Paysend Group Limited

Company Number SC562529

Annual Report - 31 December 2022

Paysend Group Limited
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Directors	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 (resigned 15 March 2023) Francisco Javier Perez Sanchez - Non-Executive Director (appointed 13 January 2022) Christoph Henry Mayer - Non-Executive Director (appointed 15 March 2023)
Registered office	C/O MBM Commercial LLP Suite 2 Orchard Brae House 30 Queensferry Road Edinburgh EH4 2HS
Independent auditor	MHA 2 London Wall Place 6th Floor 2 London Wall Place London EC2Y 5AU

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as "Paysend" or "Group") consisting of Paysend Group Limited (referred to hereafter as the "company" or "parent entity") and the entities it controlled at the end of, or during, the year ended 31 December 2022. The company holds investments in wholly owned subsidiaries as listed in note 12 to the financial statements.

The Group reported a loss after taxation for the year of $65.1 million (2021 (Restated): loss of $31.2 million).

Directors
The following persons were directors of Paysend Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Abdul Abdulkerimov
Ronald Millar
Michael Fazio
Mark Evans
Humbert de Liedekerke Beaufort (resigned 15 March 2023)
Francisco Javier Perez Sanchez (appointed 13 January 2022)
Christoph Henry Mayer (appointed 15 March 2023)

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

The forecasts prepared cover a period of 12 months from the date of approval of the financial statements, which together with the supporting assumptions are reviewed and approved by the Board. The current forecast shows that the company is able to operate throughout this period and the Directors believe that the assumptions underpinning this forecast are both prudent and reasonable.

The sanctions imposed on Russia reduced the ability for entities to do business with Russian companies and individuals. Paysend has historically provided services to the Russian market, but all services were halted in March 2022. In addition, Paysend performed an in-depth strategic, tactical and operational review of the business and implemented several changes including, but not limited to;

- Maintaining a conflict risk assessment to identify and mitigate new or changing risks or sanctions.
- Operational changes to ensure compliance with the new regulatory sanctions environment.
- In 2022 the group completed the sale of its subsidiaries in Russia and awaits regulatory approval to disposal of its investment in Payments and Settlements,. non-bank Credit Organisation ("NKO")
- *Established Paysend Technology Centre d.o.o. Beograd Starigrad, a new subsidiary office in Serbia as a technical* development centre.

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.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Charitable and political donations
No charitable or political donations were made during the year.

Independent Auditor
MHA were appointed as auditors of the company for the year. Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that they are obliged to take as a director in order to made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report was approved by the Board of Directors and signed on its behalf by:

Ronald Millar
Director

2nd February 2024

Paysend Group Limited
Statement of Directors' Responsibilities
31 December 2022

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and the profit or loss of the group for that year.

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, in terms of the group and the company financial statements United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law)has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors present their strategic report on the group for the year ended 31 December 2022.

Business definition

Paysend is a next-generation integrated global payment ecosystem, enabling consumers and businesses to pay and send money online anywhere, anyhow, and in any currency. Paysend is UK-based and has a global reach, having been created in April 2017 with the clear mission to change how money is moved around the world. Paysend currently supports cross-network operability globally across the major international card networks Mastercard, Visa, China UnionPay, local ACH, SEPA, wallets and instant payment schemes.

Paysend can send money to over 170 countries worldwide and has attracted more than eight million consumers to its platform. As an end-to-end payment platform, Paysend has integrated with a global network of banks and international and local payment systems and has partnerships with the major international card networks as principal members and certified processors.
Paysend's overarching objective is to make global money transfers as simple, instant and cost effective as possible.

The Group's product strategy is built, executed, and tailored for two major market segments:

Paysend Consumer
Paysend provides simple, rapid money transfer services to consumers globally, serving payments to over 170 countries. Payments can be made card-to-card using Mastercard, Visa & China Union Pay rails, or alternatively sent to a bank account or e-wallet in the destination country.

Paysend Enterprise
Paysend's Enterprise proposition is tailored to large organisations making large scale simultaneous payments to individuals via card rails or bank account. Paysend provides a fast, simple and cost-effective payment platform via a single API integration. Enterprise clients include global payroll companies, financial services and payments companies.

The above product lines leverage Paysend's own world class tech stack, providing the Group with a competitive edge and valuable know-how.

Economic and Business Environment overview

2022 was a challenging year for Paysend, driven by geopolitical events, global economic slowdown and inflationary pressures. Strong economic growth continuing from 2021 was abruptly stopped by the war in Ukraine, which had a major impact on how the Group conducts business from a number of angles:

1. The Group divested its Russian operating subsidiaries by April 2022 and strengthened its focus on international payment corridors in other markets. The divestment of our 9.9% share in NKO is pending approval of the Russian authorities.

2. Paysend established a new world-class IT hub in Belgrade, Serbia, in May 2022 and relocated its key development, engineering and technology resources formerly based in Russia to Belgrade and other offices worldwide over the course of the year.

3. Increased compliance efforts and costs to ensure that the complex and evolving sanctions landscape is correctly understood, and that Group businesses remain fully compliant.

4. The Group continued with its efforts to set-up a regulated e-Money entity for its EU business in Ireland, the licence was granted at the end of 2022 to overcome the consequences of Brexit.

5. Increased inflation and disrupted supply chains across a number of markets where Paysend operates suppressed economic activity and increased price sensitivity, especially in the consumer market.

In the last quarter of 2022, Paysend commenced the next fundraising round, attracting interest from both the existing investor base as well as new strategic partners. A strategic partnership deal was signed in April 2023 with TelevisaUnivision ("UVN"), the world's leading Spanish-language media company, serving the Spanish-speaking communities in the United States, Mexico and worldwide. The partnership agreement has been structured in the form of a media-for-equity deal, whereby Paysend obtains brand recognition and media coverage in the key US market, whilst UVN takes an equity stake and joins Paysend's pool of investors. Investment agreements with other round participants were finalized in November 2023 which took the round total to $65 million and included MasterCard as a strategic investor.

