Paysafe Group Holdings II Limited

Annual report and financial statements

For the year ended 31 December 2022

Registered number: 10880277

Paysafe Group Holdings II Limited

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Paysafe Group Holdings II Limited

Company information

Officers and professional advisers

Directors

Elliott Wiseman
Daniel Winters (Appointed on 13 May 2022, Resigned on 9 December 2022)
Lisa Harris (Appointed on 17 January 2023)
Paulette Georgina Rowe (Resigned on 13 May 2022)

Registered office

Floor 1
2 Gresham Street
London
England
EC2V 7AD

Registered auditors

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Paysafe Group Holdings II Limited

Strategic Report

The Directors present their Strategic report on Paysafe Group Holdings II Limited (the "Company") for the year ended 31 December 2022.

Principal activity and business review

The Company is part of the wider Paysafe Group and its results are included within the consolidated financial statements of Paysafe Limited. The principal activity of the Company in the period under review was to act as a holding company for the Paysafe Group (the "Group"). The Directors intend for this entity to continue to act as a holding company.

In March 2021 the Company acquired the right to purchase the shares of Skrill USA, Inc. subject to the US regulatory change of control approval through the execution of the purchase agreement with the former parent company of Skrill USA, Inc. On 31 January 2022, following the regulatory approval process, the legal transfer of Skrill USA, Inc. to the Company was completed accordingly.

Results

The Company made a loss of $123,112,347 in the year ended 31 December 2022 (2021: $25,647,442) primarily driven by the recognition of impairment loss on financial assets amounting to $121,682,881 (2021: $22,708,529). The impairment loss was as a result of the significant increase in the Group's default rate from 1.39% in the prior year to 6.37% in the current year.

Key performance indicators (KPI)

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

Section 172(1) statement

The directors of Paysafe Group Holdings II Limited have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in Section 172(1) of the Companies Act 2006. The Company is part of the Paysafe Limited and embedded into their framework of principles and values shared by all group members. The reporting in relation to Section 172 of the Companies Act 2006 has been included into the Statement of corporate governance arrangements in the Directors' report. Throughout 2023, the board will continue to review and challenge how the Company can improve engagement with its stakeholders.

Duty to promote success of the Company

Paysafe Group has in place a risk management framework which ensures that we properly manage the Group's inherent risk and facilitate better business decisions. Consideration of risk is built into all key strategic and business decision making processes. The Paysafe Group Code reflects Paysafe's commitment to the highest ethical standards that embody the core values of being Pioneering, Courageous, Open and Focused. The Paysafe Group Code also includes requirements for always acting in the best interests of the Company and its stakeholders.

Paysafe Group is committed to preserve its reputation as a trustworthy partner avoiding risks and being transparent and in full compliance any loss of reputation would affect severely the relationship with our stakeholders. These relationships are monitored and managed by Group treasury team.

People and employee engagement

Paysafe Group is committed to attracting and retaining the best talent, providing a culture of collaboration, diversity and inclusion and creating an environment that ensures its people have the skills and resources needed to deliver value to customers and partners, whilst developing a rewarding career. The Group recognises the importance of engaging employees to help make their fullest contribution to the business, which is fundamental to achieving the Group's strategy and long-term objectives.

Strategic Report

Relationships with suppliers, customers and others

The nature of our business requires us to enter into contractual relationships with banks and financial institutions. We depend on these relationships to operate on a day-to-day basis.

Charities and community initiatives

Paysafe Group (of which the Company is part) continues to support various charitable endeavours that support local communities. All employees were given a volunteer day to use in their local communities.

High standards of business

The Company's Code of conduct is aligned with the Paysafe Group's Code of conduct which reflects Paysafe's commitment not just to law and regulation, but to the highest ethical standards that embody the core values of being Pioneering, Courageous, Open and Focused.

Environment

On Earth Day in April 2022, Paysafe Group proudly announced having been certified as a carbon neutral company for another year. This is a great achievement and an effort that will be continued in the future. As part of this effort, various sustainability projects were supported.

