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Paysend Group Limited
Annual report and financial statements
For the year ended 31 December 2020

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Company information:

Directors of the company:

- Abdul Abdulkerimov – Executive Director
- Ronald Millar – Executive Director
- Michael Fazio – Non Executive Director
- Mark Evans – Non Executive Director
- Humbert de Liedekerke Beaufort – Non Executive Director: (appointed 9 April 2021)

Registered Office:

C/O Rooney Nimmo
8 Walker Street
Edinburgh
EH3 7LA

Auditors:

Grant Thornton UK LLP
Statutory auditors
Level 8
110 Queen Street
Glasgow
G1 3BX

Directors' report for the year ended 31 December 2020

The Directors present their report and financial statements of Paysend Group Limited (the "company") for the year ended 31 December 2020. The company holds investments in wholly owned subsidiaries as listed in note 12 to the financial statements (the "group").

The group reported a loss after taxation for the year of $15,580k (2019: loss of $14,473k).

Directors of the company

The Directors who have served during the year and up to the date the financial statements were signed were;

- Abdul Abdulkerimov
- Ronald Millar
- Michael Fazio
- Mark Evans
- Humbert de Liedekerke Beaufort: (appointed 9 April 2021)

Dividends

No dividend was paid or declared post year end for the year ended 31 December 2020 (2019: $nil).

Events since the statement of financial position date

Information relating to events since the end of the year is given in the note 25 to the financial statements.

Going concern

In line with FRS 102 guidance on going concern, the Directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The company updates trading forecasts covering a 12-month period on a regular basis, which together with the supporting assumptions are reviewed by the Board. Subsequent to the year end, the group successfully completed a $125m fund raise which significantly increased the liquid cash assets available to the business. The current forecast therefore shows that the company is able to operate within its banking facilities during this period and the Directors believe that the assumptions underpinning this forecast are both prudent and reasonable. The forecasts have been prepared and considered taking into account the ongoing impact of Covid-19.

At the time of approving the financial statements, the Directors believe, on the basis of current financial projections and facilities available, that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

The Directors have chosen to set out certain items in the strategic report as required by Schedule 7 SI 2008/410 to be in the Directors' report.

The company's principal risks and management thereof are discussed in the Strategic Report.

Directors' report for the year ended 31 December 2020 (continued)

Political donations

No political contributions were made in the year (2019: $Nil).

Appointment and reappointment of auditors

Grant Thornton UK LLP were appointed as auditors of the company.

Grant Thornton UK LLP are deemed to be reappointed as auditors of the company under section 487(2) of the Companies Act 2006.

Disclosure of information to auditors

The Directors confirm that;

- So far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware;
- The Directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the Board on 18 October 2021.

Ronald Millar

Director

Statement of Directors' responsibilities for the year ended 31 December 2020

The Directors are responsible for preparing the strategic report and Directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102, the Financial Reporting Standard applicable in the UK and Republic or 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 and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

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

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

Strategic report for the year ended 31 December 2020

Principal activities

Paysend is a next generation global payment ecosystem enabling consumers and businesses to pay and send money online anywhere, anyhow in any currency. These services are provided through an end to end integrated platform, providing payment services to consumers (B2C services) and businesses (B2B services) on a digital basis.

Business review

As the only provider of a global card to card payment platform, 2020 was a year of significant growth for the company as it improved and expanded its range of products, designed to enable consumers and businesses to pay, hold and send money anywhere, anyhow and in any currency. Our vision remains focused on creating money for the future aligning to the core principles of "Instant", "Freemium" and "Borderless".

The company ended the year with over 2.9 million registered customers (2019: 1.3 million) representing annual customer growth of 220%. This has increased in 2021 to over 4.5m customers. We have expanded our geographical presence and are now regulated in 50 countries and able to support payments to 125 countries with a plan to increase this figure to over 150 countries within the next two years.

This growth has been achieved while maintaining a positive customer experience with our current Trust Pilot score being 4.7/5, which is classed as excellent.

Our SME service also experienced significant growth with volumes growing 175% during 2020.

Following the year end the company successfully closed a round of series-B funding totalling $125m which will be used to continue expanding the business geographically, to support recruitment and further the development and roll out of more fintech products.

Product development

We have continued to develop our B2C product with the launch in May 2021 of our "single app" encompassing an offering of money transfer, multi-currency accounts and a debit card within a single app. The B2B product set was enhanced with the launch of our single "one stop shop" service for SME's in May 2021.

Key geographic launches in the year were Canada and the USA, both launched over the summer of 2020.

Financial review

The business has continued to expand in the year, with revenue increasing to $44.4 million (2019: $19.8 million), which represents a 225% increase on 2019. Despite the increased scale of the business, trading costs have reduced in relative terms allowing the business to deliver a gross profit of $16.5 million (2019: $5.2 million).

The company incurred administrative expenses of $27.9 million (2019: $19.8 million) and recognised an increase in the fair value of financial liabilities of $3.8 million (2019: £nil) resulting in an overall pre-tax loss of $15.4 million (2019: loss of $14.4 million).

As of 1 January 2020, the group converted all statutory reporting into USD to align with the functional currency used within the group.

Strategic Report for the year ended 31 December 2020 (continued)

Engaging with stakeholders: section 172 statement

The success of Paysend is dependent on many factors but relationships with stakeholders are a core factor when making decisions to promote the success of the business. Our key stakeholders include:

Our customers

Our customers are at the centre of what we do. The vision of Paysend is to deliver a suite of products to cover customers everyday payments requirements. We design our products from the initial analysis of customers needs and then to ensure we deliver customer satisfaction we monitor customer feedback through various communication channels.

