

REGISTERED NUMBER: 07657495 (England and Wales)

Kantox Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2021

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Kantox Ltd

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for the Year Ended 31 December 2021

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Kantox Ltd

Company Information
for the Year Ended 31 December 2021

DIRECTORS:

J M Carbajal
P G Collombel
M Fodor
P Gelis
A R Guix
J Levet
Eurazeo (formerly Idinvest Partners)

REGISTERED OFFICE:

8 Devonshire Square
5th Floor
London
EC2M 4PL
United Kingdom

REGISTERED NUMBER:

07657495 (England and Wales)

AUDITOR:

Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT
United Kingdom

Kantox Ltd

Strategic Report for the Year Ended 31 December 2021

The directors present their Strategic Report for Kantox Ltd (the "Company" or "Kantox") and its subsidiaries (the "Group") for the year ended 31 December 2021.

BUSINESS REVIEW

Significant economic and social disruption has arisen from the COVID-19 pandemic. The Group has been impacted as the whole travel industry (including several of the Group's customers) were significantly affected by the pandemic. Despite this, the Group has shown to be highly resilient and turnover grew by 36% in the year (2020: growth of 2%). Additionally, the Group was able to diversify its client portfolio to sectors such as manufacturing, food, chemicals, and pharma, consolidating them during 2021.

The volume of transactions has increased by 33% (2020: remained stable).

The Group ended 2021 with €9.0m (2020: €9.2m) of total equity and €9.5m (2020: €7.5m) of cash and cash equivalents. During the year, the Group raised additional €2m (2020: €1m) venture loan facility with Silicon Valley Bank to continue investing in growth.

No dividend was paid during the year (2020: €nil). No dividend has been recommended for payment by the directors at the year end (2020: €nil).

KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

Kantox has delivered strong growth since its inception and this has continued throughout 2021. Our two key performance indicators, revenues and transactions volume, continue to trend positively into 2022.

KPIs

	2021	2020
Transactions volume	4.8 billion	3.6 billion
Revenue (€)	13.4 million	9.8 million

The loss after tax for the year was €2.5m (2020: €4.1m). Kantox has continued to invest in its products, services and operations during 2021 and expects to continue increasing investment for 2022.

The Board believes that Kantox is well placed both financially and operationally to continue its growth in 2022.

GOING CONCERN

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as set out in the Strategic Report as well as Kantox's principal risks and uncertainties. Based on Kantox's cash flow forecast and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Significant economic and social disruption has arisen from COVID-19 pandemic in the past few years. The whole travel industry (including several of the Group's customers) became affected by the pandemic. In the current year, the directors have considered the current market situation and easing of covid restrictions leads to strong business performance of the Group. They are confident that COVID-19 will not have a major impact in the next twelve months from the date of signing of these financial statements.

The directors acknowledge that the latest position can change on a day to day basis and the potential long term impact is difficult to assess. However, the Group maintains a strong cash position, which will help the Group to mitigate the long term effects. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

The management of the business and the execution of the Group's strategy are subject to a number of risks:

Regulatory

The Group, being a regulated firm in the UK and Spain accepting clients from a large number of countries, always faces some uncertainty with regards to the regulatory requirements of those countries. It also has to comply with applicable money laundering legislation. The Group holds funds on behalf of its clients and will have to ensure it keeps its high standards of internal checks and balances as well as IT security. As part of its legal and regulatory compliance, the Group faces the challenge of reacting to and implementing legal and regulatory changes quickly. As part of our risk management approach, the directors continue to monitor regulatory developments in current markets and take appropriate measures should the risks in a particular market change significantly. The Group continues to assess the legal and regulatory requirements of jurisdictions in which it operates. The directors are very careful to operate within the legal and regulatory framework that governs our industry.

The European Union

Under current law, the second Payments Services Directive requires payment institutions in Europe to obtain authorisation from the relevant financial services authority in their home member state which is responsible for regulating payments companies. The Group is currently authorised in the UK by the Financial Conduct Authority ("FCA") under the Payments Services Regulations 2017 (PSR 2017). Following the result of UK referendum of membership of the EU, UK left the EU 31 January 2020. The Group obtained the appropriate additional licensing by the Bank of Spain, so that Kantox's services continued to be offered through Europe. In 2020 the Group transferred customers using Kantox's services in the EU, other than in the UK, to the newly licensed entity. The immediate effect following the transfer was a reduction of revenue and costs recognised by the parent company in the prior year. This operational change did not affect the Group's viability to serve its customers.

Money laundering regulations

The Group operates in an industry subject to money laundering regulations. These regulations prohibit, amongst other things, the Group's involvement in transferring the proceeds of criminal activities. Regulations require companies to keep records of identity and to train their staff in the requirements of the relevant money laundering regulations. If the Group were to violate such laws or regulations governing money transmitters or payments, this could result in a requirement for future compliance, fines, other forms of liability and/or force the Group to change business practices or to cease operations altogether. The Group monitors developments in this regard and is not aware of any imminent changes. The directors believe the Group has appropriate processes in place to comply with money laundering laws and regulations.

Breaches of data security

Data integrity is maintained at multiple levels and with multiple controls across the technology stack. Data security is maintained through data encryption and secured network connections. Access to data is strictly maintained on a need-to-have basis with multiple authentication methods at network and application level.

Credit risk

The Group is exposed to counterparty credit risk whenever currency movement puts a counterparty's position with the Group at a loss. The Group mitigates this risk by requiring initial deposits from some clients as well as by periodically issuing and collecting margin calls from clients in response to such market movements. The amount (if any) of initial deposit to be collected and the margin call process are determined on a client-by-client basis according to a standardised process that takes into account both the volatility of the currencies involved and the financial strength of the client.