Disclosure of principal risk and uncertainty

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from intercompany receivables. While there is an expected credit loss allowance recognized in the financial statements in accordance with IFRS 9, historically there have been no default events and no losses were incurred; therefore, management assesses the credit risk to be low.

Liquidity risk

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

Reliance on Group companies

As the Company is reliant on the on-going support of other group companies, it can meet its obligations only if the other group companies and trading entities within the Paysafe Group continue to perform well operationally. At present there is no indication that the aforementioned group companies will not continue to perform well operationally.

Future developments

The Company is expected to continue to act as a holding company for the Group.

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

Lisa Harris
Director
26 September 2023

Paysafe Group Holdings II Limited

Directors' Report

The directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2022.

Business review and future outlook

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

Dividend

The Directors do not recommend the payment of a dividend for the year-ended 31 December 2022 (2021: $nil).

Going concern

These financial statements have been prepared on the going concern basis as the Board of Directors have reasonable expectation that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Paysafe Group and the Directors of the Company have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital reserves. The Paysafe Group, of which the Company is a part, has put in place measures to contain and proactively mitigate exposure to present and future risks stemming from economic and geopolitical uncertainties. These strategic initiatives includes diversification of market presence and the strategic development of new financial products and services. These actions collectively bolster the Group's resilience in navigating the challenging economic landscape.

Whilst the COVID-19 pandemic continues to have an impact on businesses globally, for the year ended 31 December 2022, there have been no material impact on our estimates and ability to continue to operate as a going concern. During the year, Paysafe Group's credit default risk has increased significantly since December 2021 due to economic volatility and uncertainties linked to inflationary pressures.

While the Company generated a loss after tax of $123,112,347 for the year (2021: $25,647,442), it is in net asset position of $2,502,717,495 (2021: $2,625,829,842) and net current asset position of $165,264 (2021: $219,242) at 31 December 2022. Management considered these losses as part of the going concern assessment, and concluded that these non-cash events do not affect the Company's ability to continue as a going concern.

Based on the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the annual financial statements.

Post balance sheet events

Please refer to Note 12.

Financial risk management

The Company's operations expose it to a number of financial risks that mainly include currency risk, liquidity risk and credit risk. The financial risk management of the Company is given in the Strategic Report under 'Disclosure of principal risk and uncertainty' on page 3.

Directors

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

Elliott Wiseman
Daniel Winters (Appointed on 13 May 2022, Resigned on 9 December 2022)
Lisa Harris (Appointed on 17 January 2023)
Paulette Georgina Rowe (Resigned on 13 May 2022)

Paysafe Group Holdings II Limited

Directors' Report

Directors' indemnity insurance

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

Disclosure of information to the Auditors

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

- as far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- the director has taken all the steps that he/she ought to have taken as a director in order to make him/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Independent Auditors

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

Statement of Directors' responsibilities

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

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

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

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

Approved by the Board and signed on its behalf by:

Lisa Harris
Director
26 September 2023

Independent auditors' report to the members of Paysafe Group Holdings II Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31st December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the significant accounting policies; and
- the related notes 1 to 12.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

Independent auditors' report to the members of Paysafe Group Holdings II Limited

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These include the UK Companies Act and applicable tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Intercompany loan receivables from group undertakings are carried at amortised cost in the statement of financial position at $2,947,330,266 (31 December 2021: $2,701,312,593), net of expected credit losses (ECL) of $117,057,250 (31 December 2021: $22,708,529) accordance with IFRS 9 Financial Instruments . There is significant judgement involved in determining the valuation of the ECL on the intercompany loan receivables from group undertakings. This takes into consideration factors such as a significant increase in credit risk of the counterparty, including the assumed default risk (Probability of Default (PD) and Loss Given Default (LGD). Due to the level of judgement involved, we identified this as a potential area for fraud.