Partners

Paysend is partnered with some of the leading, most innovative and recognisable payment and banking providers globally. We have dedicated staff managing these relationships to support our customers transactions and drive value for both our business and that of our partners.

Investors

As a young, growing company, Paysend truly values the trust and confidence of all our investors. Quite simply, we would not be here without them. Paysend provides regular updates on performance to our shareholders covering key topics including strategy, governance and financial performance.

Employees

Our employees are our most valuable resource. We actively seek to attract, retain and develop talented and motivated people and promote a culture of diversity and inclusion. This is evidenced via the many nationalities employed globally across the Paysend group in multiple locations. With this diversity and geographical spread we foster a culture of engagement and collaboration via regular cross team meetings and group wide townhalls to communicate understanding of group activities and results and actively ask our employees for ways in which we can improve our business.

As a result of the ongoing pandemic and its impacts on office working, Paysend has committed to a Virtual First working policy allowing employees flexibility in their location to ensure maximum efficiency and effectiveness for both the business and its staff. This approach also allows us to search beyond geographical office limitations to find and recruit the best talent worldwide to support our global expansion.

To support the historic and expected future growth of the group, the company increased its recruitment activities during the year in line with business plans, resulting in a material increase in the average numbers of employees.

Regulation and compliance

The Directors ensure they can understand the risks related to payment processing and e-wallet operations and have identified and implemented processes to manage and mitigate those risks in accordance with the Companies Act 2006, the Electronic Money Regulations Act 2011 and Payment Services Regulations 2017 and Financial Reporting Standards 2012. There are dedicated personnel in post to understand and monitor the regulatory requirements and set strategies accordingly.

The company monitors, on a daily basis, key performance indicators and metrics in relation to business delivery.

Strategic Report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties

The Directors set policies and manage financial risks to enable the company to achieve its long-term growth targets within a prudent risk management framework. The main business risk is maintaining its relationship with the major card providers. Relationships with these providers are maintained on a regular basis.

Paysend plc, a 100% owned subsidiary of the company, is an authorised electronic money institution with the Financial Conduct Authority (FCA). Dedicated resources are in place to ensure continued compliance with the FCA regulatory requirements, and to understand emerging regulatory requirements.

The main risks arising from the group's financial instruments are foreign currency risk, credit risk, and liquidity risk. The Directors review exposure to each of these risks on a regular basis, and assess whether or not it is appropriate to adopt relevant financial instruments to mitigate the risk.

Foreign currency risk

As a provider of global money transfers, Paysend receives and makes payments in multiple currencies, including US dollar, EURO and GBP Sterling. Any timing variance in receiving funds in one currency and making payment in another currency could expose Paysend to a foreign exchange gain or loss. We mitigate this risk by effectively managing cash flows to minimise variance between receipt and payment of funds. In addition we ensure our customer pricing accurately reflects market currency movements to prevent Paysend being exposed to significant fluctuations in currency spreads.

Credit risk

This is the risk that our counterparties will not meet their obligations. We manage credit risk by working closely with recognised market participants including banks and non-bank financial institutions. All Paysend partners are subject to due diligence checks prior to any services commencing.

Liquidity risk

This is the risk that Paysend is unable to meet its obligations to partners or that partners are unable to meet their obligations to Paysend. We manage this risk by spreading cash flows across a number of partners and by aligning as closely as possible incoming and outgoing funds to ensure cash is received for the majority of transactions before it is paid out to ensure there are sufficient capital resources to meet cash flow liabilities.

Covid-19

The company has assessed the ongoing impact of Covid-19 as part of the group. The group introduced a policy of remote working, in line with Government guidelines in March 2020, which continues to be in place. All administration activities have continued as usual. The Directors have confirmed that the business continues to operate as normal.

The Directors continue to monitor the current and potential future impact of the pandemic as part of future business planning. Although the precise impact of the virus on the business is not possible to be determined, all performance indicators continue to show that the business is performing well and has not been adversely impacted by Covid-19.

This report was approved by the Board on 18 October 2021.

Ronald Millar

Director

Independent audit report

We have audited the financial statements of Paysend Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, statement of financial position: group, statement of financial position: company, statement of changes in equity: group, *statement of changes in equity: company consolidated statement of cash flows and notes to the financial statements*, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

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

The impact of uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Covid-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern

Independent audit report (continued)

period.

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 group's and the parent 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

Independent audit report (continued)

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

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 group's and the parent 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 group or the parent 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and group, as well as the industry in which they operate. We determined that the following laws and regulations were most significant: the Companies Act 2006 and UK accounting standards, Electronic Money Regulations 2011, Payment Services Regulations 2017 and UK accounting standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. We enquired of management to obtain an understanding of how the parent company and group are complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of meetings and through discussions with legal advisors. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.

Independent audit report (continued)

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the parent company and group's operations, including the nature of their revenue sources, and of their principal activities to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement
  - the parent company and group's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the company operates
- We assessed the susceptibility of the parent company and group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included checking completeness of journal entries and identifying and testing journal entries, in particular journal entries processed at the year-end for financial statements preparation. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

  These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Inquiries were made from management regarding their knowledge of fraud and non-compliance with laws and regulation. No matters were identified by these inquiries.

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.