The pandemic accelerated the shift towards digital payments, with consumers and businesses increasingly relying on contactless and online transactions. Paysend, with its innovative technology stack, was well positioned to capitalize on this trend, experiencing an upsurge in demand for its card-to-card and bank account-to-card transfers.

2022 also witnessed ongoing regulatory developments in the global payments industry. Regulatory authorities introduced further measures to enhance consumer protection, anti-money laundering, promote competition, and ensure the security of digital transactions. Paysend continues to adapt to these ongoing changes, demonstrating its commitment to compliance and maintaining strong relationships with regulatory bodies.

Operational and Financial Performance

After a strong start to the year, the Russian invasion of Ukraine required swift action to reposition the business in the new geopolitical reality.

Following disposal of the Russian subsidiaries, management has focused on growing and expanding international transfer business originating in Europe and North America, streamlining the business product range and leveraging Paysend's global transfer platform to launch the Enterprise product offering.

Despite major external challenges Revenue declined by only 11.7% to $66.9m from $75.8m in 2021 (note 3) driven by the exit from the Russian market and repositioning of Paysend towards new payment corridors with Consumer business taking the brunt of the reduction.

Gross profit, however, experienced a stronger decline to $13.9m (2021: $33.9m) driven by additional costs incurred in changing business and process flows, one off foreign exchange movements driven by the volatility in emerging market currencies, as well as establishing the Serbia IT hub, as the Group transitioned away from Russian operations. Paysend has taken steps to neutralise the impact of permanent cost increases and implemented actions to reduce partner costs to remain competitive.

Administrative expenses increased by 2% to $69.7m (2021: $67.3m) for the year and subsequent actions were taken to reduce our cost base including reduction in headcount and cost efficiencies.

The gain on disposal of Russian subsidiaries Robokassa LLC, Paysend Development LLC and Paysend Processing LLC supported the overall result for the year, amounting to $8.5m, with a loss of $0.4m of realised foreign currency translation reserves transferred directly via other comprehensive income. Given the current political situation and economic environment in Russia, management took the decision to write down the remaining value of our NKO interest and impair the receivable of $20m from the sale of the Russian subsidiaries.

Loss before tax was $63.2m against $32.9m a year earlier primarily driven by movements in gross profit as above and provisions against receivables. Included within the loss before tax are foreign exchange losses on emerging market currencies amounting to $16.65m.

The shift in business from Russian and satellite markets to other corridors have translated into balance sheet growth with working capital and client monies increasing on 2021 levels. The Group continued to invest the funds raised in the prior year into products, marketing and operations, resulting in net cash outflow before financing activities for the year of $35.33m (2021: 34.15m).

Overall, Paysend achieved a solid result under very difficult conditions and pivoted its geography focus as well as launched additional product offerings. The Group continued to leverage its advanced technology stack and strong relationships with card schemes and partners to streamline the product range and enter new segments and markets:

- Paysend Enterprise was launched in early 2022, focusing on supplying various payout rails to providers interested in mass payments to individuals. Mastercard Transaction Services (formerly Homesend) and Deel, a major outsourced hiring, payroll and compliance company, have joined as the first commercial clients over the course of 2022.
- The Group continued its geographic expansion and network optimisation efforts, securing an EMI licence in Ireland through its subsidiary, Paysend EU Designated Activity Company, in December 2022. Significant growth in active users and transfers materialised in the US and Canada, a key focus market for the Group strategically. A UAE licence application has been lodged in June 2022 and is in progress. A number of Asian markets have been identified as targets for future expansion in the longer term.
- The customer onboarding and KYC journey has been substantially reworked, simplified and expedited to ensure seamless customer experience.

- Our next generation technology platform, Paysend 3.0, is under development with completion during 2024. The platform aims to improve internal and external processes across the entire product range, simplify and accelerate new product development, and lay the foundations for closer integrations with clients, schemes and partners.
- Rationalisation and restructuring of the cost base to deliver improved performance through automation, higher productivity and focused marketing and geographic expansion efforts.

Outlook for 2024

Paysend will continue to develop its technology stack and leverage strong relationships with Visa, Mastercard and other key network partners to enhance its presence in key global markets and payment corridors.

United States and Latin American markets will be the focus point of the medium-term business strategy, focusing across all market segments:

- Paysend Consumer - launch of Paysend Libre will enable the Group to serve underbanked communities in key Latin American markets. Paysend Libre is a hybrid consumer product allowing individuals in the United States to send money to their unbanked friends and family in Latin America with the possibility to spend it either as a card purchase or as cash.
- Paysend Enterprise – we are enabling our Enterprise platform to onboard US companies in our target segments following strong interest from our existing and prospective customer base.
- UVN partnership will drive brand recognition and substantial growth in our active user base in the United States.

The group will continue to focus on profitable growth through optimising our cost structures and negotiating preferential pricing in high volume payment corridors. We intend to remain a significant player in Eastern Europe, Central Asia and accelerate our expansion to the Middle East. In the Enterprise segment, growth of our client base and further improving the connectivity and platform capabilities for customers globally will also be a key priority.

Over the course of 2023, Paysend has secured $20 million of loan finance in addition to $65 million of funding in the current round.

Mastercard and Paysend completed a commercial agreement to collaborate on the creation of an open payments network, a joint solution for cross-border payments, which orchestrates end-to-end payment flows, from initiation to settlement, and enables real-time payments and settlements.

The proceeds from the funding round will be used to continue developing Paysend's technology stack and product range, the open payments network and support business growth across the Americas and other key markets.

Engaging with stakeholders: section 172(1) 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. Their views and needs, as well as the consequences of any decision in the long term are then considered in the business decisions made by the Board and across the entire Company, at all levels. We do this through various methods, including direct engagement by Board members; receiving reports and updates from members of management who engage with such groups; and coverage in our Board papers of relevant stakeholder interests regarding proposed plans. Our key stakeholders include:

Our customers
Our customers are at the centre of everything we do. The vision of Paysend is to deliver a suite of products to enable the simplest cross-border money transfers. We design our products from the initial analysis of customer needs and then to ensure that 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 customer 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 for our shareholders covering key topics including strategy, governance and financial performance.