We obtained an understanding of the ECL provisioning process and relevant controls over the valuation of the ECL provision. We performed the following procedures over the ECL valuation:

- We compared the methodology of ECL assessment performed by management against the requirements of IFRS 9 Financial Instruments;
- We assessed if all the relevant financial instruments as per requirements of IFRS 9 were covered in management's assessment;
- We independently verified the PD rate and LGD rate applied to external sources and evaluated the appropriateness of applying these rates to the counterparty;
- We tested the completeness and accuracy of data used in the calculation;
- We performed a recalculation of the IFRS 9 provision; and
- We assessed the appropriateness of the ECL disclosures as per the requirements of IFRS 9 Financial Instruments.

Based on the work performed, we concluded that the ECL provision of the company is appropriate.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Independent auditors' report to the members of Paysafe Group Holdings II Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

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.

Isabel Agius

Isabel Agius, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 September 2023

Paysafe Group Holdings II Limited

Statement of Comprehensive Income
For the year ended 31 December 2022

	Notes	2022 $	2021 $
Administrative expenses	4	**(2,488,822)**	(2,978,196)
Foreign exchange gain, net	4	**334,454**	158,589
Finance cost	4	**(326,981,697)**	(335,928,333)
Finance income	4	**327,706,599**	335,809,027
Impairment loss on financial assets	9,11	**(121,682,881)**	(22,708,529)
Loss for the year before taxation		**(123,112,347)**	**(25,647,442)**
Income tax credit	5	**—**	—
Loss for the year after taxation		**(123,112,347)**	(25,647,442)
Other comprehensive income		**—**	—
Total comprehensive loss attributable to the owner of the Company		**(123,112,347)**	**(25,647,442)**

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

The notes on pages 13 to 25 form part of these financial statements.

Paysafe Group Holdings II Limited

Statement of Financial Position
As at 31 December 2022

	Notes	2022 $	2021 $
Assets			
Non-current assets			
Investment in subsidiaries	6	**2,633,491,120**	2,616,857,993
Amounts receivable from other group company	9	**2,947,330,266**	2,701,312,593
Right to receive Skrill USA, Inc.	7	**—**	36,633,123
		5,580,821,386	5,354,803,709
Current assets			
Amounts receivable from other group company	9	**20,269**	—
Prepaid expenses		**191,291**	219,116
Cash and cash equivalents		**871**	1,480
		212,431	220,596
Total assets		**5,581,033,817**	5,355,024,305
Current liabilities			
Amounts payable to other group company	9	**20,552**	1,168
Trade and other payables		**26,615**	186
		47,167	1,354
Net current assets		**165,264**	219,242
Non-current liabilities			
Amounts payable to other group company	9	**—**	5,171,987
Amounts payable to parent company	9	**3,050,934,995**	2,724,021,122
Expected credit losses on financial guarantee contracts	11	**27,334,160**	—
		3,078,269,155	2,729,193,109
Net assets		**2,502,717,495**	2,625,829,842
Equity			
Share capital	7	**13**	13
Share premium	7	**2,653,491,104**	2,653,491,104
Accumulated deficit		**(150,773,622)**	(27,661,275)
Equity attributable to owners of the Company		**2,502,717,495**	2,625,829,842

The notes on pages 13 to 25 form part of these financial statements.

The financial statements of Paysafe Group Holdings II Limited (registered number 10880277) were approved by the board of directors and authorised for issue on 26 September 2023. They were signed on its behalf by:

Director
Lisa Harris

Paysafe Group Holdings II Limited

Statement of changes in equity

For the year ended 31 December 2022

	Notes	Share capital	Share premium	Accumulated deficit	Total
		$	$	$	$
Balance at 1 January 2021		**1**	**—**	**(2,013,833)**	**(2,013,832)**
Total comprehensive loss		—	—	(25,647,442)	(25,647,442)
Issuance of ordinary shares		12	2,653,491,104	—	2,653,491,116
Balance at 31 December 2021		**13**	**2,653,491,104**	**(27,661,275)**	**2,625,829,842**
Balance at 1 January 2022		**13**	**2,653,491,104**	**(27,661,275)**	**2,625,829,842**
Total comprehensive loss		—	—	(123,112,347)	(123,112,347)
Balance at 31 December 2022		**13**	**2,653,491,104**	**(150,773,622)**	**2,502,717,495**