Fraud risk

This refers to client fraud risk, as internal fraud risk is covered in the subsection describing operational risk. The client fraud risk is limited in the FX business as no payments are made before the client funds are received. In our trade finance product, client fraud is mitigated through a proprietary monitoring process.

Kantox Ltd

Strategic Report - continued
for the Year Ended 31 December 2021

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT - continued

Liquidity risk

The risk that the Group will have difficulty obtaining the funds necessary to maintain sufficient margin with its liquidity providers, particularly during severe volatile currency moves. The risk stems from the time lag between currency movement and the moment the Group is able to collect the corresponding margin calls from its clients. This risk is mitigated through (a) a margin collection procedure that is operationally and legally robust; and (b) keeping sufficient buffer on cash or cash equivalents at all times to weather out worst-case scenario currency market moves, which is modelled weekly.

Operational risk

The risk that incoming or outgoing payments will fail to be delivered as agreed by clients either through operational failures of Kantox, its counterparties or fraud. This is mitigated by multiple manual and automated checks in the Operations department.

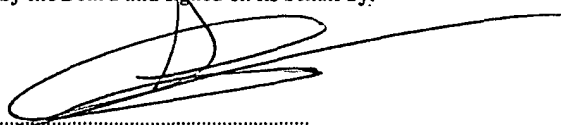
Covenant compliance

The Group is a borrower under a facility agreement with Silicon Valley Bank. The Group has been, and continues to be, in full compliance with its banking covenants.

Economic downturn

The Group is competing for a share of the disposable income of its target customers so revenue could be vulnerable to the impact of any economic downturn.

Approved by the Board and signed on its behalf by:



.....
P Gelis - Director

8 Devonshire Square
5th Floor
London
EC2M 4PL
United Kingdom

Date: 26/05/2022

Kantox Ltd

Directors' Report

for the Year Ended 31 December 2021

The directors present their Annual Report and audited financial statements for Kantox Ltd (the "Company" or "Kantox") and its subsidiaries (the "Group") for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The Group is a multinational Fintech company offering FX management solutions. Every day, we work hard to solve one of the major problems faced by international firms: currency management. Our expertise, products and solutions allow our clients to manage their currency exposure, build hedging strategies, automate FX transactions and to process international payments intelligently and efficiently.

This enables us to generate significant savings, as well as increased efficiency and productivity for our clients all with full transparency. The Group is headquartered in London and authorized by the Financial Conduct Authority (FCA) (reference number: 580343) and by the Bank of Spain.

Major shareholders supporting Kantox's growth include Eurazeo (formerly Idinvest Partners), Partech Partners and BNP Paribas.

RESULTS AND DIVIDENDS

The loss for the financial year for the Group amounted to €2,491,828 (2020: €4,054,637).

No dividends were paid during the year (2020: €nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:

J M Carbajal

P G Collombel

M Fodor

P Gelis

A R Guix

J Levet

Eurazeo (formerly Idinvest Partners)

MATTERS COVERED BY THE STRATEGIC REPORT

See the Strategic Report for details of principal risks and uncertainties and financial risk management, and future developments.

EXISTENCE OF BRANCHES OUTSIDE THE UK

The Group has a branch, as defined in section 1046(3) of the Companies Act 2006, in Spain. The branch currently has no trading activity.

EVENTS AFTER BALANCE SHEET DATE

On 9 March 2022, the Group put in place a new holding company, Kantox Holding, Ltd which is currently the parent company of the Group and holds 100% of the shares of Kantox Ltd and indirectly, Kantox European Union S.L.U. Kantox Ltd and Kantox European Union S.L.U. continue to be the two operating companies, therefore, the new structure will not affect any relationship with clients, employees and other stakeholders.

On 24 February 2022, the invasion of Ukraine by Russia has begun, implying a direct impact on the European and global economy. Despite this, the Company has not had an impact on its business as a result of the tensions that have arisen as a result of the conflict.

RESEARCH AND DEVELOPMENT

During 2020 and 2021, the Company's development projects related to the operational platform and a new data science tool. They both ended in the year to 31 December 2021.

Kantox Ltd

Directors' Report - continued
for the Year Ended 31 December 2021

AUDITOR

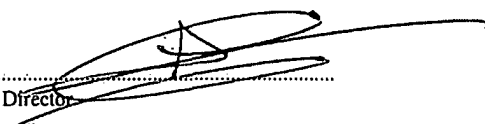
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all 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 confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:


.....
P Gelis - Director

8 Devonshire Square
5th Floor
London
EC2M 4PL
United Kingdom

Date: 26/05/2022

Kantox Ltd

Directors' Responsibilities Statement
for the Year Ended 31 December 2021

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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.

Independent Auditor's Report to the Members of
Kantox Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kantox Ltd (the 'Parent Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Statement of Financial Position;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 26.

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).

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and 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.

Independent Auditor's Report to the Members of
Kantox Ltd - continued

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'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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

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

We discussed among the audit engagement team including relevant internal specialists such as tax, and valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

- Valuation of accounts receivable, specifically that the accounts receivable balance as at the end of the year is adequately valued, and that the corresponding provisions for doubtful debts impairment losses have been recorded completely. We tested the design and implementation of controls which addressed the calculation and allocation of provisions against receivable balances. In addition, we performed retrospective assessment around the appropriateness of the doubtful debt computation methodology applied by management and tested mathematical accuracy of management's calculations against this methodology; and
- Capitalisation of expenses and personnel costs, specifically that the capitalisation of costs at the year end is reasonable and compliant with FRS 102. We tested the design and implementation of controls to verify the costs to be capitalised. In addition, we sample tested capitalised costs against the accounting standards to check the corresponding potential future economic benefits as well as the accuracy of the amounts capitalised.

