the noteholders/shareholders have been made aware of the additional funding requirements there is no legal commitment or obligation with regard to the amount or the timing of additional funding beyond the £20m which has already been provided. However, for the reasons noted above, the Directors are confident the additional funds will be received.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

2. Significant management estimates and judgements in applying accounting policies

Impairment

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and value in use. In order to calculate value in use, the Company estimate the discounted present value of future cash flows over the life of the contracts currently in place that would generate such cash flows, plus terminal value. In the process of measuring the recoverable amount of an asset, management makes assumptions about future profits. These assumptions relate to future events and circumstances. The actual result may vary, and may cause significant adjustment to the carrying amount of the Company's assets within the next financial year. During the year, the Samsung Pay and other payments platform assets were impaired in full reflecting the discontinuance of funding from Finabl as a result of the post balance sheet event (refer to note 18).

As at 31 December 2019, and taking into account adjusting post balance sheet events (refer to note 18), there were indicators of impairment in relation to the monies lent by the Company to other THL Group companies. This has resulted in an impairment provision of £342,000, reflecting the financial position of the borrower as at 31 December 2019. The remaining balance was subsequently novated to another Group company during the restructuring (refer to note 18).

3. Revenue

Revenue represents the amounts derived from the provision of services which fall within the Company's ordinary activities and recharges to related parties. Revenue is analysed as follows:

£'000	2019	2018
Fee from payment services	26	25
Service charge to group undertakings	429	67
Total	455	92

4. Loss on ordinary activities before interest and taxation

Loss on ordinary activities before interest and tax is stated after charging:

£'000	Note	2019	2018
Administrative expenses		1,642	364
Amortisation of intangible fixed assets	9	1,875	1,498
Depreciation of tangible fixed assets	9	9	5
Impairment of intangible fixed assets	9	9,046	-
Impairment of receivables from group undertakings	10	342	-
Foreign exchange gain		7	-
Exceptional items		-	12

On 1 October 2019, the Travelex/Samsung Pay product was launched in the United States. The operation of this product resulted in a significant increase in administrative expenses, predominantly in the form of additional staff. In addition, the amount charged by a fellow subsidiary undertaking of the intermediate holding company, Travelex Holdings Limited, for services provided to the Company during the year, was increased in 2019, to better reflect the management time invested in the new product.

Exceptional items represent the write off of an intercompany balance relating to Supercard, a discontinued product in 2018.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

4. Loss on ordinary activities before interest and taxation (continued)

Auditors' remuneration

Remuneration of the Company's auditors is paid and borne by a fellow subsidiary undertaking of the intermediate holding company, Travelex Holdings Limited. The total audit fee chargeable to the Company was £32,000, however the recharge to the Company was £15,000 (2018: £15,000). There were no non-audit services provided to the Company.

5. Interest receivable and similar income

£'000	2019	2018
Interest receivable from group undertakings	27	21
Bank interest receivable	3	-
	30	21

6. Employees and directors

The service contracts of the employees of the Company were with Travelex UK Ltd, and the employees paid by, a fellow subsidiary company. These costs are disclosed as they are recharged to the Company for the services that these employees provide to the Company. In August 2020 the service contracts of the employees were transferred from Travelex UK Ltd to Travelex Central Services Limited.

The monthly average number of employees that provide services to the Company during the year, calculated on a full-time equivalent basis was as follows:

Monthly average number of employees

Number	2019	2018
Operational	12	2

Employee costs

£'000	2019	2018
Wages and salaries	571	135
Social security costs	1	2
Other staff costs/(credit)	3	(1)
	575	136

Directors' emoluments

£'000	2019	2018
Aggregate emoluments excluding company pension contributions	64	104
Company contribution to money purchase pension schemes	2	3
Aggregate emoluments	66	107

The amounts above relate to emoluments in respect of four Directors of the Company (2018: three), and represent an apportionment of the total emoluments paid to them to reflect their qualifying services as Directors of the Company.