James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Level 8, 110 Queen Street
Glasgow G13SX

Date: 19/10/2021

Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	2020 $k	2019 $k
Turnover	3	44,444	19,830
Cost of sales		(27,984)	(14,589)
Gross profit		**16,460**	**5,240**
Administrative expenses	4	(27,910)	(19,781)
Other operating income		26	207
Operating loss		**(11,424)**	**(14,334)**
Change in the fair value of the financial instruments		(3,854)	-
Interest receivable		31	24
Interest payable	7	(162)	(90)
Loss on ordinary activities before taxation		**(15,409)**	**(14,401)**
Tax on loss on ordinary activities	8	(171)	(72)
Loss for the year		**(15,580)**	**(14,473)**
Other comprehensive income			
Exchange Difference on translating foreign operations		(781)	166
Merger Reserve		(11)	-
Loss and total Comprehensive loss for the year		**(16,372)**	**(14,306)**
Retained loss at the beginning of the year		(23,111)	(1,594)
Dividends paid		-	-
Retained loss at the year end		**(39,483)**	**(15,900)**

There were no recognised gains or losses for the year ended 31 December 2020 other than those included in the statement of comprehensive income. The accompanying notes on pages 20-40 are an integral part of the financial statements.

Statement of financial position: group as at 31 December 2020

	Note	2020 $k	2019 $k
Non-current assets			
Tangible assets	9	853	985
Intangible assets	10	1,689	4,351
Goodwill	11	6,970	7,841
Investments	12	212	-
Financial assets at fair value	13	802	-
		10,526	13,177
Current Assets			
Stocks	14	35	30
Debtors	15	13,787	1,555
Cash and cash equivalents	16	25,555	15,867
		39,377	17,452
Creditors: amounts falling due within one year	17	(26,719)	(5,113)
Net current assets		12,658	12,339
Total assets less current liabilities		23,184	25,516
Creditors: amounts falling due over one year	19	(8,153)	-
Net assets		**15,031**	**25,516**
Capital and reserves			
Share capital	20	4	3
Share premium	21	54,510	48,623
Profit & loss account		(43,261)	(26,900)
Merger Reserve		3,778	3,789
Total equity		**15,031**	**25,515**

The accompanying notes on pages 20-40 are an integral part of the financial statements.

Approved by the Board on 18 October 2021.

Ronald Millar

Ronald Millar
Director

Statement of financial position: company as at 31 December 2020

	Note	2020 $k	2019 $k
Non-current assets			
Tangible assets	9	248	252
Intangible assets	10	1,892	3,142
Investments	12	24,474	24,178
Financial assets at fair value	13	802	-
		27,416	27,572
Current Assets			
Debtors	15	18,684	2,885
Cash and cash equivalents	16	5,459	7,333
		24,142	10,218
Creditors: amounts falling due within one year	17	(16,549)	(796)
Net current assets		7,594	9,423
Total assets less current liabilities		35,009	36,995
Creditors: amounts falling due over one year		(8,153)	-
Net assets		**26,856**	**36,995**
Capital and reserves			
Share capital	20	4	3
Share premium	21	54,510	48,623
Profit & loss account		(31,436)	(15,420)
Merger Reserve		3,778	3,789
Total equity		**26,856**	**36,995**

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The company's loss for the year was $15,956k (2019: $9,696k). The accompanying notes on pages 20-40 are an integral part of the financial statements.

Approved by the Board on 18 October 2021.

Ronald Millar
Director

Statement of changes in equity for the year ended 31 December 2020

Group

	Share capital $k	Share premium $k	Profit & loss: Owners $k	Profit & loss: NCI $k	Merger Reserve $k	Total $k
At 1 January 2019	3	21,099	(8,800)	(4)	-	12,298
Net loss for the year			(14,473)			(14,473)
Total Comprehensive income			166			166
Transactions with owners						-
Shares issued		27,524				27,524
Purchase of the remaining NCI			(3,793)	4	3,789	-
At 31 December 2019	**3**	**48,623**	**(26,900)**	**-**	**3,789**	**25,515**
At 1 January 2020	3	48,623	(26,900)	-	3,789	25,515
Net loss for the year			(15,580)			(15,580)
Total Comprehensive income			(781)		(11)	(792)
Transactions with owners						
Shares issued	1	5,887				5,888
At 31 December 2020	**4**	**54,510**	**(43,261)**	**-**	**3,778**	**15,031**

Company

	Share capital $k	Share premium $k	Profit & loss: Owners $k	Profit & loss: NCI $k	Merger Reserve $k	Total $k
At 1 January 2019	3	20,550	(5,724)	(4)	-	14,825
Net loss for the year		-	(9,696)	-	-	(9,696)
Transactions with owners						
Shares issued		28,073	-	-	-	28,073
Purcahse of the remaining NCI		-	-	4	3,789	3,793
At 31 December 2019	**3**	**48,623**	**(15,420)**	**- 0**	**3,789**	**36,995**
At 1 January 2020	3	48,623	(15,420)	- 0	3,789	36,995
Net loss for the year		-	(15,955)	-	-	(15,955)
Total Comprehensive income		-	(61)	-		(61)
Transactions with owners						
Shares issued	1	5,887	-	-	(11)	5,877
At 31 December 2020	**4**	**54,510**	**(31,436)**	**(0)**	**3,778**	**26,856**