The notes on pages 13 to 25 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. General information

Paysafe Group Holdings II Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales on 24 July 2017. As at the reporting date, the registered office of the Company is at Floor 27, 25 Canada Square, London E14 5LQ. Subsequent to year end, on 24 April 2023, the registered office was changed to Floor 1, 2 Gresham Street, London, EC2V 7AD.

As at 31 December 2022, the Company had no employees.

The Company acts as a holding company for the Paysafe Group.

2. Significant accounting policies

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

Basis of preparation

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard as it relates to:

- IAS 7, 'Statement of cash flows';
- Paragraphs 134-136 of IAS 1, 'Presentation of financial statements' (Capital management disclosures);
- IFRS 7, 'Financial instruments: Disclosures';
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of certain assets;
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group;
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Presentation of comparative information in respect of certain assets

Where relevant, equivalent disclosures have been made in the consolidated financial statements of Paysafe Limited.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the consolidated financial statements of Paysafe Limited (see Note 8).

Notes to the financial statements
For the year ended 31 December 2022

2. Significant accounting policies (continued)

These financial statements are presented in United States Dollar (US$) which is the Company's functional currency.

Basis of measurement

The financial statements are prepared under the historical cost basis.

Going concern

The financial statements have been prepared using the going concern basis of accounting. The Company's activities, together with factors likely to affect its future development and position are set out in the Director's report.

The Board of Directors have reasonable expectation that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Paysafe Group and the Directors of the Company have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital reserves. The Paysafe Group, of which the Company is a part, has put in place measures to contain and proactively mitigate exposure to present and future risks stemming from economic and geopolitical uncertainties. These strategic initiatives includes diversification of market presence and the strategic development of new financial products and services. These actions collectively bolster the Group's resilience in navigating the challenging economic landscape.

Whilst the COVID-19 pandemic continues to have an impact on businesses globally, for the year ended 31 December 2022, there have been no material impact on our estimates and ability to continue to operate as a going concern. During the year, Paysafe Group's credit default risk has increased significantly since December 2021 due to economic volatility and uncertainties linked to inflationary pressures.

While the Company generated a loss after tax of $123,112,347 for the year (2021: $25,647,442), it is in net asset position of $2,502,717,495 (2021: $2,625,829,842) and net current asset position of $165,264 (2021: $219,242) at 31 December 2022. The result for the year is driven by the recognition of impairment loss on intercompany loan receivables. Management considered these losses as part of the going concern assessment, and concluded that these non-cash events do not affect the Company's ability to continue as a going concern.

Based on the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the annual financial statements.

Dividend

Dividend income

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

Dividend distribution

Dividend distributions to the Company's shareholders are recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. Significant accounting policies (continued)

Interest income /(expense)

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer impaired, the interest income calculation reverts to the gross carrying amount.

Interest expense is accrued on a monthly basis by reference to the principal outstanding and at the effective interest rate applicable, and it is recognized in profit or loss for the period. Interest expense is derived from loans with other group companies

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments excluding expected credit losses for debt financial assets, through the expected life of the debt instrument, or, where appropriate, a shorter period to the gross carrying amount on initial recognition. Income or expense is recognized on an effective interest basis for debt instruments other than those financial assets and liabilities classified at fair value through profit or loss.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Statement of Comprehensive Income for the year.

Financial instruments

The Company classifies its financial assets at amortized cost.

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently measured at amortized cost using the effective interest rate method, less expected credit loss allowances in accordance with IFRS 9. Financial assets at amortized cost include cash and cash equivalents and amounts receivable from related parties.The objective of a business model for these assets is to collect the contractual cash flows that are solely payments of principal and interest.