Four Directors have benefits accruing under defined contribution pension arrangements (2018: three). The emoluments of the highest paid Director were £25,690 (2018: £62,314) and Company contributions to defined contribution pension arrangements were £333 (2018: £1,079).

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

7. Tax on loss on ordinary activities

£'000	2019	2018
Current tax		
Current tax charge/(credit) on current year loss	-	-
Adjustments to current tax in respect of prior period	(250)	90
Total current tax (credit)/charge	(250)	90
Deferred tax		
Deferred tax credit on current year loss	-	(156)
Adjustments to deferred tax in respect of prior period	-	156
Total deferred tax	-	-
Total tax (credit)/charge for the year	(250)	90

The standard rate of Corporation Tax in the UK is 19%, which came into effect from 1 April 2017. Accordingly, the Company's loss for this accounting year is taxed at an effective rate of 19% (2018: 19%).

The current tax (credit)/charge for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

£'000	2019	2018
(Loss) on ordinary activities before tax	(12,437)	(1,784)
(Loss) on ordinary activities multiplied by the standard rate of corporation tax of 19% (2018: 19%)	(2,363)	(339)
Non-deductible impairment of amounts owed by group undertakings	65	-
Change in tax rate	-	19
Inter-company loan waiver	-	2
Increase in unrecognised tax losses	2,292	162
Expenses not deductible	6	-
Adjustments for prior periods	(250)	246
Total tax (credit)/charge	(250)	90

8. Deferred tax

£'000	2019	2018
At 1 January	-	-
Charge/(credit) to income statement	-	-
At 31 December	-	-

Deferred taxation has been recognised in respect of

£'000	2019	2018
Accelerated capital allowances	5	77
Unused losses	(5)	(77)
At 31 December	-	-

Travellex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

8. Deferred tax (continued)

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 17% (2018: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the Company's deferred tax balances.

Unrecognised deferred tax as at the year-end was £2,260,000 (2018: £145,000) relating to unused tax losses of £13,293,000 (2018: £853,000). If the unrecognised deferred tax at the period end were remeasured at 25% this would result in an unrecognised deferred tax asset of £3,323,000.

9. Tangible and intangible assets

£'000	Assets under construction	Computer software	Computer hardware	Fixtures and fittings	Total
Cost					
At 1 January 2019	-	4,497	16	-	4,513
Additions	9,683	1	87	88	9,859
Reclassifications	(7,439)	7,438	1	-	-
At 31 December 2019	2,244	11,936	104	88	14,372
Amortisation					
At 1 January 2019	-	(2,576)	(9)	-	(2,585)
Charge for the year	-	(1,875)	(8)	(1)	(1,884)
Impairment	(2,085)	(6,961)	-	-	(9,046)
At 31 December 2019	(2,085)	(11,412)	(17)	(1)	(13,515)
Net book value					
At 31 December 2019	159	524	87	87	857
At 31 December 2018	-	1,921	7	-	1,928

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

9. Tangible and intangible assets (continued)

Computer software assets includes the Wire payments platform and subsequent enhancements.

Additions held in Assets under construction relate to the development of the Wire payments platform. Once completed, the cost of these assets was reclassified to computer software and computer hardware.

The addition in assets under construction during 2019 mainly relates to the development of the Samsung Pay payments platform assets.

The impairment charge for the year relates to the Samsung Pay payments platform and other payment assets which have been terminated following the Finabl event, refer to note 18 for details, which was treated as an adjusting post balance sheet event. Continued support from Finabl was fundamental for the continued use of the asset in order to fund marketing and operational expenditure and to ensure the viability of products. The impairment charge was based on an assessment of value in use and fair value less cost to sell. Due to the withdrawal of funding from Finabl, the value in use for these assets was nil and as these assets were tailored to the Company's systems and processes there was no fair value attributable to them due to the lack of marketability.