Consolidated statement of cash flows for the year ended 31 December 2020

	2020 $k	2019 $k
Operating activities		
Operating loss	(11,424)	(14,334)
Adjustments for:		
Unrealised foreign exchange	(53)	115
Share-based payment expense	771	-
Interest received	31	24
Goodwill amortisation	871	871
Depreciation of tangible assets	456	81
Amortisation of intangible assets	1,651	1,842
	(7,697)	**(11,401)**
(Increase)/decrease in stocks	(5)	24
(Increase)/decrease in debtors	(12,232)	(880)
Increase/(decrease) in creditors	8,753	(324)
Cash (used)/generated from operating activities	**(11,181)**	**(12,581)**
Financing activities		
Interest paid	(161)	(9)
Corporation tax paid	(139)	(132)
Proceeds from the issue of shares	5,000	23,862
Proceeds from Loans	19,000	612
Settlements of Loan	(767)	-
Cash (used)/generated by financing activities	**22,933**	**24,333**
Investing activities		
Payments to acquire intangible assets	(703)	(1,408)
Payments to acquire tangible assets	(379)	(647)
Payments to acquire investments	(982)	-
Cash (used)/generated from investing activities	**(2,064)**	**(2,055)**
Cash (used)/generated from operating activities	(11,181)	(12,581)
Cash (used)/generated by financing activities	22,933	24,333
Cash (used)/generated from investing activities	(2,064)	(2,055)
Net cash (used)/generated	**9,688**	**9,697**
Cash and cash equivalents at 1 January	15,867	6,169
Cash and cash equivalents at 31 December	**25,555**	**15,866**
Cash and cash equivalents comprise:		
Cash at bank	**25,555**	**15,866**

Statement of cash flows
for the year ended 31 December 2020 (continued)

Reconciliation of net debt

	01 Jan 20 $k	Cash $k	FV mvmt in CLNs $k	Other $k	31 Dec 20 $k
Cash at bank and in hand	15,867	9,688	-	-	25,555
Loans	(612)	(19,000)	(3,854)	558	(22,908)
Net debt	**15,255**	**(9,312)**	**(3,854)**	**558**	**2,647**

Notes to the accounts
for the year ended 31 December 2020

1. Significant accounting policies

Company information

Paysend Group Limited is a private company limited by shares and was incorporated on 4 April 2017 in Scotland. The registered office is C/O Rooney Nimmo, 8 Walker Street, Edinburgh, EH3 7LA. The group consists of Paysend Group Limited ("the company") and all of its subsidiaries ("the group") as listed in note 12.

Statement of compliance and basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the Companies Act 2006.

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The company's loss for the year was $15,955k.

The financial statements have been prepared on the historic cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are prepared in US dollar which is the reporting currency of the company. Monetary amounts in the financial statements are rounded to the nearest US $k. As of 1 January 2020, the Group converted all statutory reporting into US dollar to align with the reporting currency used within the group. 2019 figures have been restated from GBP sterling using the exchange rate of $1:£0.763 which was the market rate at 31 December 2019.

Basis of consolidation

The consolidated financial statements incorporate the results of the company and all its subsidiaries. All intra-group transactions, balances and unrealised gains on transactions between group undertakings are eliminated on consolidation.

Going concern

In line with FRS 102 guidance on going concern, the Directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The company updates trading forecasts covering a 12-month period on a regular basis, which together with the supporting assumptions are reviewed by the Board. Subsequent to the year end, the group successfully completed a $125m fund raise which significantly increased the liquid cash assets available to the business. The current forecast therefore shows that the company is able to operate within its banking facilities during this period and the Directors believe that the assumptions underpinning this forecast are both prudent and reasonable. The forecasts have been prepared and considered taking into account the ongoing impact of Covid-19.

At the time of approving the financial statements, the Directors believe, on the basis of current financial projections and facilities available, that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the accounts
for the year ended 31 December 2020 (continued)

Turnover

Turnover represents the value of services provided, net of discounts and value added taxes. Turnover is earned from charging fixed and variable fees to customers on payment transactions. Revenues are recognised at the time of the transaction taking place.

Administrative expenses and group recharges

Administrative expenses are recognised by the legal entity which incurs the obligation. Where expenses are incurred by the group but which relate to more than one legal entity, it is the policy of the group to recharge on an appropriate arm's length basis.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets comprise software and software development.

Amortisation is provided at rates calculated to write off the costs, less estimated residual value, of each asset evenly over its expected useful life (3 years).

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

- Fixtures and fittings: 3 years
- IT and computer equipment: 3 years

Impairment of intangible and tangible assets

At each reporting period end date, the group reviews the carrying amounts of its intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Goodwill

Goodwill is recognised on the acquisition of subsidiary companies to the extent that the consideration exceeds the fair value of the assets and liabilities acquired. Any goodwill recognised will be amortised over a basis of 10 years, (2019: 10 years), which is assessed as appropriate based on the type of business acquired and the long term intentions of the group. Any change in expected life in the year is based on a revised assessment of the longevity of the goodwill acquired.

At each reporting date the carrying value of goodwill is assessed and any impairment is taken to the income statement. As of 31 December 2020, no impairment was identified on this balance.

Notes to the accounts
for the year ended 31 December 2020 (continued)

Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. When recognizing a new financial instrument, the company will perform an assessment to determine whether the instrument should be recognised under FRS 102 section 11 (basic financial instruments) or section 12 (other or non-basic financial instruments).

Financial assets

Financial assets are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest rate method. The financial assets are classified as falling due within one year and are not amortised.

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

The financial assets include cash at bank, debtors falling due within one year and investments.

Impairment of financial assets

The group assesses on an on-going basis whether each financial instrument is impaired. If there is objective evidence that any impairment loss on financial instruments has arisen, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash, discounted at the financial asset's original effective interest rate. The carrying amount of the financial instrument is reduced through the use of a loss provision.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Investments

Investments in subsidiaries

This includes investments in subsidiaries, which are initially recognised at cost.