Employees
Our employees are our most valuable asset. We actively seek to attract, develop and retain 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-functional team meetings and group wide "Voice" townhalls to maintain and improve understanding of group activities and results and actively ask our employees for ways in which we can improve our business.

Paysend is committed to a hybrid working model mixing office and remote working. This policy allows 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.

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. The Company's principal UK subsidiary – Paysend Plc - operates in a regulated environment and must adhere to the Electronic Money Regulations Act 2011 and Payment Services Regulations 2017. 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.

The company prepares the financial statements in accordance with the Companies Act 2006 and FRS 102.

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 registered with the Financial Conduct Authority (FCA) whilst Paysend EU Designated Activity Company ("EU DAC"), a 100% owned subsidiary of Paysend plc, is an authorised electronic money institution registered with the Central Bank of Ireland ("CBI"). Dedicated resources are in place to ensure continued compliance with the FCA and CBI regulatory requirements, and to understand emerging regulatory changes.

The main risks arising from the group's financial instruments are foreign currency risk, credit risk, liquidity risk and political risk. The Directors review exposure to each of these risks on a regular basis and assess whether 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. 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.

The table below presents the group's net position (difference between financial assets and liabilities) across all of its main currencies and the group's exposure to the foreign exchange risk at the end of the reporting period.

	$'000
Net Exposure by Currency	
USD	20,001
GBP	7,028
EUR	2,693
Other Currencies	4,634

A 5% weakening or strengthening of the US dollar against these would result in an exchange loss or gain of $718k ignoring all other variables and taxation.

	$'000
Net Sensitivity by Currency	
GBP	351
EUR	135
Other Currencies	232

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, and ensuring our risk management framework includes appropriate third-party due diligence.

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 there are sufficient capital resources to meet cash flow liabilities.

Sanctions on Russia

On 24th February 2022, Russia invaded the Ukraine, which resulted in a number of wide-reaching sanctions imposed on Russia and numerous Russian entities and individuals from various nations around the world. These sanctions included the restriction of cash and currency movements in and out of Russia and the ability to carry on business with Russian entities or individuals.

Paysend reacted swiftly to ensure it was and remains compliant with all sanction requirements in 2022, whilst also restructuring the Group to be able to scale sustainably into the future. Paysend decided in March 2022 to cease all transfers to and from Russia. The Company has managed to partially offset loss of Russian market sales through increased revenue across other geographies from consumer and business customers.

The sanctions imposed on Russia reduced the ability for entities to do business with Russian companies and individuals. Paysend has historically provided services to the Russian market, but all services were voluntarily halted in March 2022. In addition, Paysend performed an in-depth strategic, tactical, and operational review of the business and implemented several changes including, but not limited to:

- Maintaining a conflict risk assessment to swiftly identify and mitigate new or changing risks or sanctions.
- Operational changes to ensure compliance with the new regulatory sanctions environment.
- In April 2022 the Group completed the sale of its subsidiaries in Russia (Robokassa LLC, Paysend Development LLC and Paysend Processing LLC) for a total sum of $20m and has been awaiting government approval for its disposal of the minority investment in NKO. Due to the current political and economic environment in Russia, the Group has taken a decision to write off the value of the minority investment ($2.4m) and fully impair the value of the $20m disposal proceeds receivable.
- Established a new subsidiary office in Serbia in May 2022 as a technology and engineering hub and technical development centre. This location now houses over 100 employees including key technical and engineering roles previously based in Russia.

This report was approved by the Board of directors.

On behalf of the directors

Ronald Millar
Director

2nd February 2024

Independent auditor's report to the members of Paysend Group Limited

Opinion

We have audited the financial statements of Paysend Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated statement of profit or loss and other comprehensive income, consolidated and company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, statement of cash flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law 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 2022 and of the Group's loss for the year then ended.
- have been properly prepared in accordance with UK 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 ethical responsibilities in accordance with those 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 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 Group 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.

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. 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.

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

Responsibilities of directors

As explained more fully in the 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 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 and the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for 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.

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.

R Saunak

Rakesh Saunak FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
2nd February 2024
MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Paysend Group Limited
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 Continuing Operations $'000	2022 Discontinued Operations $'000	2022 Total $'000	2021 Continuing Operations $'000	2021 Discontinued Operations $'000	2021 (Restated) $'000
Turnover	3	61,862	5,047	66,909	58,470	17,357	75,827
Cost of sales	4	(49,997)	(2,980)	(52,977)	(31,816)	(10,099)	(41,915)
Gross profit		**11,865**	**2,067**	**13,932**	**26,654**	**7,258**	**33,912**
Other income		-	-	-	19	16	35
Administrative expenses		(65,843)	(3,888)	(69,731)	(53,626)	(13,710)	(67,336)
Change in the fair value of the financial instruments		(2,357)	-	(2,357)	1,343	-	1,343
Finance costs		(364)	(26)	(390)	(875)	13	(862)
Operating loss		(56,699)	(1,847)	(58,546)	(26,485)	(6,423)	(32,908)
Disposal of subsidiaries		-	(4,756)	(4,756)	-	-	-
Loss before income tax expenses		(56,699)	(6,603)	(63,302)	(26,485)	(6,423)	(32,908)
Income tax expense	9	(119)	-	(119)	983	(839)	144
Loss after income tax (expense)/benefit for the year		(56,818)	(6,603)	(63,421)	(25,502)	(7,262)	(32,764)
Other comprehensive income							
Foreign currency translation		(1,631)	-	(1,631)	891	-	891
Other comprehensive (loss)/income for the year, net of tax		(1,631)	-	(1,631)	891	-	891
Total comprehensive (loss)/income for the year		(58,449)	(6,603)	(65,052)	(24,611)	(7,262)	(31,873)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Paysend Group Limited
Consolidated and company Statements of financial position
As at 31 December 2022