10. Debtors - amounts falling due within one year

£'000	2019	2018
Trade debtors	5	7
Other debtors	50	50
Group relief repayable	250	-
Prepayments and accrued income	10	-
Amounts due from group undertakings	1,140	3,844
	1,455	3,901
Allowance for impairment	(342)	-
	1,113	3,901

Interest is charged on certain amounts due from group undertakings at an average rate of LIBOR less 0.1% (2018: LIBOR less 0.1%). Where interest is not charged, amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

In line with the Interest Rate Benchmark Reform, LIBOR will be replaced by the end of 2021. The Directors are still assessing the impact of the change to the interest rate risk upon adoption of a new interest benchmark and will transition the loans to an appropriate benchmark in the required timeframe.

The movement in the impairment provision against amounts due from group undertakings is as follows:

£'000	2019	2018
At 1 January	-	-
Provision for impairment	342	-
At 31 December	342	-

As at 31 December 2019, and taking into account adjusting post balance sheet events (refer to note 18), there were indicators of impairment in relation to the monies lent by the Company to other THL Group companies. This has resulted in an impairment provision of £342,000, reflecting the financial position of the borrower as at 31 December 2019. The remaining balance was subsequently novated to another Group company during the restructuring (refer to note 18).

There was no impairment recognised in the prior year as no indicators of impairment were noted. In addition, the Company had a letter of support from THL, and THL's accounts had been signed off as a going concern.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

11. Creditors - amounts falling due within one year

£'000	2019	2018
Trade creditors	17	6
Group relief payable	-	90
Amounts due to group undertakings	196	138
Accruals and deferred income	432	14
	645	248

Amounts due to group undertakings relate to the monthly recharges for processing and settlement of payroll, supplier invoices and other operational expenditure. All amounts due to group undertakings bear interest at LIBOR plus 3.5% (2018: at LIBOR plus 3.5%).

In November 2019, intangible fixed assets with a value of £8,356,000 were transferred from Travelex Limited, the parent company, to Travelex Europe Limited, with the cost of the assets charged to the intercompany loan account. As part of the same transaction, this loan amount was immediately waived by the directors of Travelex Limited. The amount of the loan waiver is recorded as a movement in equity.

In line with the Interest Rate Benchmark Reform, LIBOR will be replaced by the end of 2021. The Directors are still assessing the impact of the change to the interest rate risk upon adoption of a new interest benchmark and will transition the loans to an appropriate benchmark in the required timeframe.

The Directors consider the carrying value of creditors falling due within one year approximates to fair value.

12. Allotted and Issued share capital

	2019		2018	
	number	£'000	number	£'000
Ordinary shares of £1 each	10,000,000	10,000	10,000,000	10,000

13. Financial instruments by category

The Company has the following financial instruments:

£'000	2019	2018
Financial assets that are debt instruments measured at amortised cost		
Trade and other debtors	55	57
Amounts due from group undertakings	798	3,844
Cash and cash equivalents	970	545
Total financial assets measured at amortised cost	1,823	4,446
Financial liabilities measured at amortised cost		
Trade and other creditors	17	6
Group relief payable	-	90
Amounts due to group undertakings	196	138
Total financial liabilities measured at amortised cost	213	234

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

14. Reconciliation of operating loss to cash generated by operating activities

£'000	2019	2018
Operating loss	(3,079)	(1,805)
Interest received	30	21
Depreciation and amortisation	1,884	1,503
	(1,165)	(281)
(Increase)/decrease in trade and other debtors	(8)	9
Decrease in amounts due from group undertakings	1,201	948
Increase/(decrease) in trade and other creditors	429	(250)
Increase/(decrease) in amounts due to group undertakings	58	(496)
Cash generated/(utilised) by operating activities	515	(70)

15. Related party transactions

Details of amounts owing to and from fellow wholly-owned subsidiaries can be found at notes 10 and 11 respectively.

There were no other related party transactions in the year.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Besides the Directors of the Company, the Company does not have any other Key Management Personnel. See note 6.

