

Registered number: 07657495

KANTOX LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



KANTOX LTD

CONTENTS

	Page
Company Information	1
Strategic Report	2 - 4
Directors' Report	5 - 6
Directors' Responsibilities Statement	7
Independent Auditor's Report	8 - 11
Profit and Loss Account	12
Statement of Comprehensive Income	13
Statement of Financial Position	14 - 15
Statement of Changes in Equity	16
Notes to the Financial Statements	17 - 41

KANTOX LTD

COMPANY INFORMATION

Directors

P Gelis
J Levet
A Safra
J Baig

Registered number

07657495

Registered office

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

Independent auditor

Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT
United Kingdom

KANTOX LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Strategic Report for Kantox Ltd (the "Company" or "Kantox") for the year ended 31 December 2022.

Business review

The Company has shown to be highly resilient despite the economic and social disruption in previous years. Turnover grew by 64% in the year (2021: 36%) and its volume by 56% (2021: 33%). Additionally, the Company was able to diversify its client portfolio to sectors such as manufacturing, food, chemicals, and pharma, consolidating them in 2021 and 2022.

The Company ended 2022 with £8.7m (2021: £8.1m) of total equity and £5.6m (2021: £5.8m) of cash and cash equivalents (excluding the restricted cash).

In the current year, the Company decided to change its presentation currency from EUR to GBP. This has been implemented retrospectively, thus the comparative period figures are also presented in GBP.

On 9 March 2022 the shareholders of Kantox Ltd agreed to transfer to Kantox Holding Ltd all the issued share capital, the stock options and the warrants, hence, Kantox Holding became the parent company of Kantox Ltd and the ultimate controlling company of the Group. The Company ceased to prepare the consolidated financial statements for the current year as this is now prepared by its parent Company, Kantox Holding Ltd

Finally on 11 October 2022, it was announced the acquisition of 100% of the Kantox Holding Ltd (Parent Company) by BNP Paribas SA, which was subject to pending approvals from FCA and Bank of Spain, which has been later approved on 09 March 2023 from FCA and 07 July 2023 from Bank of Spain. Refer to post balance sheet note for more detail.

Financial key performance indicators

Kantox has delivered strong growth since its inception and this has continued throughout 2022. Our two key performance indicators, revenues and transactions volume, continue to trend positively into 2023.

KPIs	2022	2021
Transactions volume	1.3 billion	832 million
Revenue (£)	3.6 million	2.2 million

The loss after tax for the year was £0.2m (2021: loss £1.7m). Kantox has continued to invest in its products, services and operations during 2022 and expects to continue increasing investment for 2023.

The Board believes that Kantox is well placed both financially and operationally to continue its growth in 2023.

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.

The going concern assessment is based on the cash flow and projections forecast prepared by management where is tested the viability of the business through different scenarios, stressed test. Reasonable assumptions has been considered related to revenue, profitability and cash position.

Based on the mentioned forecast, the directors have an expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

KANTOX LTD

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties and financial risk management

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

Regulatory

The Company, which is an authorized payment institution in the UK, servicing 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 anti-money laundering legislation. The Company holds cash-collateral 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 Company faces the challenge of reacting to and implementing legal and regulatory changes within limited time-frames. As part of our risk management approach, the directors continue to monitor regulatory developments in current markets and take appropriate measures should the regulatory risks in a particular market change significantly.

Money laundering regulations

The Company operates in an industry subject to money laundering regulations. These regulations prohibit, amongst other things, the Company'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 Company 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 Company to change business practices or to cease operations altogether. The Company monitors developments in this regard and is not aware of any imminent changes. The directors believe the Company 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 Company is exposed to counterparty credit risk whenever currency movement puts a counterparty's position with the Company at a loss. The Company 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.

Liquidity risk

The risk that the Company 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 Company 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.

KANTOX LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Covenant compliance

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

Economic downturn

The Company 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.

SECTION 172 OF THE COMPANIES ACT 2006

Section 172 of the Companies Act 2006 ("s.172") imposes a general duty on directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company long-term for the benefit of its members as a whole. The Directors believes that balancing the interest of stakeholders with our corporate purpose, strategy, and the desire to maintain high standards of ethical conduct is embedded in the way we do business.

The Board directly and indirectly (through the Senior Leadership Team and other delegated by the Board) oversees the interests and priorities of these stakeholders.

Our Customers

The Company has a keen interest in customer feedback and encourages the business to maintain multiple channels and methods of communication to engender a useful dialogue with our clients. These insights are used to build new products/features and improve the customer experience.