Independent Auditor's Report to the Members of
Kantox Ltd - continued

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

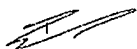
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Rozier (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cardiff
United Kingdom

Date: 26 May 2022

Kantox Ltd

Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2021

	Note	2021 €	2020 €
TURNOVER	3	13,395,328	9,819,953
Cost of sales		(1,376,805)	(1,223,717)
GROSS PROFIT		12,018,523	8,596,236
Administrative expenses		(14,433,334)	(12,650,225)
Other operating income		39,546	15,209
OPERATING LOSS	6	(2,375,265)	(4,038,780)
Interest payable and similar expenses	8	(461,781)	(303,983)
LOSS BEFORE TAXATION		(2,837,046)	(4,342,763)
Tax on loss	9	345,218	288,126
LOSS FOR THE FINANCIAL YEAR		(2,491,828)	(4,054,637)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,491,828)	(4,054,637)

All activities derive from continuing operations.

The notes on pages 17 to 36 form part of these financial statements.

Kantox Ltd

Consolidated Statement of Financial Position
As at 31 December 2021

	Note	2021 €	2020 €
FIXED ASSETS			
Intangible assets	12	2,148,063	2,388,271
Tangible assets	13	247,323	277,027
		<u>2,395,386</u>	<u>2,665,298</u>
CURRENT ASSETS			
Debtors			
- due within one year	15	4,858,251	4,129,027
- due after more than one year	15	26,951	140,728
Cash at bank and in hand	16	9,526,519	7,524,345
		<u>14,411,721</u>	<u>11,794,100</u>
CREDITORS			
Amounts falling due within one year	17	(5,425,012)	(3,709,491)
NET CURRENT ASSETS		<u>8,986,709</u>	<u>8,084,609</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,382,095</u>	<u>10,749,907</u>
CREDITORS			
Amounts falling due after more than one year	18	(2,364,797)	(1,542,516)
NET ASSETS		<u><u>9,017,298</u></u>	<u><u>9,207,391</u></u>
CAPITAL AND RESERVES			
Called-up share capital	20	287,552	281,998
Share premium account	21	29,265,731	27,265,930
Capital redemption reserve	21	2,522	2,522
Share based payment reserve	21	1,234,389	938,009
Profit and loss account	21	(21,772,896)	(19,281,068)
SHAREHOLDERS' FUNDS		<u><u>9,017,298</u></u>	<u><u>9,207,391</u></u>

The consolidated financial statements of Kantox Ltd (registered number: 07657495) were approved by the Board of Directors and authorised for issue on 26/05/2022. They were signed on its behalf by:


P Gelis - Director

Kantox Ltd

Company Statement of Financial Position
As at 31 December 2021

	Note	2021 €	2020 €
FIXED ASSETS			
Intangible assets	12	2,114,263	2,346,021
Tangible assets	13	1,384	3,469
Investments	14	3,674,641	1,674,641
		<u>5,790,288</u>	<u>4,024,131</u>
CURRENT ASSETS			
Debtors			
- due within one year	15	2,609,560	2,880,172
- due after more than one year	15	26,951	-
Cash at bank and in hand	16	6,919,063	7,057,313
		<u>9,555,574</u>	<u>9,937,485</u>
CREDITORS			
Amounts falling due within one year	17	(3,289,922)	(3,018,194)
NET CURRENT ASSETS		<u>6,265,652</u>	<u>6,919,291</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,055,940	10,943,422
CREDITORS			
Amounts falling due after more than one year	18	(2,364,797)	(1,542,516)
NET ASSETS		<u>9,691,143</u>	<u>9,400,906</u>
CAPITAL AND RESERVES			
Called-up share capital	20	287,552	281,998
Share premium account	21	29,265,731	27,265,930
Capital redemption reserve	21	2,522	2,522
Share based payment reserve	21	1,234,389	938,009
Profit and loss account	21	(21,099,051)	(19,087,553)
SHAREHOLDERS' FUNDS		<u>9,691,143</u>	<u>9,400,906</u>

The notes form part of these financial statements.

The loss for the financial period dealt with in the financial statements of the parent company was €2,011,498 (2020: €3,871,858).

The financial statements of Kantox Ltd (registered number: 07657495) were approved by the Board of Directors and authorised for issue on 26/05/2022. They were signed on its behalf by:

.....
P Gelis - Director

Kantox Ltd

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called-up share capital €	Share premium account €	Capital redemption reserve €
Balance at 1 January 2020	281,942	27,265,023	2,522
Issue of share capital	56	907	-
Total comprehensive loss	-	-	-
Share based payment	-	-	-
Balance at 31 December 2020	281,998	27,265,930	2,522
Issue of share capital	5,554	1,999,801	-
Total comprehensive loss	-	-	-
Share based payment	-	-	-
Balance at 31 December 2021	287,552	29,265,731	2,522

	Share based payment reserve €	Profit and loss account €	Total equity €
Balance at 1 January 2020	711,095	(15,226,431)	13,034,151
Issue of share capital	-	-	963
Total comprehensive loss	-	(4,054,637)	(4,054,637)
Share based payment	226,914	-	226,914
Balance at 31 December 2020	938,009	(19,281,068)	9,207,391
Issue of share capital	-	-	2,005,355
Total comprehensive loss	-	(2,491,828)	(2,491,828)
Share based payment	296,380	-	296,380
Balance at 31 December 2021	1,234,389	(21,772,896)	9,017,298

The notes form part of these financial statements.