16. Contingent liabilities

On 28 April 2017, TP Financing 3 Limited and its subsidiaries arranged a £90.0m package of facilities to finance the Travelex Group's ongoing cash flow requirements until 2022. Travelex Europe Limited, alongside most subsidiaries of the Group, then agreed to stand as guarantor of these senior facilities. The balance outstanding under these guarantees as at 31 December 2019 was £38.6m.

On 5 May 2017, Travelex Financing Plc raised €360.0m of senior secured notes (SSNs) due 2022, the proceeds of which were used to repay existing external debt which was nearing term. Travelex Europe Limited is also a guarantor in respect of this arrangement. €360.0m (£323.6m) is outstanding as at 31 December 2019.

These facilities were subsequently restructured in 2020, refer to note 18 for details.

The Company, together with other affiliates, is party to a cross company guarantee agreement with Barclays Bank which allows set-off for interest purposes and offsetting of debit and credit balances across entities within the Group. As at 31 December 2019, the net bank position was in surplus and therefore the guarantee value was nil.

17. Ultimate and intermediate parent undertakings

The smallest group in which the results of the Company were consolidated was Travelex Holdings Limited (THL). Due to post balance sheet events (see note 18), the THL consolidated statements were not required to be prepared for year ending 31 December 2019.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

17. Ultimate and intermediate parent undertakings (continued)

The immediate parent company is Travelex Limited, a company registered in England and Wales. The Company will be transferred to Travelex Acquisitionco Limited after necessary regulatory approvals and expects to receive the necessary support from the new group to continue as a going concern. As at the date of signing the accounts, the Financial Conduct Authority is still to approve the transfer of legal ownership of the Company; this is expected to be received in early 2021.

Travelex Acquisitionco Limited is a wholly owned subsidiary of Travelex TopCo Limited which in turn is ultimately owned by a group of shareholders with Barings group of companies holding 56.16% of the shares. While legally PwC will remain in control of the Company until the transfer of ownership has been completed, de facto control is held by Travelex Topco Limited.

As at 31 December 2019, BRS Investment Holdings 1 Limited was Travelex Europe Limited's ultimate parent company. The company is registered and domiciled in the Abu Dhabi Global Market. Other holding companies are BRS Investment Holdings 2 Limited, BRS Investments Holdings 3 Limited and UX Investment Holdings Limited.

18. Post balance sheet events

COVID-19

The outbreak of COVID-19 has resulted in the closure of most of THL's and its subsidiaries foreign exchange bureaux globally in order to ensure the safety and security of employees, customers and partners, and to comply with local government requirements.

These closures, together with associated significant reductions in global travel, and the current economic outlook, in turn reduce the demand for foreign currency services provided by the Company and therefore have had a material negative impact on the 2020 results for the Company. The loss of earnings specifically related to COVID-19 cannot be reasonably estimated since this event coincided with the malware incident explained above. In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Other events subsequent to, but linked to the COVID-19 pandemic, have resulted in the Wire product being permanently withdrawn and the Company is now dormant. See Permanent closure of Wire product section below for further information.

Finablr announcement

On 16 March 2020, Finablr Plc (the parent company of THL) announced that it faces "a material uncertainty over its ability to continue as a going concern". THL and its subsidiaries have maintained a separate legal and financing structure that is capable of operating independently of Finablr Plc and as a result of this event, THL was restructured. In accordance with FRS 102, this was treated as an adjusting post balance sheet event.

As a result of this announcement, the funding to support the Company's projects and assets was discontinued in March 2020. This has had a number of impacts, as follows:

- The Samsung Pay platform and other payment assets were impaired in full as at 31 December 2019, resulting in an impairment charge of £9,046,000 (refer to note 8). This is because these projects were undertaken with the support of Finablr and would have required further funding to promote and market them to a wider audience. The impairment charge was based on an assessment of value in use and fair value less cost to sell. Due to the lack of marketing expenditure as a direct result of the withdrawal of funding from Finablr, the value in use for these assets was nil. As these assets were tailored to the Company's systems and processes there was no fair value attributable to them.
- The Directors are reviewing the options for new payment projects with the aim to launch them in the future, once the Group's financial position is secured.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