Other equity investments

This includes a 9.9% holding in the Non-bank Credit Organisation (NKO), a non banking payments and settlements institution resident in Russia.

At each reporting date an assessment is made as to the fair value of the investment. Any change to the recognised fair value in the year is taken to the income statement.

Notes to the accounts
for the year ended 31 December 2020 (continued)

Debtors

Short term debtors are measured at transaction price less any impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash comprises cash at bank that is readily available and which is not at risk of significant changes in value. Cash equivalents comprise secure deposits held at settlement partners of the Company in support of business activities.

Wallet holder's cash

The company maintains a bank account which is segregated from operating funds and which contains funds held on behalf of customers (Wallet holders). The balance in the segregated account is maintained at a sufficient level to fully offset amounts owing to the company's customers.

Segregated accounts

The company maintains bank accounts, which are segregated from operating funds. The balances in the segregated accounts are maintained at a sufficient level to fully offset amounts owing to the company's customers and partners.

Financial liabilities

Financial liabilities include creditors, an interest bearing loan and convertible loans. Financial liabilities are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest rate method. The financial liabilities classified as falling due within one year are not amortised. Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). The creditors are treated as basic financial instruments, are classified as falling due within one year and therefore are not amortised.

Interest bearing loans and borrowings

The loan is classified as a basic financial instrument and is initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, the interest bearing loan is subsequently measured at amortised cost using the effective interest rate method.

Convertible loans

Loans classed as convertible loans are assessed to be a debt liability under FRS 102 sections 22.3 as non basic financial instruments under section 12. The convertible loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, the loans are subsequently measured at fair value with any change in fair value taken to the income statement.

Notes to the accounts
for the year ended 31 December 2020 (continued)

Offsetting of financial instruments

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

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. This includes ordinary, preference and deferred shares issued including shares issued under employee share option schemes. All shares have equal voting rights to vote at general meetings and receive dividends except for deferred shares which do not carry dividend or voting rights.

Employee share based payments

The company operated a scheme which ran from 1 May 2020 to 31 March 2021, under which the company received services from employees as consideration for equity instruments (options) of the company. The fair value of the employee services received in exchange for the grant of options and awards is recognised as an expense. The total amount is determined by reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified conditions are to be satisfied.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to the profit and loss statement.

As of 1 January 2020, the group converted all statutory reporting into US dollar to align with the reporting currency used within the group. 2019 figures have been restated from GBP using the exchange rate of $1:£0.763 which was the market rate at 31 December 2019.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Notes to the accounts
for the year ended 31 December 2020 (continued)

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Current and deferred tax assets and liabilities are not discounted.

Leased assets

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Notes to the accounts
for the year ended 31 December 2020 (continued)

2. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities at the reporting date. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (including those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Expected useful life and impairment of intangible assets including goodwill

The estimated useful lives of intangible assets including goodwill are based on management's estimate of the period during which the assets will be used. The group conducts an annual review of the expected pattern of consumption of the future economic benefits embodied in the asset and if there has been a change, the appropriate change is made to the amortization method.

At each reporting date, the carrying value of intangible assets including goodwill is assessed and any impairment, if identified, taken to the income statement. The assessment is carried out based on the present value of future cash flows attributable to the underlying cash generating unit.

Investments

The fair value of investments in equity instruments is measured based on the present value of future cash flows generated from the earnings of the underlying investment. For investments other than subsidiary undertakings, an independent valuation was used to determine the purchase price. An assessment was carried out by the company at the reporting date to determine if there was any change in the fair value of the investment. Any movement is taken to the income statement. This assessment involved the use of estimates and the actual value could vary.

Financial assets held at fair value

Assets held at fair value comprise a derivative option to acquire the remaining shares in NKO, in which the company holds a 9.9% investment. The option was initially recognised at fair value which was the transaction price. After initial recognition, the option was subsequently measured at fair value. As a level 3 derivative under FRS 102, management assessed non markets indicators of the value of the underlying asset such as market and company trading conditions and performance. This assessment involved the use of judgements and estimates and the actual value could vary.

Convertible loans

In accordance with the accounting policy, the convertible loan arrangements entered into during the year were assessed to determine the split between debt and equity components. The management judgement was that the convertible loans should be accounted for as debt on the basis that any conversion to equity would be for a variable number of shares which could not be fully determined at the reporting date. The assessment of the loan value was determined with reference to contractual rights under the loan agreements and with reference to the potential market value of the shares of the company into which the loans could be converted.

Preference equity shares

The preference shares issued by the company contain a right to convert to ordinary shares. Per the current Articles of the company, any conversion takes place on a one for basis. The management judgement is therefore that the preference shares are accounted for as equity.

Share based payments

The company used an independent market valuation to determine the fair value of the options granted. The number of options granted to employees is fixed and the scheme expired on 31 March 2021. Due to the low number of employees involved and the short period the scheme remained in place post year end, a 5% change in the value of the group would not have a material impact on the share based payment compensation expense.

Notes to the accounts
for the year ended 31 December 2020 (continued)

3. Analysis of turnover

	2020 $k	2019 $k
Analysis of turnover		
Services rendered	**44,444**	**19,831**
By geographical market:		
UK	1,466	197
Europe	24,776	4,664
America	758	268
Rest of world	17,444	14,702
	44,444	**19,831**

4. Operating loss

		Note	2020 $k	2019 $k
Operating loss				
This is stated after charging:				
Depreciation of tangible assets		9	456	81
Amortisation of intangible assets		10	1,651	1,842
Amortisation of goodwill		11	871	871
Operating lease costs: office rents			963	499
Employee share option expense		22	771	-
Fee for audit services	Group		137	127
Fee for audit services	Subsidiaries		122	60
Fee for non audit services			19	8
Unrealised foreign exchange			(53)	115
			4,937	**3,603**

Fees for non audit services comprise fees charged for tax compliance services. The audit fees are exclusive of VAT and out of pocket expenses.