Kantox Ltd

Company Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called-up share capital €	Share premium account €	Capital redemption reserve €
Balance at 1 January 2020	281,942	27,265,023	2,522
Issue of share capital	56	907	-
Total comprehensive loss	-	-	-
Share based payment	-	-	-
Balance at 31 December 2020	281,998	27,265,930	2,522
Issue of share capital	5,554	1,999,801	-
Total comprehensive loss	-	-	-
Share based payment	-	-	-
Balance at 31 December 2021	287,552	29,265,731	2,522

	Share based payment reserve €	Profit and loss account €	Total equity €
Balance at 1 January 2020	711,095	(15,215,695)	13,044,887
Issue of share capital	-	-	963
Total comprehensive loss	-	(3,871,858)	(3,871,858)
Share based payment	226,914	-	226,914
Balance at 31 December 2020	938,009	(19,087,553)	9,400,906
Issue of share capital	-	-	2,005,355
Total comprehensive loss	-	(2,011,498)	(2,011,498)
Share based payment	296,380	-	296,380
Balance at 31 December 2021	1,234,389	(21,099,051)	9,691,143

The notes form part of these financial statements.

Kantox Ltd

Consolidated Cash Flow Statement
for the Year Ended 31 December 2021

	Note	2021 €	2020 €
Cash flows from operating activities			
Cash generated from/(used in) operations	22	583,240	(3,307,453)
Net cash generated from/(used in) operating activities		<u>583,240</u>	<u>(3,307,453)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets	12	(762,562)	(817,862)
Purchase of tangible fixed assets	13	(73,800)	(38,560)
Net cash used in investing activities		<u>(836,362)</u>	<u>(856,422)</u>
Cash flows from financing activities			
Issue of share capital	20	5,554	8,051
Proceeds from share premium	20	1,999,801	-
Drawdown of loans		3,878,388	1,000,000
Repayment of loans		(3,166,666)	(752,436)
Interest paid		(461,781)	(303,983)
Net cash generated from/(used in) financing activities		<u>2,255,296</u>	<u>(48,368)</u>
Net increase/(decrease) in cash and cash equivalents		<u>2,002,174</u>	<u>(4,212,243)</u>
Cash and cash equivalents at beginning of year	16	<u>7,524,345</u>	<u>11,736,588</u>
Cash and cash equivalents at end of year	16	<u><u>9,526,519</u></u>	<u><u>7,524,345</u></u>

The notes form part of these financial statements.

1. **ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Kantox Ltd (the "Company") is a company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is given on page 1. The principal activities of the Company and its subsidiaries (the "Group") and the nature of their operations are set out in the Strategic Report.

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The functional currency of the Group is considered to be Euro because that is the currency of the primary economic environment in which the Group operates.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The loss attributable to the Company is disclosed in the footnote to the Company's balance sheet.

In the Company financial statements, as the consolidated financial statements of Kantox Ltd include the equivalent disclosures, the Company has taken the exemptions under FRS 102 available in respect of the presentation of a cash flow statement.

Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as set out in the Strategic Report as well as Kantox's principal risks and uncertainties. Based on Kantox's cash flow forecast and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Significant economic and social disruption has arisen from COVID-19 pandemic in the past few years. The whole travel industry (including several of the Group's customers) became affected by the pandemic. In the current year, the directors have considered the current market situation and easing of covid restrictions leads to strong business performance of the Group. They are confident that COVID-19 will not have a major impact in the next twelve months from the date of signing of these financial statements.

The directors acknowledge that the latest position can change on a day to day basis and the potential long term impact is difficult to assess. However, the Group maintains a strong cash position, which will help the Group to mitigate the long term effects. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

1. ACCOUNTING POLICIES - continued

Turnover

Foreign exchange business

Commission income and finance charge income is measured as the cost charged to clients for the underlying contracts entered into by the Group on behalf of clients. Revenue is recognised after receiving client authorisations to undertake foreign currency transactions for immediate or forward delivery.

Subscription income

Subscription income arises from the advanced solutions subscription services provided to clients. Revenue is recognised on a straight-line basis over the contractual period over which the advanced solution is provided.

Partnership income

Partnership income arises from the advanced solutions provided to clients in conjunction with certain banking partners. Revenue is recognised on a straight-line basis over the contractual period which the advanced solution is provided to the banking partners.

Intangible assets

Intangible assets represent trade licences and the cost of developing the Group's operating platform. The majority of these operating platform costs are the wage costs of software developers. Amounts capitalised as licences relate to legal and other direct costs in connection with obtaining regulatory licences in territories in which the Group operates.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Operating platform	5 years
Licenses	5 years
Software	5 years

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if these factors indicate that the carrying amount may be impaired.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available;
- and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

1. **ACCOUNTING POLICIES - continued**

Tangible assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings and office equipment	7% - 10%
Computer equipment	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Investments in subsidiaries

In the Company balance sheet, investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

Short term debtors are measured the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks another third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1. ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in cash of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets and liabilities are offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments and fair value

The Group uses derivative financial instruments in the form of issued share warrants. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

1. **ACCOUNTING POLICIES - continued**

Impairment of assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for indicators of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'Interest receivable and similar income' or 'Interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Administrative expenses'.