	Note	Consolidated		Company	
		2022	2021 (Restated)	2022	2021 (Restated)
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Financial assets at fair value		-	1,910	-	1,910
Computer and Office equipment	10	516	2,183	268	269
Intangibles assets including goodwill	11	6,032	5,901	5,675	6,293
Investments	12	439	797	14,169	26,634
Total non-current assets		6,987	10,791	20,112	35,106
Current assets					
Inventories		231	273	-	-
Trade and other receivables - amounts falling due within one year	14	27,945	20,413	26,640	34,744
Cash and cash equivalents	15	47,474	85,851	10,140	52,188
Total current assets		76,650	106,537	36,780	86,932
Total assets		82,637	117,328	56,892	122,038
Liabilities					
Non-current liabilities					
Creditors due over one year	16	5,282	5,172	695	5,172
Total non-current liabilities		5,282	5,172	695	5,172
Current liabilities					
Trade and other payables - amounts falling due within one year	17	39,484	16,523	9,529	5,160
Total current liabilities		39,484	16,523	9,529	5,160
Total liabilities		44,766	21,695	10,224	10,332
Net assets		37,871	95,633	46,668	111,706
Equity					
Share capital	19	5	5	5	5
Share premium	20	163,574	163,574	163,574	163,574
Accumulated losses		(135,637)	(74,363)	(126,840)	(58,290)
Share-based payment reserves		9,929	2,639	9,929	2,639
Merger reserve		-	3,778	-	3,778
Total equity		37,871	95,633	46,668	111,706

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss in these financial statements. The company's loss for the year was $72,328,000 (2021 restated: $27,807,000) The financial statements were approved by the board and authorised for issue on 2nd February 2024.

Ronald Millar
Director
2nd February 2024

The above statements of financial position should be read in conjunction with the accompanying notes

Paysend Group Limited
Consolidated Statement of changes in equity
For the year ended 31 December 2022

Consolidated	Share capital $'000	Share Premium $'000	Merger reserve $'000	Share-based payment reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2021	4	54,510	3,778	-	(43,261)	15,031
Loss after income tax expense for the year	-	-	-	-	(31,885)	(31,885)
Other comprehensive income for the year, net of tax	-	-	-	-	891	891
Prior Period Restatement (note 25)	-	(2,406)	-	-	(879)	(3,285)
Total comprehensive income for the year (Restated)	**-**	**(2,406)**	**-**	**-**	**(31,873)**	**(34,279)**
Transactions with owners in their capacity as owners:						
Share-based payments (note 21)	-	(771)	-	-	3,410	2,639
Shares issued, net of transaction costs	1	112,241	-	-	-	112,242
Balance at 31 December 2021(Restated)	5	163,574	3,778	-	(71,724)	95,633

Consolidated	Share capital $'000	Share Premium $'000	Merger reserve $'000	Share-based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2022	5	165,980	3,778	-	(72,740)	97,023
Prior Period Restatement (note 25)	-	(2,406)	-	-	(879)	(3,285)
Share-based payments (note 21)	-	-	-	2,639	(2,639)	-
Balance at 1 January 2022 - restated	5	163,574	3,778	2,639	(74,363)	95,633
Loss after income tax expense for the year	-	-	-	-	(63,421)	(63,421)
Other comprehensive loss for the year, net of tax	-	-	-	-	(1,631)	(1,631)
Total comprehensive loss for the year	-	-	-	-	(65.052)	(65,052)
Merger reserve release	-	-	(3,778)	-	3,778	-
Share options expense	-	-	-	7,290	-	7,290
Balance at 31 December 2022	5	163,574	-	9,929	(135,637)	37,871

The above statement of changes in equity should be read in conjunction with the accompanying notes

Paysend Group Limited
Company Statement of changes in equity
For the year ended 31 December 2022

Company	Share capital $'000	Share Premium $'000	Merger reserve $'000	Share-based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2021	4	54,510	3,778	-	(31,436)	26,856
Loss after income tax expense for the year	-	-	-	-	(29,055)	(29,055)
Prior Period Restatement	-	(2,406)	-	-	1,248	(1,158)
Other comprehensive income for the year, net of tax	-	-	-	-	182	182
Total comprehensive income for the year (Restated)	-	(2,406)	-	-	(27,625)	(30,031)
Transactions with owners in their capacity as owners:						
Shares issued, net of transaction costs (	1	112,241	-	-	-	112,242
Share-based payments	-	(771)	-	-	3,410	2,639
Balance at 31 December 2021	5	163,574	3,778	-	(55,651)	111,706

Company	Issued capital $'000	Share premium $'000	Merger reserve $'000	Share-based payment reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 January 2022	5	165,980	3,778	-	(56,899)	112,864
Prior Period Restatement	-	(2,406)	-	-	1,248	(1,158)
Reallocation of share option expense	-	-	-	2,639	(2,639)	-
Balance at 1 January 2022 - restated	5	163,574	3,778	2,639	(58,290)	111,706
Loss after income tax expense for the year	-	-	-	-	(72,328)	(72,328)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(72,328)	(72,328)
Merger reserve release	-	-	(3,778)	-	3,778	-
Share options expense	-	-	-	7,290	-	7,290
Balance at 31 December 2022	5	163,574	-	9,929	(126,840)	46,668

The above statement of changes in equity should be read in conjunction with the accompanying notes

Paysend Group Limited
Consolidated Statement of cash flows
For the year ended 31 December 2022

	Note	2022	2021 (Restated)
		$'000	$'000
Cash flows from operating activities			
Loss before income tax expense for the year		(63,302)	(32,908)
Adjustments for:			
Depreciation and amortisation		4,634	2,775
Impairment of goodwill		-	1,094
Share-based payments		7,290	2,639
Foreign exchange differences		(921)	2,528
Disposal of subsidiaries		4,756	-
Change in the fair value of the financial instruments		2,357	(1,343)
Finance costs		390	862
		(44,796)	(24,353)
Change in operating assets and liabilities:			
Increase in trade and other receivables - amounts falling due within one year		(5,876)	(9,020)
Decrease/(increase) in inventories		295	(238)
Increase in trade and other payables - amounts falling due within one year		22,939	2,241
Decrease in non-current loan		(1,534)	-
Increase in deferred Revenue		4,601	-
		(24,371)	(31,370)
Net cash used in operating activities			
Cash flows from investing activities			
Payments for investments		(104)	(335)
Payments for property, plant and equipment	10	(828)	(2,023)
Payments for intangible assets	11	(2,629)	(417)
Cash balances in disposed entities		(7,398)	-
Net cash used in investing activities		(10,959)	(2,775)
Cash flows from financing activities			
Interest Received		257	90
Interest Paid		(647)	(952)
Proceeds from issue of shares	19	-	97,736
Corporation Tax paid		-	137
Repayment of borrowings		(2,657)	(2,570)
Net cash from/ (used in) financing activities		(3,047)	94,441
Net increase/(decrease) in cash and cash equivalents		(38,377)	60,296
Cash and cash equivalents at the beginning of the financial year		85,851	25,555
Cash and cash equivalents at the end of the financial year	15	47,474	85,851

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

Company information
Paysend Group Limited (SC562529) is a private company limited by shares and was incorporated on 4 April 2017 in Scotland. The registered office is Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS. 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 in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the Companies Act 2006.