Regulators

Regulations affect how the Company markets and provides services to its customers.

We are subjected to financial services regulations in the markets we operate in, and it is crucial we maintain a constructive relationship with the regulators, communicating in an open and transparent manner and ensuring that its actions are consistent with regulatory expectations. The Company is positioning itself to well-informed about future developments in the regulatory environment.

The report was approved by the board and signed on its behalf by:

DocuSigned by:

Philippe Gelis

.....C970CJ7358FD408.....

P Gelis
Director

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

Date: 26/7/2023

KANTOX LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The Company 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 Company is based in London and authorized by the Financial Conduct Authority (FCA) (reference number: 580343).

Finally on 11 October 2022, it was announced the acquisition of 100% of the Kantox Holding Ltd (Parent Company) by BNP Paribas SA, which was subject to pending approvals from FCA and Bank of Spain, which has been later approved on 09 March 2023 from FCA and 07 July 2023 from Bank of Spain. Refer to post balance sheet note for more detail.

Results and dividends

The loss for the year, after taxation, amounted to £179,785 (2021 - loss £1,728,596).

No dividends were paid during the year (2021: £nil).

Directors

The directors who served during the year and to the date of this report were:

J Carbajal (resigned on 12 July 2023)
P Collombel (resigned on 12 July 2023)
M Fodor (resigned on 12 July 2023)
P Gelis
A R Guix (resigned on 12 July 2023)
J Levet
Eurazeo (formerly Idinvest Partners) (resigned on 12 July 2023)
A Safra (appointed on 12 July 2023)
J Baig (appointed on 12 July 2023)

Future developments

The directors expect the general level of activity to increase and continue its growth in the forthcoming financial year.

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

Existence of branches outside the UK

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

KANTOX LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Post balance sheet events

On March 29, 2023, the Company paid off the 100% of the outstanding loan with Silicon Valley Bank, an amount of €2M. As at the date of signing the financials statements, the Company doesn't have any other debt with bank institutions.

Following regulatory approvals from FCA on 09 March 2023 and Bank of Spain on 07 July 2023, Kantox Holding Ltd (Parent Company) has been acquired by BNP Paribas SA with final completion procedures completed on 12 July 2023.

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

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

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 reappointment as auditor in the absence of an Annual General Meeting.

This report was approved by the board and signed on its behalf by:

DocuSigned by:
Philippe Gelis
C970C173E8FD409

P Gelis
Director

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

Date: 26/7/2023

KANTOX LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Company and of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

KANTOX LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KANTOX LTD

Opinion

In our opinion the financial statements of Kantox Ltd (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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 Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statements of Changes in Equity; and
- the related notes 1 to 28.

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 of opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

KANTOX LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KANTOX LTD

misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These 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 Company'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 valuations and IT 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 procedures performed to address them are described below:

- Valuation of account 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

KANTOX LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KANTOX LTD

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

- Accuracy of foreign exchange income - Our fraud risk has been pinpointed to the use of correct fee rates in calculating these fees. We have obtained an understanding of the key controls within the reporting process for this account balance. We have recalculated the fee income on an individual trade basis and engaged our IT specialist to test key reports to perform detailed testing over the key inputs used in this recalculation.

~~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 Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

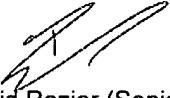
We have nothing to report in respect of these matters.

KANTOX LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KANTOX LTD

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 July 2023

KANTOX LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	3,610,184	2,200,711
Cost of sales		(608,069)	(421,611)
Gross profit		3,002,115	1,779,100
Administrative expenses		(3,672,459)	(3,462,416)
Other operating income	5	532,590	33,986
Operating loss	8	(137,754)	(1,649,330)
Interest receivable and similar income		18,132	-
Interest payable and similar expenses	10	(404,047)	(269,260)
Loss before tax		(523,669)	(1,918,590)
Tax on loss	11	343,884	189,994
Loss for the financial year		(179,785)	(1,728,596)

All activities derive from continuing operations.

The notes on pages 17 to 41 form part of these financial statements.

KANTOX LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Loss for the financial year		(179,785)	(1,728,596)
Other comprehensive income			
Currency translation reserve (net of tax)		(80,131)	1,881,397
Other comprehensive (expense)/income for the year		(80,131)	1,881,397
Total comprehensive (expense)/income for the year		(259,916)	152,801

The notes on pages 17 to 41 form part of these financial statements.

All activities derive from continuing operations.