Interest payable and similar expenses

Interest payable and similar expenses are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1. ACCOUNTING POLICIES - continued

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

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

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

The share options that have not been exercised or vested yet are shown in the share based payment reserve in the Balance Sheet.

Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Interest receivable and similar income

Interest receivable and similar income is recognised in the Statement of Comprehensive Income using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1. **ACCOUNTING POLICIES - continued**

Taxation - continued

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

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

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Leases

The Company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

2. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Capitalised development costs

Capitalised development costs relate to the costs incurred by the Group in developing the bespoke trading platforms that are utilised within the Company.

Judgement is required with respect to determining which costs are suitable for capitalisation, which have been restricted to the following: Internal salaries and other payroll costs incurred in respect of development costs for clearly defined projects to enhance and improve the Group's internally generated software. The costs must be separately identifiable in order to meet the criteria for capitalisation.

Judgement is also required in determining whether the capitalised development costs have suffered any form of impairment. Management considers a range of factors, including whether the associated assets have become obsolete due to technological advances as well as economic factors that may indicate a contraction in expected demand for the associated services supported by the platforms.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. The Group has unrecognised deferred tax assets in relation to unused tax losses.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Key sources of estimation and uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of Warrants

The Group has evaluated the value of warrants issued during the year and in previous years. The company makes assumptions around Enterprise value, time of exit, volatility and future dividends. Any material change in valuation are reflected in the reporting year

Provision for doubtful debts

At 31 December 2021, the Group evaluated the collectability of trade receivables and records provisions for doubtful debts based on experience including comparisons of the relative age of accounts and consideration of actual write-off history.

The actual level of debt collected may differ from the estimated levels of recovery and could impact future operating results positively or negatively.

As at 31 December 2021, the Group's trade receivables were €1,797,442 (2020: €1,778,768), against which €338,668 (2020: €286,619) was provided for impairment.

3. TURNOVER

An analysis of Group's turnover by class of business is given below:

	2021	2020
	€	€
Foreign exchange business	10,904,125	7,722,689
Subscription income	1,953,904	1,997,070
Partnership income	537,299	100,194
	<u>13,395,328</u>	<u>9,819,953</u>

An analysis of the Group's turnover by geographical market is given below:

	2021	2020
	€	€
United Kingdom	930,881	636,047
Europe	10,884,462	8,297,861
Middle East & Asia	543,818	205,037
Rest of the world	1,036,167	681,008
	<u>13,395,328</u>	<u>9,819,953</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

4. EMPLOYEES

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

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Wages and salaries	7,379,910	6,420,786	381,429	6,005,809
Social security costs	1,377,867	1,426,556	47,308	1,293,852
Other pension costs	7,977	14,648	7,977	14,648
Share based payments	296,380	226,914	296,380	226,914
	<u>9,062,134</u>	<u>8,088,904</u>	<u>733,094</u>	<u>7,541,223</u>
Amounts capitalised	<u>(762,561)</u>	<u>(723,669)</u>	<u>(762,561)</u>	<u>(723,669)</u>
Staff costs charged to Statement of Comprehensive Income	<u>8,299,573</u>	<u>7,365,235</u>	<u>(29,467)</u>	<u>6,817,554</u>

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

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Sales	31	37	-	31
Technology	31	33	-	28
Product	6	8	-	7
Operations	8	8	-	7
Marketing	12	11	-	9
Operational excellence	2	2	-	2
Compliance	7	7	3	6
Bank partnerships	1	1	-	1
Finance, people, legal & admin	18	12	-	10
CEO	1	1	1	1
	<u>117</u>	<u>120</u>	<u>4</u>	<u>102</u>

5. DIRECTORS' REMUNERATION

The total aggregate remuneration of directors was as follows:

	2021	2020
	€	€
Directors' remuneration	<u>499,725</u>	<u>576,232</u>

Post employment benefits are accruing for no director in the current year (2020: 1) under a defined contribution pension scheme.

The highest paid director received remuneration of €177,398 (2020: €167,681). The highest paid director did not exercise any share options during the year (2020: none). The value of the Company's contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to €nil (2020: €3,325).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

6. **OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	2021	2020
	€	€
Depreciation of tangible assets	103,504	107,377
Amortisation of intangible assets	1,002,770	1,032,978
Loss on disposal of fixed assets	-	5,174
Fair value loss/(gain) on derivative financial liabilities	653,316	(27,946)
Exchange (gains)/losses	(53,290)	55,547
Operating lease rentals	611,758	560,132
	<u> </u>	<u> </u>

7. **AUDITOR'S REMUNERATION**

	2021	2020
	€	€
Fees payable to the Company's auditor for the audit of the Group's annual financial statements	135,669	64,236
Fees payable to the Company's auditor for the audit of subsidiary annual financial statements	43,200	25,000
	<u> </u>	<u> </u>
<i>Fees payable to the Company's auditor in respect of:</i>		
Non-audit services	38,725	36,094
	<u> </u>	<u> </u>

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	€	€
Loan interest payable and other interests	461,781	303,983
	<u> </u>	<u> </u>

Kantox Ltd

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

9. TAX ON LOSS

Analysis of the tax credit

	2021 €	2020 €
<i>Current tax:</i>		
UK corporation tax	(254,405)	(267,479)
Adjustments in respect of previous periods	-	51,932
Total current tax	<u>(254,405)</u>	<u>(215,547)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	<u>(90,813)</u>	<u>(72,579)</u>
Total tax on loss	<u>(345,218)</u>	<u>(288,126)</u>

Factors affecting tax credit in the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The difference is explained below:

	2021 €	2020 €
Loss before tax	<u>(2,837,046)</u>	<u>(4,342,763)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(539,039)	(825,125)
Effects of:		
R&D tax credit	(106,573)	(117,436)
Expenses not deductible for tax purposes	30,152	53,038
Foreign tax credits	-	(70,627)
Overseas profits taxed at different rates	(28,791)	-
Origination and reversal of timing differences	32,330	10,168
Remeasurement of deferred tax	(562,618)	(99,199)
Deferred tax not recognised	839,773	705,705
Adjustments in respect of previous periods	-	57,378
Other permanent differences	(3,727)	(2,028)
Exchange difference movement	(6,725)	-
Total tax credit	<u>(345,218)</u>	<u>(288,126)</u>

The standard rate of corporation tax in Spain, where the Company has a branch, is 25% (2020: 25%).