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 group and the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest US $ thousands.

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 forecasts prepared cover a period of 12 months from the date of approval of the financial statements, which together with the supporting assumptions are reviewed by the Board. The current forecast shows that the company is able to operate throughout this period and the Directors believe that the assumptions underpinning this forecast are both prudent and reasonable.

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.

Turnover
Turnover represents the fair value of services provided, net of discounts and value added taxes. Turnover is earned from charging fixed and variable fees to customers on money transfer transactions along with a margin on currency conversion. 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

Note 1. Significant accounting policies (continued)

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, 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 2022, no impairment was recognised.

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 in subsidiaries

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

Other equity investments

This includes a 9.9% holding in Easy Payment and Finance EP, S.A.U and a 9.9% holding in the Non-bank Credit Organisation (NKO), a non-banking payments and settlements institution resident in Russia. The holding in NKO has been fully impaired as at 31st December 2022.

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.

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

Note 1. Significant accounting policies (continued)

Cash and cash equivalents
Cash comprises cash at bank that is readily available. Cash equivalents comprise secure deposits held at settlement partners of the Company in support of business activities.

E-money, safeguarded and segregated customer funds
The Group is subject to various regulatory safeguarding compliance requirements with respect to customer funds. As safeguarding requirements may vary across the different jurisdictions in which the Group operates, the Group holds customer funds in segregated accounts where required to do so.

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 safeguarded and segregated customer liabilities, representing e-money and equivalent balances. 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.

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.

Employee share based payments
The Group issues equity-settled share-based payment awards to certain employees. The fair value of the employee services received in exchange for the grant of the options and awards is recognised in staff costs together with a corresponding increase in share-based payments reserve in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments (options and growth shares). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of awards that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

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.

Inventories
Inventories represent Paysend cards not yet circulated to customers and are measured at the lower of cost and net realisable value. Cost is determined using the first in first out method. Inventories are recognised as a cost when the card is shipped to the customer.

Note 1. Significant accounting policies (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.

Derivatives
The financial instrument represents an option, but not an obligation to purchase the remaining 91.1% shareholding in NKO.

The company is not able to exercise the option and as such does not hold control or significant influence over NKO. Due to the political and economic situation in Russia the option has been written down to a Nil Value.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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. Given the current political situation and economic environment in Russia, we took the decision to write down the remaining value of our NKO investment to Nil.

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. Throughout 2022 there were numerous grants of shares to employees, please see note 21 which has a detailed breakdown of the current schemes in place.

Note 3. Analysis of turnover

	Consolidated	
	2022	2021
	$'000	$'000
Money transfer and related services	66,909	75,827

	Consolidated	
	2022	2021
	$'000	$'000
By geographical market:		
UK	1,944	3,358
Europe	29,764	25,406
America	2,667	1,376
Rest of the world*	32,534	45,687
	66,909	75,827

Revenue for 2022 includes a one off amount of $12.7m of revenue related to the usage of Paysend software and infrastructure.

* In 2022, Russian revenue in continuing operations amounted to $8.4m (2021: $20.9m). For discontinued operations this figure amounted to $5m in 2022.

Note 4. Operating loss

	Note	Consolidated 2022 $'000	2021 $'000
Loss before income tax from continuing operations includes the following specific expenses:			
Cost of Sales			
Foreign Exchange losses on Emerging country currencies		16,671	-
Depreciation			
Tangible assets	10	513	693
Amortisation			
Goodwill		-	871
Software	11	4,120	1,211
Total amortisation		4,120	2,082
Total depreciation and amortisation		4,633	2,775
Impairment			
Goodwill		-	1,093
Rental expense relating to operating leases			
Operating lease costs: office rents		985	849
Employee benefits expense			
Share-based payments		7,290	2,639
Fees payable to the company's auditors for the audit of financial statements - Group		499	207
Fees payable to the company's auditors for the audit of financial statements - Subsidiaries		116	299
Fees payable to the company's auditors for tax compliance services		14	20
Unrealised foreign exchange		(921)	2,528

Note 5. Directors' remuneration

Details of directors' remuneration is set out below:

	Consolidated 2022	2021
Directors' emoluments	345	351
Employer Pension contributions	5	5

	Consolidated 2022 $'000	2021 $'000
Highest paid director - aggregate remuneration	172	186

Note 6. Staff costs

	Consolidated 2022 $'000	Consolidated 2021 $'000
Wages and salaries	20,324	20,650
Share Option expense	7,290	2,639
National Insurance	2,091	2,073
Other pension costs	177	121
	29,882	25,843

Note 7. Average number of employees

The average number of employees during the year was as follows:

	Consolidated 2022	Consolidated 2021
Administration	279	407

Note 8. Interest

	Consolidated 2022 $'000	Consolidated 2021 $'000
Interest income	257	90

	Consolidated 2022	Consolidated 2021
Loan interest expense	647	952

Note 9. Taxation

	Consolidated 2022 $'000	Consolidated 2021 $'000
Income tax expense/(benefit) is attributable to:		
Profit	119	(144)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax expense	(63,302)	(32,098)
Tax at the statutory tax rate of 19%	(12,027)	(6,099)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	5,644	3,250
Non-taxable income	-	(1,330)
Deferred tax not recognised	5,217	5,067
Adjustments in respect of prior periods		(985)
Difference due to overseas tax rate	-	(60)
Fixed asset differences	(8)	-
Income tax expense/(benefit)	119	(144)