KANTOX LTD
REGISTERED NUMBER: 07657495

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Intangible assets	13	1,400,152	1,776,573
Tangible assets	14	1,411	1,164
Investments	15	2,878,239	3,087,727
		<u>4,279,802</u>	<u>4,865,464</u>
Current assets			
Debtors: amounts falling due within one year	16	3,810,441	2,178,276
Debtors: amounts falling due after more than one year	16	16,646	22,646
Cash at bank and in hand		30,672,718	14,968,544
		<u>34,499,805</u>	<u>17,169,466</u>
Creditors: amounts falling due within one year	18	(30,117,307)	(11,904,343)
Net current assets		<u>4,382,498</u>	<u>5,265,123</u>
Total assets less current liabilities		<u>8,662,300</u>	<u>10,130,587</u>
Creditors: amounts falling due after more than one year	19	-	(1,987,092)
Net assets		<u><u>8,662,300</u></u>	<u><u>8,143,495</u></u>
Capital and reserves			
Called up share capital	21	242,045	242,045
Share premium account	22	23,431,657	23,431,657
Capital redemption reserve	22	2,159	2,159
Currency translation reserve	22	2,436,385	2,516,516
Share based payment reserve	22	-	1,066,535
Capital contribution reserve	22	1,845,256	-
Profit and loss account	22	(19,295,202)	(19,115,417)
		<u><u>8,662,300</u></u>	<u><u>8,143,495</u></u>

KANTOX LTD
REGISTERED NUMBER: 07657495

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

.....
P Gelis
Director
C970C173E8FD409...

Date: 26/7/2023

The notes on pages 17 to 41 form part of these financial statements.

KANTOX LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Capital redemption reserve £	Currency translation reserve £	Share based payment reserve £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 January 2021	242,045	23,431,657	2,159	635,119	811,825	-	(17,386,821)	7,735,984
Loss for the year	-	-	-	-	-	-	(1,728,596)	(1,728,596)
Currency translation reserve	-	-	-	1,881,397	-	-	-	1,881,397
Total comprehensive income for the year	-	-	-	1,881,397	-	-	(1,728,596)	152,801
Share based payments in the year	-	-	-	-	254,710	-	-	254,710
At 1 January 2022	242,045	23,431,657	2,159	2,516,516	1,066,535	-	(19,115,417)	8,143,495
Loss for the year	-	-	-	-	-	-	(179,785)	(179,785)
Currency translation differences	-	-	-	(80,131)	-	-	-	(80,131)
Total comprehensive income for the year	-	-	-	(80,131)	-	-	(179,785)	(259,916)
Share options transferred to holding company	-	-	-	-	(1,066,535)	-	-	(1,066,535)
Capital contribution in the year	-	-	-	-	-	1,845,256	-	1,845,256
At 31 December 2022	242,045	23,431,657	2,159	2,436,385	-	1,845,256	(19,295,202)	8,662,300

The notes on pages 17 to 41 form part of these financial statements.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

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 the nature of their operations are set out in the Directors' Report.

2. Accounting policies**2.1 Basis of accounting**

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.

Financial reporting standard 102 - reduced disclosure exemptions

The Company is considered to be a qualifying entity and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash flows on the basis that it is a qualifying entity and the cash flows of this entity are included in the consolidated financial statements of the ultimate parent company Kantox Ltd.
- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 19 Business Combinations and Goodwill paragraph 35.10(a) relating to business combinations on the date of transition to FRS 102 (1 April 2014) that were effected before its FRS 102 transition date;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The Company is a wholly owned subsidiary of Kantox Holding Ltd and is included in the consolidated financial statements of Kantox Holding Ltd, see note 28, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under section 401 of the Companies Act 2006.

2.2 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.

The going concern assessment is based on the cash flow and projections forecast prepared by management where is tested the viability of the business through different scenarios, stressed test. Reasonable assumptions has been considered related to revenue, profitability and cash position.

Based on the mentioned forecast, the directors have an expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.3 Foreign currency translation**

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

This differs from the presentational currency in the current year which is GBP. In the current year, the Company decided to take advantage of its enterprise resource planning change and has presented the financial statements in GBP. This has been implemented retrospectively, thus the comparative period figures are also presented in GBP.

Transactions and balances

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 profit or loss 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 Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

2.4 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 Company on behalf of clients. Revenue is recognised after receiving client authorisation 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.