Factors that may affect future tax charges

The standard rate of tax applied to reported loss on ordinary activities is 19% (2020: 19%). Following the substantive enactment of the Finance Act 2021 the applicable tax rate is due to increase from 19% to 25% from 1 April 2023. As a result deferred tax has been calculated at 25% (2020: 19%). The change of rate will affect the size of the Company's deferred tax assets and liabilities in the future. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing DT position would be to increase the deferred tax asset by €678,605 (2020: €612,000).

10. SHARE BASED PAYMENTS

Certain employees of the Company have been granted options over the shares in Kantox Ltd, under the Kantox Ltd EMI Share Option Scheme. The options are granted with a fixed exercise price. The terms of the share option scheme state that 25% shares will vest on the first anniversary of the vesting commencement date, with the remaining 75% shares vesting monthly in equal installments over the following three years. Employees are required to remain in employment with the Company throughout the vesting period. All options expire on the tenth anniversary of the date of grant.

The fair value of options granted is calculated using the Black-Scholes pricing model, with the following inputs:

	2021	2020
	Black	Black
	Scholes	Scholes
	Option	Option
	Pricing	Pricing
Option pricing model used	427.29	385.22
Weighted average share price (pence)	427.29	385.22
Weighted average exercise price (pence)	4	4
Weighted average contractual life (years)	31.8%	31.8%
Expected volatility	0%	0%
Expected dividend growth rate	0.1%	0.1%
Risk-free interest rate		

A reconciliation of share option movements during the years ended 31 December 2021 and 31 December 2020 is shown below:

	2021	2020
	Number	Number
Outstanding at 1 January	22,201	18,491
Cancelled during the year	-	-
Granted during the year	6,025	4,410
Lapsed/forfeited during the year	(2,162)	(700)
Outstanding at 31 December	26,064	22,201
Exercisable at 31 December	18,155	16,278

The total charge for the year was €296,380 (2020: €226,914). This amount is included within Administrative expenses in the Statement of Comprehensive Income.

11. PENSION COMMITMENTS

The charge to consolidated statement of comprehensive income in respect of defined contribution schemes is €7,977 (2020: €14,648).

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Contributions totaling €509 (2020: €809) were payable to the fund at the year-end and are included in creditors.

12. INTANGIBLE FIXED ASSETS

Group

	Software €	Licences €	Operating platform €	Total €
COST				
At 1 January 2021	42,535	250,000	6,491,551	6,784,086
Additions	-	-	762,562	762,562
At 31 December 2021	42,535	250,000	7,254,113	7,546,648
AMORTISATION				
At 1 January 2021	285	100,000	4,295,530	4,395,815
Amortisation for year	8,450	50,000	944,320	1,002,770
At 31 December 2021	8,735	150,000	5,239,850	5,398,585
NET BOOK VALUE				
At 31 December 2021	33,800	100,000	2,014,263	2,148,063
At 31 December 2020	42,250	150,000	2,196,021	2,388,271

Company

	Licences €	Operating platform €	Total €
COST			
At 1 January 2021	250,000	6,491,551	6,741,551
Additions	-	762,562	762,562
At 31 December 2021	250,000	7,254,113	7,504,113
AMORTISATION			
At 1 January 2021	100,000	4,295,530	4,395,530
Amortisation for year	50,000	944,320	994,320
At 31 December 2021	150,000	5,239,850	5,389,850
NET BOOK VALUE			
At 31 December 2021	100,000	2,014,263	2,114,263
At 31 December 2020	150,000	2,196,021	2,346,021

Notes to the Consolidated Financial Statements - continued
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13. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings €	Office equipment €	Computer equipment €	Total €
COST				
At 1 January 2021	229,990	125,915	270,707	626,612
Additions	10,206	-	63,594	73,800
At 31 December 2021	240,196	125,915	334,301	700,412
DEPRECIATION				
At 1 January 2021	88,738	72,640	188,207	349,585
Charge for year	50,452	12,554	40,498	103,504
At 31 December 2021	139,190	85,194	228,705	453,089
NET BOOK VALUE				
At 31 December 2021	101,006	40,721	105,596	247,323
At 31 December 2020	141,252	53,275	82,500	277,027

Company

	Fixtures and fittings €	Office equipment €	Computer equipment €	Total €
COST				
At 1 January 2021	785	7,655	21,948	30,388
At 31 December 2021	785	7,655	21,948	30,388
DEPRECIATION				
At 1 January 2021	785	7,440	18,694	26,919
Charge for year	-	215	1,870	2,085
At 31 December 2021	785	7,655	20,564	29,004
NET BOOK VALUE				
At 31 December 2021	-	-	1,384	1,384
At 31 December 2020	-	215	3,254	3,469

14. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings €
COST	
At 1 January 2021	1,674,641
Additions	2,000,000
	<u>3,674,641</u>
NET BOOK VALUE	
At 31 December 2021	<u>3,674,641</u>
At 31 December 2020	<u>1,674,641</u>

In the prior year, on 17 November 2020, the Company acquired 100% of the issued share capital of Kantox European Union S.L.U, a group company incorporated in Spain, for consideration comprising the issue of 1,244,641 ordinary shares of €1 each. The fair value of the total consideration was €1,244,641.