Notes to the accounts
for the year ended 31 December 2020 (continued)

5. Directors' emoluments

	2020 $k	2019 $k
Directors' emoluments		
Emoluments	**242**	**131**
Highest paid director		
Emoluments	**99**	**131**

6. Staff costs

	2020 $k	2019 $k
Staff costs		
Wages and salaries	9,827	3,558
National Insurance	1,003	34
Other pension costs	40	1
	10,870	**3,593**

Staff costs include employee share option expenses amounting to $771k (2019: $nil).

Average no. employees during the year	No.	No.
Administration	279	142

7. Interest

	2020 $k	2019 $k
Interest received	**31**	**24**

	2020 $k	2019 $k
Loan interest payable	**162**	**90**

Notes to the accounts for the year ended 31 December 2020 (continued)

8. Taxation

	2020 $k	2019 $k
Taxation		
Analysis of charge in year		
Current tax:		
UK Corporation tax at 19% (PY: 19%)	-	-
Foreign taxation	171	76
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on ordinary activities	**171**	**76**
Provision for deferred tax		
Movement in provision:		
Provision at start of the year	-	-
Deferred tax charged in the statement of comprehensive income for the year	-	-
Provision at the end of the year	-	-

The group had total carried forward losses of $39,483k (2019: $23,111k) against which the Directors have chosen not to recognise a deferred tax asset

Group deferred tax (asset)/liability not recognised: $k	(5,854)	(2,517)

Subsequent to the year end, the UK published the Finance Bill 2021, which stated that the UK corporate tax rate would increase to 25% from 1 April 2023. This would have the impact of increasing the tax payable on any future profits the company may generate.

	2020 $k	2019 $k
Reconciliation of tax charge		
Loss on ordinary activities before tax	(15,956)	(9,697)
Tax on loss on ordinary activities at standard CT rate of 19% (PY: 19%)	(3,032)	(1,842)
Effects of:		
Fixed asset differences	-	1
Expenses not deductible for tax purposes	1	30
Deferred tax not recognised	3,031	1,811
Tax charge/(credit) for the year	-	-

Notes to the accounts
for the year ended 31 December 2020 (continued)

9. Tangible fixed assets

Group:

	2020 $k	2019 $k
Tangible assets		
Computer and office equipment:		
Cost or valuation		
At 1 January	1,084	491
Additions	379	728
Disposals	-	(135)
Currency translation differences	(137)	-
Cost reclassification	436	-
At 31 December	1,762	1,084
Depreciation		
At 1 January	100	43
Charge for the year	456	81
Disposals	-	(24)
Currency translation differences	(79)	-
Depreciation reclasification	433	-
At 31 December	910	100
Carrying amount		
At 31 December	**852**	**984**

The cost reclassification represents reallocation of assets previously recognised as intangible fixed assets.

Notes to the accounts
for the year ended 31 December 2020 (continued)

Tangible fixed assets (continued)

Company:

	2020 $k	2019 $k
Tangible assets		
Computer and office equipment:		
Cost or valuation		
At 1st January	288	26
Additions	69	262
At 31st December	357	288
Depreciation		
At 1st January	37	4
Charge for the year	73	33
At 31st December	109	37
Carrying amount		
At 31st December	**248**	**252**

Notes to the accounts
for the year ended 31 December 2020 (continued)

10. Intangible fixed assets

Group:

	2020 $k	2019 $k
Intangible assets		
Computer software development:		
Cost		
At 1 January	7,731	4,825
Additions	703	2,121
Disposals	(36)	(1)
Currency translation differences	(258)	-
Cost reclassification	(2,223)	786
At 31 December	5,917	7,731
Amortisation		
At 1 January	3,380	1,047
Charge for the year	1,651	1,842
Currency translation differences	(148)	-
Amortisation reclassification	(655)	492
At 31 December	4,228	3,380
Carrying amount		
At 31 December	**1,689**	**4,351**

The cost reclassification represents assets reallocated to tangible fixed assets and other current assets.

Notes to the accounts
for the year ended 31 December 2020 (continued)

Intangible fixed assets (continued)

Company:

	2020 $k	2019 $k
Intangible assets		
Computer software development		
Cost		
At 1 January	6,438	4,227
Additions	851	2,210
At 31 December	7,288	6,438
Amortisation		
At 1 January	3,295	1,529
Charge for the year	2,101	1,766
At 31 December	5,396	3,295
Carrying amount		
At 31 December	**1,892**	**3,142**

11. Goodwill

	2020 $k	2019 $k
Goodwill		
Cost		
As at 1st January	8,712	8,508
Additions	-	204
At 31 December	8,712	8,712
Amortisation		
At 1 January	871	-
Charge for the year	871	871
As at 31st December	1,742	871
Carrying amount		
At 31 December	**6,970**	**7,841**

Notes to the accounts
for the year ended 31 December 2020 (continued)

12. Investments

	Group 2020 $k	Group 2019 $k
Other equity investment		
Non-bank Credit Organisation (NKO)	212	-

The investment in NKO represents a 9.9% holding of Ordinary shares in the entity.
The principal activity of NKO is to facilitate B2C or B2B payments and transfers.