Financial liabilities designated at amortized cost are initially measured at their fair value (net of any issue costs for loans and borrowings) and subsequently measured at their amortized cost using the effective interest rate method. They include interest and other payables, loan notes, other amounts owed to related parties and financial guarantees.

2. Significant accounting policies (continued)

Financial instruments (continued)

A financial liability is derecognised when the obligation in the contract is discharged, cancelled or expires. When an existing liability is exchanged or replaced by another from the same lender with substantially different terms or the terms of an existing liability are substantially modified such an exchange or modification is treated as the extinguishment of the original liability and the recognition of new liability. The difference in the respective carrying amount is recognised in the statement of comprehensive income. When repurchasing a part of financial liability the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised on based on their respective fair value as at the date of repurchase. The difference between the carrying amount allocated to the derecognised part and the consideration paid is recognised in the statement of comprehensive income.

Finance costs are charged to the Statement of Comprehensive Income using the effective interest rate method.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are in relation to amounts owed by other group companies. The liability is initially measured at fair value (nil as no consideration or fees charged to the holder of the guarantee) and subsequently at the amount determined in accordance with the expected credit loss model under IFRS 9, Financial Instruments.

Expected Credit Loss (ECL)

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost, including intercompany receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. To assess whether there is a significant increase in credit risk, the Company considers whether all of the three criteria are met: 1). movement in the risk of default on the related financial asset as at the reporting date by at least 2x compared with the risk of default as at initial recognition; 2). more than 30-days past due in making a contractual interest payment; 3). downgrade of Paysafe Group's credit rating. The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company considers a financial asset in default (and credit impaired) when the payment is 90-days past the contractual due date. However, in certain cases, the Company also considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is generally written off when there is no reasonable expectation of recovering the contractual cash flows.

Current and deferred tax

The tax expense for the period represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except to the extent that they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

2. Significant accounting policies (continued)

Current and deferred tax (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Share capital

Share capital represents the par value of shares issued. The proceeds from issued capital above share par value, if any, are recorded as share premium.

2. Significant accounting policies (continued)

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standard.

Impairment of non-financial assets

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

Impairment losses are recognized in the Statement of Comprehensive Income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Adoption of new and revised Standards

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB), applicable for the Company:

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts — Cost of Fulfilling a Contract adopted by the UK Endorsement Board on April 12, 2021 (effective for annual periods beginning on or after January 1, 2022);

Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the UK Endorsement Board on April 12, 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after January 1, 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

The adoption of amendments to the existing standards has not led to any material changes in the Company's financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

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

Expected Credit Losses (ECL) on intercompany receivables and financial guarantees

Financial guarantees have been recognised in accordance with IFRS 9 based on accounting policy disclosed in Note 2. The Company has elected not to recognise these in line with IFRS 4 (and subsequently IFRS 17 which is effective 1 January 2023). As discussed in note 11 of the Financial Statements, the Company is a joint guarantor along with other Paysafe Group companies. The Company has therefore calculated the ECL for the Financial Guarantees based on its best estimate of its potential exposure along with other Paysafe Group companies.

The key assumption in determining the ECL on intercompany receivables and financial guarantees is the assumed credit default risk of the Paysafe Group based on information available at the time of the assessment. However this may change due to market changes or circumstances arising beyond the control of the Company.

Whilst there is a significant increase in the default rate and Paysafe Group's credit rating has been downgraded during the year, there is no delay in contractual interest payments on the relevant financial instruments. Therefore based on the accounting policy disclosed in Note 2, there is no significant increase in the credit risk on these financial assets and liabilities subsequent to the reporting date and they remain in Stage 1 (12-month ECL).

Sensitivity analysis shows that should the financial assets move to Stage 2 (lifetime default rate) the ECL allowance would increase by $135,296,891. Similarly, sensitivity analysis shows that if using the lifetime default rate on the ECL in relation to the financial guarantees, ECL would increase by $31,593,317.