There was a disposal in the prior year which relates to the transfer of assets and liabilities from Kantox Ltd, branch in Spain, through a non-monetary contribution, in full ownership and with all inherent rights. This transfer was related to the foreign exchange business in the European Union market. The assets and liabilities associated with the branch of activity have been valued according to their individual book value as of 31 October 2020. This transfer of assets and liabilities of Kantox Ltd, branch in Spain took place due to the Brexit and it had the mandatory authorization of the Bank of Spain on 10 November 2020.

On 25 November 2021, the Company invested further in the share capital of Kantox European Union, S.L.U, a group company incorporated in Spain, through the conversion of debt into capital. Comprising the issue of 2million ordinary shares of €1 each. The fair value of the total consideration was €2,000,000.

Subsidiary Undertakings

The following entities are subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal Activity
Kantox SLU	Ordinary	100%	Group services
Kantox Inc	Common	100%	Without activity
Kantox European Union SLU	Ordinary	100%	Currency management services

Name	Registered office
Kantox SLU	C/Marina, 16, Torre Mapfre, Planta 10, Puerta C, 08005 Barcelona, Spain
Kantox Inc	State of Delaware, 2711 Centerville Road, Suite 400 in the City of Wilmington, County of New Castle, 19808
Kantox European Union SLU	Calle de la Marina 16/18 planta 22, 08005 Barcelona, Spain

All subsidiaries are held directly by the Company.

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Amounts falling due within one year:				
Trade debtors	1,458,774	1,492,149	361,161	353,809
Amounts owed by group undertakings	22,829	21,400	817,832	21,400
Other debtors	480,835	494,233	354,147	633,201
Corporation tax recoverable	268,669	267,479	254,405	267,479
VAT	15,272	48,647	15,272	48,647
Prepayments	417,892	494,587	355,343	458,573
Accrued income	1,968,397	1,310,532	313,910	1,097,063
Deferred tax asset	225,583	-	137,490	-
	<u>4,858,251</u>	<u>4,129,027</u>	<u>2,609,560</u>	<u>2,880,172</u>
	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Amounts falling due after more than one year:				
Other debtors	<u>26,951</u>	<u>140,728</u>	<u>26,951</u>	<u>-</u>
Aggregate amounts	4,885,202	4,269,755	2,636,511	2,880,172

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Cash at bank and in hand	9,526,519	7,524,345	6,919,063	7,057,313

Cash and Cash Equivalent balance as at the year-end comprises cash balances entirely attributable to the Group. It does not include client funds of €40,002,327 (2020: €22,536,675) which are held by Group as funds in transition to be settled or as a margin for the contracts entered by Group on behalf of its customers. Such funds are not included in the Groups' recognised Cash and Cash Equivalent balance as the Group acts as an Intermediary and executes contracts on behalf of its customer. All customer funds are held in separate safeguarded accounts and are restricted with respect to their use (i.e. only used for the purpose of facilitating margin contracts of customers or settling the transactions) and are subject to various regulatory safeguarding compliance requirements. Such requirements may vary across the different jurisdictions in which the Group operates.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Bank loans and overdrafts	1,535,455	1,634,937	1,535,455	1,634,937
Trade creditors	143,950	230,517	113,568	197,950
Amounts owed to group undertakings	-	-	199,128	467,263
Social security and other taxes	972,914	527,725	18,416	104,979
Other creditors	926,232	272,916	926,232	272,916
Accruals	1,077,495	464,802	355,613	243,834
Deferred income	768,966	578,594	141,510	96,315
	<u>5,425,012</u>	<u>3,709,491</u>	<u>3,289,922</u>	<u>3,018,194</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Bank loans	<u>2,364,797</u>	<u>1,542,516</u>	<u>2,364,797</u>	<u>1,542,516</u>

In 2019, the Company replaced its loan facility with a new venture debt facility with a well-known international bank, up to €5 million euros, which is available to be drawn in different branches and linked to certain conditions. During 2021, the Group refinanced the current venture debt facility, being the new principal €4m of this loan facility. The loan facility is secured by a fixed and floating charge over the assets of the Company.

19. FINANCIAL INSTRUMENTS

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Financial assets				
Cash and cash equivalents	9,526,519	7,524,345	6,919,063	7,057,313
Financial assets measured at amortised cost	<u>1,962,439</u>	<u>2,197,157</u>	<u>1,533,140</u>	<u>1,057,057</u>
	<u>11,488,958</u>	<u>9,721,502</u>	<u>8,452,203</u>	<u>8,114,370</u>
Financial liabilities				
Financial liabilities measured at amortised cost	5,890,663	4,451,366	4,710,071	4,182,815
Derivative financial liabilities measured at fair value	<u>926,232</u>	<u>272,916</u>	<u>926,232</u>	<u>272,916</u>
	<u>6,816,895</u>	<u>4,724,282</u>	<u>5,636,303</u>	<u>4,455,731</u>

19. **FINANCIAL INSTRUMENTS - continued**

Cash and cash equivalents comprise cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial assets measured at amortised cost comprise trade debtors, amounts due from group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Derivative financial liabilities measured at fair value relate to issued share warrants. The fair value losses on these financial liabilities for the year is €653,316 (2020: gain of €27,946).