	Company 2020 $k	Company 2019 $k
Investments in subsidiaries		
Shares in subsidiary undertakings	24,474	24,178

The company holds the share capital of the following companies:

Company	Shares held Class	%	Country of incorporation
Paysend plc	Ordinary	100	UK
Paysend Processing LLC	Ordinary	100	Russia
Wilson Corporation LLC	Ordinary	100	Russia
Robokassa LLC	Ordinary	100	Russia
Paysend Technology Limited	Ordinary	100	UK
Paysend Canada Limited	Ordinary	100	Canada
Paysend US LLC	Ordinary	100	USA
Robokassa LLP	Ordinary	100	Kazakhstan
Payend EU DAC (non trading)	Ordinary	100	Ireland

The principal activity for all subsidiaries is to facilitate B2C or B2B payments and transfers.

Registered addresses:

Paysend plc: C/O Rooney Nimmo, 8 Walker Street, Edinburgh, EH3 7LA
Paysend Processing LLC: 121108, Moscow, Varshavkoe Shosse 47/4
Wilson Corporation LLC: 109428, Moscow, Ryazan Avenue, 16 p.4 room 23
Robokassa LLC: 119334, Moscow, Kanatchikovsky proexd 3
Paysend Technology Limited: C/O Rooney Nimmo, 8 Walker Street, Edinburgh, EH3 7LA
Paysend Canada Limited: 400-906 12 Avenue SW, Calgary, AB T2R 1K7
Paysend US LLC: 1675 S State Street, Suite B, Dover, Delaware 19901
Robokassa LLP: 5 Al Farabi Avenue, Office 201, Nurly Tau Business Centre, 050009, Almaly
Paysend EU DAC: 25-28 North Wall Quay, D01 H104, Dublin

Notes to the accounts
for the year ended 31 December 2020 (continued)

13. Financial assets at fair value

	Group 2020 $k	Group 2019 $k	Company 2020 $k	Company 2019 $k
Financial assets at fair value				
Non-bank Credit Organisation (NKO)	**802**	**-**	**802**	**-**

The financial instrument represents an option, but not an obligation to purchase the remaining 91.1% shareholding in NKO. The company is not yet able to excercise the option and as such does not hold control or significant influence over NKO.

14. Stocks

	Group 2020 $k	Group 2019 $k	Company 2020 $k	Company 2019 $k
Stocks				
Inventories	**35**	**30**	**-**	**-**

Stocks represent the value of Paysend Global Account cards which have been pre-purchased and which are distributed to customers when they apply for a physical card.

15. Debtors

	Group 2020 $k	Group 2019 $k	Company 2020 $k	Company 2019 $k
Debtors				
Trade debtors	928	223	117	-
Amounts owed by group undertakings	-	-	17,965	2,633
Amounts owed by related entities	70	75	-	-
Deferred tax asset	82	31	-	-
Other debtors	11,881	716	173	133
Prepayments	826	510	429	118
	13,787	**1,554**	**18,684**	**2,885**

Other debtors represent funds due from partners or held on account with partners to support business operations.

Notes to the accounts
for the year ended 31 December 2020 (continued)

16. Cash and cash equivalents

	Group 2020 $k	Group 2019 $k	Company 2020 $k	Company 2019 $k
Cash and cash equivalents				
Own cash and cash equivalents	20,267	12,190	5,457	7,272
Restricted cash	5,288	3,676	-	-
	25,555	15,866	5,457	7,272

- Own cash and cash equivalents represents cash held at corporate accounts plus funds held with partners in order to facilitate business operations.
- Restricted cash represents cash held as collateral with partners and segregated client funds held in nominated safeguarding accounts. The value of client funds held at 31 December 2020 was $399k (2019: $83k).

17. Creditors due within one year

	Group 2020 $k	Group 2019 $k	Company 2020 $k	Company 2019 $k
Creditors: amounts falling due within one year				
Convertible Loans	12,854	-	12,854	-
Loans	1,902	612	1,901	-
Trade creditors	912	1,231	77	483
Other creditors	8,660	2,709	63	62
Accruals	2,275	469	1,542	217
PAYE & NI	116	92	111	30
	26,719	5,113	16,548	793

Analysis of convertible loans

2020

The loan represents convertible loans amounting to $9 million, issued in July 2020 in exchange for cash. The loan notes carried the right to convert to preference shares with the nominal value of $0.0001 at the following discounts to any next round of fund raising if any such fund raising closed by:

- 31 March 2021 (30% discount)
- Post 31 March 2021 (at a price as determined by the preferred shareholders with preferred shareholder consent as determined in the shareholder agreement)

The company performed an assessment of the loan notes under FRS 102 22.3 and IAS 32, which determined that the loan notes should be accounted for as debt as the financial instrument would be converted to a variable number shares upon conversion, based on the market value of the shares on the conversion date.

Subsequent to the year end, the loan notes were converted on 31 March 2021 at a 30% discount to the determined market value of the shares of the company as at the conversion date.

The value of the loan included within creditors due within one year represents the loan principle and the movement in fair value as calculated in accordance with the accounting policy of the company per note 1.

Notes to the accounts
for the year ended 31 December 2020 (continued)

Creditors due within one year (continued)

Analysis of convertible loans (continued)
The fair value charge taken to the income statement was calculated at $3.85 million based on a 30% discount being applied to the assessed market value of the shares which could be issued upon conversion.

A 5% movement in the share price would cause a $643k movement in the fair value adjustment.

2019
The loan was a convertible loan that converted into preferred shares in 2020.

Analysis of loans:
2020: The loan represents a commercial loan arrangement entered into by the company for $10 million. The full amount of the loan was drawn by the reporting date. Creditors due within one year includes the portion of the loan which will be repaid within one year, full repayment as per note 18.