18. Post balance sheet events (continued)

Restructuring

These recent events including the Finabl plc announcement combined to create significant liquidity constraints within THL, and additional funding was required to ensure the continued operation of the Travelex Group. During discussions with the FCA regarding liquidity risks and following the submission of a wind down plan for Travelex Europe Limited in May and June 2020, the FCA suggested the Company consider whether it was putting its customers at additional risk by continuing to trade during this time of uncertainty. While the FCA did not formally request that the Wire product be suspended, the Board of the Company acknowledged the FCA's concerns and ultimately took the decision to temporarily suspend the Wire product with effect from 26 June 2020, pending resolution of the restructuring process affecting the Travelex Group.

On 6 August 2020, the Travelex Group reached agreement with at least 66.7% of Senior Secured Noteholders ("SSNs") and all of its Revolving Credit Facility ("RCF") lenders on the terms of a comprehensive debt restructuring. The SSNs took control of the Travelex Group via a new holding company ("Travelex Topco Limited") and provided £84.0m of new money in the form of New Senior Secured Notes.

Bridge funding of £17.6m has been provided and was refinanced by the New Senior Secured Notes. The existing EUR360m SSNs was fully equitised and the existing £50.0m RCF was reinstated along with a new guarantee facility of c.£9.6m.

The Company will be transferred to Travelex Acquisitionco Limited after necessary regulatory approvals and expects to receive the necessary support from the new group to continue as a going concern. As part of this transaction, the Company will become a guarantor to the debts of the new group from the date of acquisition. As at the date of signing the accounts, the Financial Conduct Authority is still to approve the transfer of legal ownership of the Company; this approval is expected to be received in early 2021.

The Company's registered address changed on 20 October 2020 from 4th Floor, Kings Place, 90 York Way, London, N1 9AG to Worldwide House, Thorpe Wood, Peterborough, PE3 6SB.

In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Intercompany loan transactions

As at 31 December 2019, the Company had a £987,000 net receivable from Travelex Limited, which is recorded at a recoverable value of £691,000 net of impairment. This was made up of a £3,632,000 receivable from and a £2,645,000 payable to Travelex Limited.

During early 2020, the Company's payable balance with Travelex Limited increased by £1,039,000, as operating costs that were paid by Travelex Limited on the Company's behalf were recharged to it. On 29 April 2020, the Board of Travelex Limited agreed to waive £3,542,000 due from Travelex Europe Limited, leaving the net receivable balance from Travelex Limited to be £3,496,000 which comprised £3,638,000 receivable from and £142,000 payable to Travelex Limited. The waiver amount was recorded as a capital contribution.

On 6 August 2020, Travelex Limited entered administration. As part of this transaction, it was agreed that the loan owed from Travelex Limited to the Company would be acquired by a sister company, Travelex Central Services Limited. The value of the loan acquired was £3,467,000. In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Permanent closure of Wire product

On 6 November 2020, the Company notified the FCA of its intention to permanently close the Wire product (which had been suspended since June 2020, see Restructuring section above). As a result of this decision, the recoverable value of the Wire payments platform asset was assessed as being nil, and so it was fully impaired from its carrying value of £875,000 immediately before impairment. Following the impairment, the net book value of tangible and intangible assets was nil. In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.

Travelex Europe Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

18. Post balance sheet events (continued)

Issuance of new money notes

On 8 February 2021, the New Travelex Group announced a proposal to issue up to £60m of New Money Notes, to provide the group with fresh liquidity and to fund working capital in anticipation of a return of consumer travel. The initial issue of £20m net was completed on 26 February 2021, with any subsequent issues to be determined in due course depending on the liquidity requirements of the group. While the Company is not yet a guarantor to the New Money Notes, it will become so once the transfer to Travelex Acquisitionco Limited is completed (see Restructuring section above). In accordance with FRS 102, this was treated as a non-adjusting post balance sheet event.