Impairment of investment in subsidiaries

As at year-end the Company's investment in subsidiaries is supportable by the assets and future profitability of the relevant Paysafe Group business units. The recoverable amount was calculated based on the various business units' assumed exit multiple, discount rate and five year revenue growth which ranges from 5.5 to 9.0, 11.5% to 16.5%, and 3% to 17%, respectively. The assumptions subject to estimation uncertainty include the estimated cashflows, expected long term growth, the EBITDA/Enterprise Value exit multiple and the discount rate used. Management believes that any reasonably possible change in the key assumptions above would not cause the recoverable amount of the investment in subsidiaries to fall below its balance sheet carrying value. At year end, based on the impairment assessment on the Company's investment in subsidiaries, the carrying value of the investment after the impairment provision provides sufficient amount of headroom from the recoverable amount.

Functional Currency

In determining its functional currency the Company has taken into consideration the currency that mainly influences its services and the currency in which they are denominated and settled. As an additional factor the Company has taken into account the currency of the country's regulations that mainly affect its business activities as well as the currency in which funds from financing activities are generated.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Functional Currency (continued)

Acting as a holding company for Paysafe Group ultimately owned by Paysafe Limited, a company incorporated in Bermuda and trading on the New York Stock Exchange (NYSE) under the symbol "PSFE", the Company's financial statements are presented in US dollars and its functional currency is the US dollar.

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

4. Operating loss

Operating result is stated after charging/(crediting):

	2022 $	2021 $
Finance income	**327,706,599**	335,809,027
Finance cost	**(326,981,697)**	(335,928,333)
Letter of credit expenses	**(2,447,353)**	(477,037)
Foreign exchange gain, net	**334,454**	158,589
Bank commitment fees	**—**	(2,475,951)
Other expenses	**(41,469)**	(25,208)

5. Tax

	2022 $	2021 $
Current income tax	—	—
Deferred income tax credit		
Origination and reversal of temporary differences	—	—
Adjustment for prior period	—	—
Total Deferred tax credit for the year	—	—
Income tax credit for the year	—	—

The standard rate of corporation tax applied to profits is 19% (2021: 19%). An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was announced in the March 2021 Budget and substantively enacted on 24 May 2021. This will increase the future rate at which the company pays tax accordingly. Where relevant, deferred tax assets and liabilities as at 31 December 2022 are calculated based on the 25% rate, with a blended rate applied where it is known that the associated temporary difference will reverse prior to 1 April 2023.calculated based on the 25% rate, with a blended rate applied where it is known that the associated temporary difference will reverse prior to 1 April 2023.

Notes to the financial statements
For the year ended 31 December 2022

5. Tax (continued)

The tax assessed for the period differs to that based upon the statutory rate of corporation tax in England and Wales. The differences are explained below:

	2022 $	2021 $
Loss before tax	**(123,112,347)**	**(25,647,442)**
Tax expense / income at the UK corporation tax rate of 19% (2021: 19%)	**(23,391,346)**	(4,873,014)
Tax effect of expenses that are not deductible in determining taxable profit	**50**	509
Gains and losses not subject to tax	**23,119,746**	3,992,760
Group relief	**271,550**	879,745
Tax credit for the year	**—**	—

6. Investments in Subsidiaries

	$
Cost	
At 1 January 2022	2,616,857,993
Additions	36,633,127
Return of capital	(20,000,000)
At 31 December 2022	**2,633,491,120**
Carrying amount	
At 31 December 2022	**2,633,491,120**
At 31 December 2021	2,616,857,993

On 31 January 2022, following the the regulatory approval process, the legal transfer of Skrill USA, Inc. to the Company was completed accordingly and the 'Right to receive Skrill USA, Inc.' amounting to $36,633,127 was transferred to investment in subsidiaries.

On 31 March 2022, the Company received a distribution from Skrill USA, Inc. amounting to $20,000,000 which represents a return of capital.

The Company holds investments in the following subsidiary undertakings.