Other creditors represent funds owed to partners to support business operations.

18. Creditors due over one year

	Group 2020 $k	Group 2019 $k	Company 2020 $k	Company 2019 $k
Creditors: amounts falling due greater than one year				
Loans	8,153	-	8,153	-

Analysis of loans:
2020: The loan represents a commercial loan arrangement entered into by the company for $10 million. The full amount of the loan was drawn by the reporting date. The loan carries an interest rate of the greater of 10% or EURIBOR+10% and will be repaid in full by 31 May 2024.

19. Lease commitments

Paysend Group had the following lease commitments as at 31 December 2020.

	< 1yr $k	1 - 5 years $k	> 5 years $k
Lease commitments			
At 31st December 2020	475	1,159	364

The total amount committed to at 31 December 2020 was $1,998k

Lease payments recognised as an expense in the year totalled $963k (2019: $499k).
All lease payments related to office rent costs.

Notes to the accounts
for the year ended 31 December 2020 (continued)

20. Share capital

	Nominal Value $	2020 No. 000s	2020 $k	2019 $k
Share capital				
Allotted, called up and fully paid:				
Ordinary shares	0.0001	18,461	2	2
Preference shares	0.0001	4,856	-	-
Deferred shares	0.0001	64	1	1
Growth shares	0.0001	301	1	-
		23,683	**4**	**3**
Shares issued and paid up during the year:				
Preference shares	0.0001	635	0	
Growth shares	0.0001	301	1	
Shares issued and not paid during the year:				
Ordinary shares	0.0001	98	0	

The number of shares issued during the year was 1,033,800 at a nominal share value of $0.0001. Full consideration was received for 732,361 shares, of which 301,439 were shares reserved under employee share option schemes as per note 22. 97,847 shares were issued but not paid and which relate to shares reserved under employee share option schemes as per note 22.

All issued shares are fully paid, with the exception of those shares, which are reserved under the employee share option scheme and have equal rights to vote at general meetings and receive dividends with the exception of Deferred and Growth shares which do not carry dividend or voting rights.

As defined in the articles, in the advent of a repayment of capital on liquidation, preference shares carry a priority repayment clause ahead of other share classes.

21. Share premium

	Group 2020 $k	Group 2019 $k	Company 2020 $k	Company 2019 $k
Share premium				
At 1 January	48,623	21,108	48,623	21,108
Shares issued	5,887	27,515	5,887	27,515
At 31 December	**54,510**	**48,623**	**54,510**	**48,623**

Notes to the accounts
for the year ended 31 December 2020 (continued)

22. Share based employee compensation

Employee salary option scheme
The employee share option plan was designed as a way to reduce cash expenditure during the uncertainty of the pandemic whilst creating a long term incentive to align staff to deliver long term shareholder returns. Under the plan, certain employees were granted share options in the parent company, vesting monthly over an 11 month period until 31 March 2021. Once vested the options must be exercised within a 10 year period. Options were granted under the plan for no consideration and rank *pari passu* with other ordinary shares.

Set out below are summaries of the options granted under the plan:

Group	2020		2019	
	Average exercise price per share option $	No. options	Average exercise price per share option $	No. options
At 1 January	-	-	-	-
Vested in the year	0.0001	97,847	-	-
Excercised in the year	0.0001	-	-	-
At 31 December	**0.0001**	**97,847**	**-**	**-**

The assessed fair value at grant date of options granted during the year ended 31 December 2020 was $7.88 per option on average. The fair value at grant date is determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

Growth option scheme
The growth option scheme plan offered a long term incentive to align senior staff to deliver long term shareholder value. Under the plan, certain senior staff were granted share options in the parent company, vesting every six months over a four year period. The options were granted for a contribution of $0.35 per share. Growth shares do not carry dividend or voting rights. As at 31 December 2020, no growth shares had vested.

The model inputs for options granted during the year ended 31 December 2020 included:
- Options are granted for no consideration and vest over an 11 month period according to the vesting conditions
- Average exercise price of $0.0001
- No dividends payable
- Expected price volatility of the Company's shares of 227%
- Risk free interest of 2%, based on the Bank of England's target inflation rate
- Expected price volatility is based on the historical movements in the Company's non market share price and in comparison to companies engaged in a similar basis to the Company

Notes to the accounts
for the year ended 31 December 2020 (continued)

23. Dividends

No dividends were issued or proposed in 2020 (2019: $Nil).

24. Related parties

Ronald Millar is a director of the company. He charged the group for his services as a director. The fees for the year amounted to $99k (2019: $131k). Ronald Millar is a director of both Paysend plc and Singula Decisions Limited. The balance owed by Singula Decisions Limited at 31 December 2020 was $70k (2019: $78k).

Dmitry Palchikov is a director of one of the company's subsidiaries, Paysend Processing LLC. He charged Paysend Group Ltd for his services as a director of Paysend Processing LLC. The fees for the year amounted to $245k (2019: $219k).

25. Events after the reporting date

Post year end the group successfully completed a $125m round of fund raising. This will be used to expand the scale of the group's global presence, including increasing the range and scope of the company's payment services and thus grow overall financial metrics across the group.

26. Principal place of business

The address of the company's principal place of business is:

1st Floor
20 Garrick Street London
WC2E 9BT

27. Ultimate ownership of the company

The Group is majority owned by Digital Space Ventures which is incorporated in Luxembourg. The ultimate controlling party is Elvira Abdulkerimova.