20. **CALLED-UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 €	2020 €
68,588 (2020: 68,437)	Ordinary shares	£1 each	77,705	77,535
56,675 (2020: 56,675)	Ordinary A shares	£1 each	67,146	67,146
91,335 (2020: 91,335)	Ordinary B shares	£1 each	112,995	112,995
25,447 (2020: 20,767)	Ordinary C shares	£1 each	29,706	24,322
			<u>287,552</u>	<u>281,998</u>

During the year, the Company issued 151 Ordinary shares at a total of 38,544 (2020: 8,051) generating share capital of €170 (2020: €56) and share premium of €38,374 (2020: €7,995). Additionally, during the year, the Company issued 4,680 Ordinary C shares at a total of 1,999,717 (2020: nil) generating share capital of €5,384 and share premium of €1,994,333.

21. **RESERVES**

Share premium account

Amount subscribed for share capital in excess of nominal value.

Capital redemption reserve

Reserve relating to the purchase of the Company's own shares.

Capital contribution reserve

Represents the equity component of the Company's convertible debt. This debt was originally issued on 19 December 2016 and subsequently converted to equity shares on 31 July 2017 at €194.75 per share. On conversion, the debt and equity components are credited to share capital and share premium as appropriate.

Share based payment reserve

Reserve made for the cost of making share based payments to staff under the employee stock option plans. See note 10 for further details.

Profit and loss account

The profit and loss account represents all net gains and losses and transactions with owners (e.g. dividends) that are not recognised elsewhere.

22. RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2021 €	2020 €
Loss for the financial year	(2,491,828)	(4,054,637)
Depreciation of tangible assets	103,504	107,377
Amortisation of intangible assets	1,002,770	1,032,978
R&D tax credits received	-	7,282
Share based payment expense	296,380	226,914
Interest expense	461,781	303,983
	<u>(627,393)</u>	<u>(2,376,103)</u>
Increase in debtors	(615,448)	(467,386)
Increase/(decrease) in creditors	<u>1,826,081</u>	<u>(463,964)</u>
	<u>583,240</u>	<u>(3,307,453)</u>

NET DEBT RECONCILIATION

	1 January 2021 €	Cash flow €	Changes in market value and exchange €	Other non cash items €	31 December 2021 €
Cash at bank and in hand	7,524,345	2,002,174	-	-	9,526,519
Debt					
Bank loans	(3,177,453)	(722,799)	-	-	(3,900,252)
Net debt	<u>4,346,892</u>	<u>1,279,375</u>	<u>-</u>	<u>-</u>	<u>5,626,267</u>

23. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions available in Section 33 Related Party Transactions of FRS 102 to not disclose transactions between wholly owned subsidiaries in the Group.

The Company incurs charges invoiced to it from its subsidiary company, Kantox SLU. A total of €nil (2020: €81,204) was charged during the year. The Company also recharged some charges to its subsidiary company, Kantox SLU. A total of €36,374 (2020: €nil) was due from the Company. At the balance sheet date, €nil was due from (2020: €101,116 due to) Kantox SLU.

The Company incurs charges invoiced to it from its subsidiary company, Kantox European Union SLU. A total of €2,575,466 (2020: €1,032,145) was charged during the year. Also, its subsidiary incurs expenses related with the resources that both companies share for the development of their common activity, mainly staff costs and other current management expenses in a total of €2,034,594 (2020: €663,005). At the Balance Sheet date, €632,248 was due to (2020: €568,379 due from) Kantox European Union SLU.

At the Balance Sheet date, €22,829 (2020: €21,400) was due from the Company's subsidiary, Kantox Inc.

A director, Philippe Collombel, has an interest in Partech Partners SAS, a corporate investor which holds 19.12% (2020: 19.5%) of the share capital of the Company.

Eurazo (formerly Idinvest Partners), a corporate director, holds 21.10% (2020: 20.7%) of the share capital of the Company.

A director, M Fodor, rents a property to the subsidiary company Kantox European Union, S.L.U. The total amount charged during the year was €16,150 (2020: €16,021).



24. COMMITMENTS UNDER OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2021	2020	2021	2020
	€	€	€	€
Within one year	371,751	448,765	24,919	41,918
Between one and five years	-	348,562	-	-
	<u>371,751</u>	<u>797,327</u>	<u>24,919</u>	<u>41,918</u>

25. EVENTS AFTER BALANCE SHEET DATE

On 9 March 2022, the Group put in place a new holding company, Kantox Holding, Ltd which is currently the parent company of the Group and holds 100% of the shares of Kantox Ltd and indirectly, Kantox European Union S.L.U. Kantox Ltd and Kantox European Union S.L.U. continue to be the two operating companies, therefore, the new structure will not affect any relationship with clients, employees and other stakeholders.

On 24 February 2022, the invasion of Ukraine by Russia has begun, implying a direct impact on the European and global economy. Despite this, the Company has not had an impact on its business as a result of the tensions that have arisen as a result of the conflict.

26. ULTIMATE CONTROLLING PARTY

On 9 March 2022, Kantox Holding, Ltd became the parent company of the Company and the ultimate controlling company for the group. The registered address of Kantox Holding Ltd is 8 Devonshire Square, 5th floor London, EC2M 4PL, United Kingdom. Prior to 9 March 2022, Kantox Ltd was owned by individual shareholders.

The directors consider there to be no ultimate controlling party.