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Paysafe Group Holdings III Limited	25 Canada Squar2 Gresham Street, 1st Floor, London, England, EC2V 7AD	100%	100%	Holding
Skrill USA Inc.	Delaware, USA	100%	100%	Money Service Business

Paysafe Group Holdings II Limited

Notes to the financial statements
For the year ended 31 December 2022

7. Share capital and share premium

Ordinary shares of $0.001 each (2021: $0.001):

	Number	$
Allotted and fully paid:		
As at 1 January 2022	12,625	13
Issued during the year	—	—
As at 31 December 2022	12,625	13

Ordinary shareholders

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

On 15 December 2017 the Company's authorised share capital consisting of one ordinary share with a nominal value denominated in GBP was redenominated into an ordinary share with a nominal value denominated in USD at an exchange rate of GBP 1.00: USD 1.33 so that immediately following the redenomination the total issued share capital of the Company was one ordinary share of $1.33. The share was subdivided into 133 ordinary shares of $0.01.

The Company's existing shares are the result of the following reorganizational transactions with its immediate parent company, Pi Jersey Holdco 1.5 Limited:

- On 30 March 2021, 2 shares in exchange of the right to acquire 100% of Skrill USA, Inc. The transfer of Skrill USA, Inc. shares to the Company was subject to US regulatory change of control approval. The right to acquire these shares is recognized as an asset until the transfer is approved, and presented on the balance sheet under "Right to receive Skrill USA, Inc.". The assets was valued at $36,633,127. on initial recognition, which was deemed to be Skrill USA, Inc fair value at that date.
- On 30 March 2021, 1,000 shares were issued in exchange for the contribution of shares in FTAC valued at $1,616,857,992.
- 10,215 shares were issued on 30 April 2021 when the Company had sub-divided the nominal value per share from $0.01 to $0.001. On the same date, 1,275 shares resulting from the conversion of the first tranche of the shareholder loan amounting to $1,000,000,000.

8. Parent company and ultimate controlling party

The Company's immediate parent company is Pi Jersey Holdco 1.5 Limited, incorporated in Jersey. The Company's ultimate parent company is Paysafe Limited, a company incorporated in Bermuda and trading on the New York Stock Exchange (NYSE) under the symbol "PSFE" from 31 March 2021. There is no ultimate controlling party of the Company.

The Company's results are consolidated into the ultimate parent company Paysafe Limited. Copies of the consolidated financial statements of Paysafe Limited are available at the principal executive office at Floor 1, 2 Gresham Street, London, England, EC2V 7AD.

Paysafe Group Holdings II Limited

Notes to the financial statements
For the year ended 31 December 2022

9. Related party balances

The Company has the following balances with related parties:

	2022	2021
	$	$
Amounts receivable from related parties (current)		
Other related party	20,269	—
	20,269	—

Amounts payable from related parties (current)	2022	2021
	$	$
Subsidiary	20,552	—
Other related party	—	1,168
	20,552	**1,168**

Amounts payable from related parties (non-current)	2022	2021
	$	$
Immediate parent company	3,050,934,995	2,724,021,122
Other related party	—	5,171,987
	3,050,934,995	**2,729,193,109**

Amounts receivable from related parties (non-current)	2022	2021
	$	$
Subsidiary	2,934,391,621	2,701,312,593
Other related party	12,938,645	—
	2,947,330,266	**2,701,312,593**

All amounts between related parties are unsecured, repayable on demand other than those noted below. Related party receivables are stated after provisions for impairment of financial assets of $117,057,250 (2021: $22,708,529).