Note 10. Non-current assets – computer and office equipment

	Consolidated 2022 $'000	Consolidated 2021 $'000	Company 2022 $'000	Company 2021 $'000
Computer and office equipment as at 1 January	3,786	1,762	479	357
Additions	828	1,808	196	122
Currency translation differences	383	216	(69)	-
Disposal of subsidiaries	(3,710)	-	-	-
	1,287	3,786	606	479
Less: Accumulated depreciation as at 1 January	(1,603)	(910)	(210)	(109)
Depreciation	(513)	(620)	(130)	(101)
Currency translation	(214)	(73)	2	-
Disposal of subsidiaries	1,559	-	-	-
	(771)	(1,603)	(338)	(210)
	516	2,183	268	269

Note 11. Non-current assets – intangibles assets

	Consolidated		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Goodwill - at cost as at 1 January	8,712	8,712	-	-
Disposal	(8,709)	-	-	-
	3	8,712		
Less: Accumulated amortisation as at 1 January	(3,706)	(1,742)	-	-
Charge for the year	-	(871)	-	-
Impairment	-	(1,093)	-	-
Disposal	3,705	-	-	
	(1)	(3,706)	-	-
Total Goodwill	**2**	**5,006**		
Development and Software -as at 1 January	6,334	5,917	14,159	7,288
Additions	2,629	955	2,079	7,654
Currency translation differences	964	(538)	784	(783)
Write off	(4,153)	-	(4,153)	
Activation of intangibles	9,250	-	-	
	15,024	6,334	12,869	14,159
Less: Accumulated amortisation	(5,439)	(4,228)	(7,866)	(5,396)
Charge for the year	(4,120)	(975)	(3,481)	(2,371)
Currency translation differences	(23)	(236)	-	(99)
Write off	4,153	-	4,153	-
Activation of intangibles	(3,565)	-	-	-
	(8,994)	(5,439)	(7,194)	(7,866)
Total Development and software	**6,030**	**895**	**5,675**	**6,293**
Total Intangibles	**6,032**	**5,901**	**5,675**	**6,293**

Note 12. Non-current assets - investments

	Consolidated		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Investment in subsidiary undertakings	-	-	14,169	26,634
Payments and Settlements, non-bank Credit Organisation ("NKO")	-	462	-	-
Easy Payment and Finance EP, S.A.U.	439	335	-	-
	439	797	14,169	26,634

The principal activities of NKO and Easy Payment and Finance EP, SAU are to facilitate B2C and B2B payments and transfers.

Given the current political situation and economic environment in Russia, management took the decision to write down the remaining value of our NKO investment to Nil.

Note 12. Non-current assets - investments (continued)

The company holds the share capital of the following companies:

Subsidiary Name	Group Share Holding	Country	Principle Activity
Paysend PLC	100% Ordinary shares	United Kingdom	Payment Processing
Paysend Technology Limited	100% Ordinary shares	United Kingdom	Technical Services
Paysend CA Limited	100% Ordinary shares	Canada	Payment Processing
Paysend US LLC	100% Ordinary shares	United States of America	Payment Processing
FinServices LLP	100% Ordinary shares	Kazakhstan	
Paysend EU DAC	100% Ordinary shares	Ireland	Payment Processing*
Paysend APAC Private Limited	100% Ordinary shares	Singapore	Technical Services
Paysend Pty Limited	100% Ordinary shares	Australia	Technical Services
Paysend Philippines Inc	100% Ordinary shares	Philippines	Customer Services
Paysend FZE	100% Ordinary shares	United Arab Emirates	Technical Services
Paysend Hong Kong Limited	100% Ordinary shares	Hong Kong	Technical Services
Paysend Japan K.K.	100% Ordinary shares	Japan	Technical Services
Paysend Malaysia Sdn Bhd	100% Ordinary shares	Malaysia	Technical Services
Paysend Technology Centre d.o.o. Beograd Starigrad	100% Ordinary shares	Serbia	Software Development
Paysend India Private Limited	100% Ordinary shares	India	Technical Services
Paysend Nominees Limited	100% Ordinary shares	United Kingdom	Nominee company for holding employee shares

*2022 Paysend EU DAC principle activity was the application for an EMI license. After the grant of the license in December 2022 the company has become a payment processing business.

Registered addresses:

Paysend Plc: Suite 2, Ground Floor Orchard Brae House, 30 Queensferry Road, Edinburgh, Scotland, EH4 2HS
Paysend Technology Limited: Suite 2, Ground Floor Orchard Brae House, 30 Queensferry Road, Edinburgh, Scotland, EH4 2HS
Paysend CA Limited: 2800 Skymark Ave suite 300, Mississauga, ON L4W 5A6
Paysend US LLC: Capitol Services Inc. 108 Lakeland Avenue, Dover DE 19901, USA
FinServices LLP : 59 Zenkova street, office No. 130, postal code A25T0F1 (050010), Almaty, Republic of Kazakhstan
Paysend EU DAC: 3 Dublin Landings, North Wall Quay, Dublin 1, Ireland D01C4E0
Paysend APAC Private Limited: 23 Hillview Avenue #10-07, Glendale Park, Singapore (669557)
Paysend Pty Ltd: One International Towers, Watermans Quay, Barangaroo, NSW 2000, AUSTRALIA
Paysend Philippines Inc:9th Floor, V Corporate Center, LP Leviste Street, Salcedo Village, Makati, NCR 1227 PHILIPPINES
Paysend FZE : 2SD, Desk 16, Regus 02, The Offices 1, One Central, Dubai World Trade Center, UAE
Paysend Hong Kong Limited: 21F Edinburgh Tower, The Landmark, 15 Queen's Road Central, HONG KONG
Paysend Japan K.K.: 942 Win Aoyama, 2-2-15 Minami-Aoyama, Minato-ku, Tokyo 107-002 JAPAN
Paysend Malaysia Sdn Bhd: Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat, Bandar Damansara, 50490 Kuala Lumpur W.P. Kuala Lumpur, MALAYSIA
Paysend Technology Centre d.o.o. Beograd-Starigrad: Belgrade, KONDINA 13, Belgrade-Stari Grad, STARIGRAD, 11000, Belgrade, Serbia
Paysend India Private Limited: Level 15, IWG Regus, Eros Corporate Towers, Nehru Place, New Delhi -110 019, INDIA
Paysend Nominees Limited: Suite 2, Ground Floor Orchard Brae House, 30 Queensferry Road, Edinburgh, Scotland, EH4 2HS

Note 13. Financial assets at fair value

	Consolidated		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets at fair value				
Payments and Settlements, non-bank Credit Organisation ("NKO")	-	1,910	-	1,910

The financial instrument represents an option, but not an obligation to purchase the remaining 91.1% shareholding in NKO. The valuation was adjusted to reflect the decision by the company to dispose of its holding in NKO which is pending approval from Russian authorities. Given that Paysend intends to sell its current 9.9% holding it will not exercise its option to purchase and hence the option is now being valued at nil.

Fair value hierarchy

The Group has exposure to level 3 instruments which comprise of investments and financial asset at fair value as disclosed in note 12 investments and note 13 - financial assets at fair value. The instruments are measured at fair value using a discounted cash flow model as there is a lack of comparable market data because of the nature of these instruments.

The Board manages the market risk inherent in the Group's exposure in financial instruments by maintaining a level of exposure and by ensuring timely access to relevant information is obtained from its investees. The Board regularly reviews its investees' business performance and financial results.

The Group's investments are not traded, and as such, their prices are more uncertain than those which are regularly traded. It is estimated that a 5% fall in the carrying value of the Group's equity investments would increase the loss before tax for the year by $21,950 and reduce the Group's net assets by the same amount.

The disclosure is split into the following categories:

Level 1: Unadjusted quoted price in an active market for an identical instrument

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3: Valuation techniques using unobservable inputs.

The valuation model is used as an appraisal tool. Estimated future free cash flows are profiled over the anticipated life of the underlying asset discounted at a suitable cost of capital to calculate an aggregated present value. Key variables included within the methodology are future earnings and discount rates.

Note 14. Current assets - trade and other receivables - amounts falling due within one year.

	Consolidated		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	457	3	-	9
Other debtors*	26,157	19,216	208	876
Amounts owed by group undertakings	-	-	25,291	33,153
Amounts owed by related entities	51	70	-	-
	26,665	19,289	25,499	34,038
Prepayments	1,280	1,029	1,141	706
Deferred tax asset	-	95	-	-
	1,280	1,124	1,141	706
	27,945	20,413	26,640	34,744

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

Note 15. Current assets - cash and cash equivalents

	Consolidated		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Own cash and cash equivalents	19,405	80,091	10,140	52,188
Restricted cash – Collateral	5,839	4,891	-	-
Restricted cash – Client Funds	22,230	869	-	-
	47,474	85,851	10,140	52,188

Note 16. Non-current liabilities - creditors due over one year

	Consolidated		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Loans – Non-current portion	681	5,172	695	5,172
Deferred revenue*	4,601	-	-	-
	5,282	5,172	695	5,172

*Deferred revenue consists of $4.6m of marketing launch support revenue to be utilised against the future costs of new products.

Analysis of loans:

The loan represents a commercial loan arrangement entered into by the company for €8.4 million. This loan was drawn down over 4 tranches with the full amount of the loan being 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. Current portion has been disclosed in note 17.

Note 17. Current liabilities - trade and other payables - amounts falling due within one year

	Consolidated		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables	2,610	2,833	1,411	487
Other creditors	4,752	534	163	201
Deferred Revenue	-	3,299	-	-
Loans – current portion	4,217	2,383	4,278	2,259
Accruals	5,675	1,708	3,677	2,213
Corporation tax	-	6	-	-
Safeguarded and segregated client funds	22,230	5,760	-	-
	39,484	16,523	9,529	5,160

Note 18. Lease commitments

	Consolidated		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Lease commitments				
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	307	495	232	206
One to five years	750	916	321	553
More than five years	-	238	-	-
	1,057	1,649	553	759

The total amount committed to at 31 December 2022 was $1,057,000 (2021: $1,649,000).

Lease payments recognized as an expense in the year total $985,000 (2021: $849,000).
All lease payments related to office rent costs.

Note 19. Equity - Share capital

	Consolidated			
	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares - fully paid	18,365	18,365	2	2
Preference shares - fully paid	10,103	10,103	1	1
Deferred shares	64	64	1	1
Growth shares	384	384	1	1
	28,916	28,916	5	5

1,113,683 shares were issued but not paid and which relate to shares reserved under employee share option schemes as per note 21.

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.

Note 20. Equity - Share premium

	Consolidated		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Share premium reserve	165,980	166,751	163,574	165,980
Reallocation to P&L Reserve	(2,406)	(771)	-	-
	163,574	165,980	163,574	165,980

Note 21. Share-based Employee compensation

Share Based Employee compensation
The Group issues equity-settled share-based payment awards to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market performance vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of awards that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Share option schemes
In 2021, the Group operated two options schemes awarded across numerous different dates throughout 2021 these are namely Growth Shares and Employee share options.

The movement in shares during the year were as follows:

	As at 31 December 2022		As at 31 December 2021	
	Weighted average exercise price per award, $	Number of awards	Weighted average exercise price per award, $	Number of awards
Beginning of the year	1.93	1,065,386	1.76	932,315
Granted during the year	0.27	488,449	3.10	137,712
Exercised during the year	0.0001	2,750	-	-
Forfeited during the year	2.18	85,411	2.13	4,641
End of year	1.37	1,465,674	1.93	1,065,386
Vested and exercisable as at end of year	1.52	1,113,683	1.72	750,130

Key terms of the growth share and share option schemes

Growth share and share options were granted as long-term incentive to align senior staff and key employees to deliver long-term shareholder value. Vesting schedules typically vary between 3 and 4 years, apart from cash salary sacrifice schemes which vest over periods under 12 months. Growth shares granted do not carry dividend or voting rights. Once vested, the options must be exercised within a 10-year period. Options were granted under the plans for no consideration and rank *pari passu* with other ordinary shares.