9. Related party balances (continued)

The company has the following loans due from/to group companies:

Related Party	Interest Rate	Facility maturity date	Currency	Principal Outstanding at 31 December 2022	Payable/ Receivable
PI Jersey Holdco 1.5 Limited	12%	2-Jan-2043	USD	(1,210,594,672)	Payable
PI Jersey Holdco 1.5 Limited	12%	1-Jun-2043	USD	(76,350,385)	Payable
PI Jersey Holdco 1.5 Limited	12%	2-Jan-2043	USD	(1,763,989,938)	Payable
Paysafe Holdings UK Ltd	4% + 1-month USD LIBOR	26-Oct-2026	USD	13,452,520	Receivable
Paysafe Group Holdings III Ltd	12%	1-Jun-2043	USD	76,350,385	Receivable
Paysafe Group Holdings III Ltd	12%	2-Jan-2043	USD	1,763,989,939	Receivable
Paysafe Group Holdings III Ltd	12%	2-Jan-2043	USD	1,210,594,672	Receivable

The USD LIBOR rate benchmark was replaced by an alternate interest benchmark, Secured Overnight Financing Rate "SOFR", during Q2 of 2023. This change from LIBOR to SOFR post year-end is not expected to have a material impact on the relevant financial instruments.

The directors did not receive any emoluments in respect of services to this Company in the year ended 31 December 2022 (2021: nil).

10. Auditor's remuneration

Auditor's remuneration relating to the audit of these financial statements amounted to $29,035 for the year ended 31 December 2022 (2021: $28,415). It is borne by another Group company and which will be subsequently recharged to the Company.

11. Off-balance sheet agreements

Financial guarantee contracts

On 28 June 2021, Paysafe Holdings (US) Corp, a related party, refinanced its former debt facilities by entering into a new Senior Facilities Agreement (the "2021 Senior Facilities Loan"). At 31 December 2022, the Company has potential outflow under the following financial guarantee contracts as it relates to the 2021 Senior Facilities loan which consists of:

- $400,000,000 Senior Secured Notes ("USD Notes") of which $370,418,000 was outstanding at 31 December 2022 and €435,000,000 Senior Secured Notes ("EUR Notes") - of which €421,362,000 was outstanding at 31 December 2022 - were co-issued by Paysafe Finance PLC and Paysafe Holdings (US) Corp with maturity date of June 2029. The USD Notes and EUR Notes carry a coupon of 4% and 3%, respectively, payable semi-annually.

- Paysafe Holdings (US) Corp's first lien term loan facility with maturity date of 29 June 2028 which consist of $1,108,000,000, of which $990,000,000 was outstanding as of 31 December 2022.

- First Lien Revolving Credit Facility ("RCF") for $305,000,000.

The Company is a joint guarantor along with other Paysafe Group companies and undertakes that whenever another obligor does not pay any amount when due, that the Company along with the other guarantors will immediately on demand pay that amount as if they were the principal obligors.

11. Off-balance sheet agreements (continued)

At 31 December 2022, the Company recognized an ECL for the amount of $27,334,160 (2021: nil) in regards to the potential outflow under the financial guarantee contracts.

The 2021 Senior Facilities Loan are subject to certain conditions outlined as events of default as it relates to payment of principal and/or interest and other obligations (discussed in detail in the consolidated financial statements of Paysafe Limited) which could result in an earlier settlement of the amounts due under the 2021 Senior Facilities. The key debt covenant governing these facilities is the financial covenant on its first lien facility, triggered when the RCF is more than 40% drawn, and requiring first lien loan to mortgage EBITDA leverage ratio to remain below 7.5x. At 31 December 2022, the Group is compliant of its debt covenants and expects to continue to remain compliant at least twelve months after the reporting period.

As the Company's right to defer settlement of these liabilities is subject to the Group complying with covenants within twelve months after the reporting period, the ECL on this liability have been reported under non-current liabilities in the statement of financial position.

Letter of credit

As at 31 December 2022 the Company has arrangement with a number of financial institutions to be beneficiary under Letter of credit in various currencies (USD, EUR, CAD$) with various amounts ranging from CAD175,000 to EUR28,500,000 and maturing up to February 2026.

12. Post balance sheet events

Other than those disclosed in Note 1, there are no significant or material events that have occurred after the reporting date which might require adjustments or disclosures in the Company's financial statements for the year ended 31 December 2022.