Measurement
In accordance with FRS 102 26.7, equity settled awards to employees and similar service providers should be valued by measuring the fair value of services received via reference to the fair value of the equity instruments granted, as typically it is not possible to estimate reliably the fair value of the services received. The fair value of the options and growth shares granted was determined through independent valuation. The Black-Scholes option pricing model was used by the valuers to determine the fair value of the equity-settled share-based. The assessed weighted average fair value at grant date of options granted during the year ended 31 December 2022 was $20.91 per option. A share-based payment charge of $7.3m has been recognised in the profit and loss in the year ended 31 December 2022 and reflected in the share-based payments reserve on the statement of financial position.

The model inputs for options granted during the year ended 31 December 2022 included:

- Options were granted for no consideration and vest over a period ranging from 4 months to 4 years according to vesting conditions
- Weighted average exercise price of $0.27.
- Share price at grant date of $21.08
- No dividends payable
- Expected price volatility of the Company's shares of 40-45% based on historical price volatility of listed companies in a similar sector
- Risk free rate of 0.9%-3.20%, being the nominal yield on five-year, zero-coupon British Government securities (approximating expected life of the options)
- Early exercise ratio set to 2x the exercise price (based on empirical studies which suggest that option holders tend to exercise early once the value of underlying share is double the exercise price of said options)

Note 21. Share-based Employee compensation (continued)

Note 22. Equity - Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23. Related party transactions

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 $nil (2021: $20,000). Ronald Millar is a director of both Paysend PLC and Singula Decisions Limited. The balance owed by Singula Decisions Limited at 31 December 2022 was $50,696 (2021: $70,000).

Note 24. Discontinued Operations

Following the invasion of Ukraine, Paysend Group Limited disposed of its investment in three Russian subsidiaries Robokassa LLC, Paysend Development LLC and Paysend Processing LLC. During the year these company's contributed a loss of ($1,848k). The resulting net assets on date of disposal were $6,523 and a loss on disposal of ($4,756) was recognised in the profit and loss which includes the impact of termination of intercompany arrangements . This loss on disposal consisted of a gain on disposal of Russian subsidiaries Robokassa LLC, Paysend Development LLC and Paysend Processing LLC amounting to $8.5m, with a loss of $0.4m of realised foreign currency translation reserves transferred directly via other comprehensive income. Given the current political situation and economic environment in Russia, management took the decision to as well as to impair the receivable of $20m for the sale of the Russian subsidiaries.

Note 25. Prior Period Restatement

During the year ended 31st December 2022, it was determined that certain errors existed in the financial statements for the comparative period ended 31st December 2021. As a result, the relevant amounts disclosed for the comparative period have been restated to correct these errors.

The nature of the errors and the impact of the restatements on the comparative financial statements are as follows:

Description of Error	Impact on Profit (or Loss) $'000	Impact on Net Assets $'000
Overstatement of trade and other receivables amounts due within one year and understatement of administrative expenses for the year.	(1,895)	(1,895)
Incorrect FX revaluation of share premium and non-capitalisation of share issue costs	1,016	(1,390)

Effect of Restatement

The restatements have been applied retrospectively in the financial statements, as if the errors had never occurred. Consequently, the restated comparative amounts reflect the corrected values, and the opening balance of retained earnings for the current period reflect the restated prior year results.

Management has assessed the materiality of these restatements and believes that the corrections do not impact the overall understanding of the financial statements for the current period.

The restated financial statements do not change the going concern assessment previously disclosed in the financial statements for the comparative period

Note 26. Events after the reporting period

In January 2023, Paysend has secured a $20 million equivalent loan facility (denominated in Euros) from Claret Capital, an existing investor in the Group. A $10 million tranche (€9.2m) was drawn down in February 2023, attracts interest at 12% p.a. and is repayable in 18 monthly instalments commencing in August 2024.

In the last quarter of 2022, Paysend initiated the next fundraising round, attracting interest from both the existing investor base as well as new strategic partners. As part of this initiative, a strategic partnership deal to the value of $30 million was signed in April 2023 with TelevisaUnivision ("UVN"), the world's leading Spanish-language media company, serving the Spanish-speaking communities in the United States, Mexico and worldwide. The partnership agreement has been structured in the form of media-for-equity deal, whereby Paysend obtains brand recognition and media coverage in the key US market, whilst UVN takes on an equity stake and joins Paysend's pool of investors.

In November 2023, investment agreements in the form of convertible loan notes were concluded with existing Paysend investors as well as a new strategic investor, Mastercard, to the total value of $35 million. Mastercard and Paysend are collaborating on creation of open payments network, a joint solution for cross-border payments, which orchestrates end-to-end payment flows, from initiation to settlement, and enables real-time payments and settlement through interoperability between instant payment schemes.

The proceeds from the funding round will be used to continue developing Paysend's technology stack and product range, open payments network and support business growth across the Americas and other key markets.

As the company pivoted towards closer focus on the Americas region, the following subsidiaries were either liquidated or in the process of closure in 2023:
- Paysend Pty Limited (closed)
- Paysend Malaysia Sdn Bhd (under liquidation)
- Paysend Japan K.K (closed)
- Paysend India Private Limited (under liquidation)
- Paysend Hong Kong Limited (under liquidation)

The following subsidiary was disposed of in September 2023 for a nominal amount:
- FinServices LLP (Kazakhstan) including its subsidiary, Technoservices LLP (Kazakhstan)

In addition, Paysend LATAM S.A. (Guatemala) was formed in November 2023 – the initial focus of this business will be to provide customer service operations to customers in the Americas and also support the worldwide organisation.

Group has secured an intraday funding facility with Corpay.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 27. Principal place of business

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

1st Floor
20 Garrick Street
London
WC2E 9BT

Note 28. Ultimate ownership of the company

Paysend Group Limited with a registered address of Suite 2, Ground Floor Orchard Brae House, 30 Queensferry Road, Edinburgh, Scotland, EH4 2HS is majority owned by Digital Space Ventures which is incorporated in Luxembourg. The ultimate controlling party is Elvira Abdulkerimova.