2.5 Interest receivable and similar income

Interest receivable and similar income is recognised in the Profit and Loss Account using the effective interest method.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.6 Interest payable and similar expense**

Interest payable and similar expenses are charged to the Profit and Loss Account 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.

2.7 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 Profit and Loss Account 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 Company 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 Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and Loss Account 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.

2.8 Pensions*Defined contribution pension plan*

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

The contributions are recognised as an expense in the Profit and Loss Account 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 Company in independently administered funds.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.9 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 Company'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.

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 Company 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 Company 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.

2.10 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.

2.11 Intangible assets

Intangible assets represent trade licences and the cost of developing the Company'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 Company 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

Where factors, such as technological advancement or changes in market price, indicate that

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

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 Company 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;
- 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.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.12 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 Company 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 Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Profit and Loss Account 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 Profit and Loss Account.

2.13 Investments in subsidiaries

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

2.14 Cash at bank and in hand

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 of change in value.

Restricted cash includes customer funds in transition to be settled or as a margin for the contracts entered by the Company on behalf of its customers.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.15 Financial instruments

The Company 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 Company 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 Company after deducting all of its liabilities.

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 Company 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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, 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 Company uses derivative financial instruments in the form of issued share warrants. The Company 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

KANTOX LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. Accounting policies (continued)**

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.

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 Profit and Loss Account.

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.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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 Company'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 Company'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 Company 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 Company'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 Company has unrecognised deferred tax assets in relation to unused tax losses amounting to £2,084,540 (2021: £1,792,498).

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 Company has evaluated the value of warrants issued in the 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 2022, the Company 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

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Judgments in applying accounting policies (continued)

operating results positively or negatively.

As at 31 December 2022, the Company's trade receivables were £443,562 (2021: £416,414), against which £96,168 (2021: 112,937) was provided for impairment.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Foreign exchange business	3,023,287	1,834,543
Subscription income	586,897	366,168
	<u>3,610,184</u>	<u>2,200,711</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	1,108,521	781,237
United States	467,226	67,032
China	277,678	274,588
Canada	531,048	269,083
Rest of the world	1,225,711	808,771
	<u>3,610,184</u>	<u>2,200,711</u>

5. Other operating income

	2022 £	2021 £
Other income	-	33,986
Profit on disposal of fixed asset investments	532,590	-
	<u>532,590</u>	<u>33,986</u>

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Employees

	2022	2021
	£	£
Staff salaries	135,597	327,801
Social security costs	14,603	40,657
Cost of defined benefit scheme	5,340	6,855
Share based payments	-	254,710
	<u>155,540</u>	<u>630,023</u>

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

	2022	2021
	No.	No.
Marketing	1	-
Compliance	3	3
CEO	-	1
	<u>4</u>	<u>4</u>

7. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	-	132,962
	<u>-</u>	<u>132,962</u>

No remuneration was paid to the directors in the current year (2021: £132,962) and post employment benefits are accruing for no director in the current year (2021: nil) under a defined contribution pension scheme.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	1,104	1,792
Amortisation of intangible assets, including goodwill	721,860	811,550
Exchange differences	(512,126)	7,466
Share based payments	-	254,710
	<u> </u>	<u> </u>

9. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	30,000	114,000

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

The audit remuneration for 2021 included Kantox Ltd consolidated financial statements' fees, as the Company was the parent of the Group during the year 2021.

10. Interest payable and similar expenses

	2022	2021
	£	£
Other interest payable	404,047	269,260
	<u>404,047</u>	<u>269,260</u>

KANTOX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(91,219)	(189,994)
	<u>(91,219)</u>	<u>(189,994)</u>
Foreign tax		
Foreign tax on income for the year	(349,822)	-
	<u>(349,822)</u>	<u>-</u>
Total current tax	<u>(441,041)</u>	<u>(189,994)</u>
Deferred tax		
Origination and reversal of timing differences	97,157	-
Total deferred tax	<u>97,157</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(343,884)</u>	<u>(189,994)</u>

KANTOX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(523,669)	(1,918,590)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(99,497)	(364,532)
Effects of:		
Expenses not deductible for tax purposes	16,148	55,428
Fixed assets differences	508	-
Income not taxable for tax purposes	(101,192)	-
Other permanent differences	(2,061)	(3,133)
Additional deduction for R&D expenditure	(67,559)	(154,181)
Surrender of tax losses for R&D tax credit refund	28,309	272,783
Branch tax accounting	(349,822)	-
Exchange differences	4,708	3,641
Remeasurement of deferred tax for tax changes on tax rate	(42,356)	-
Movement in deferred tax not recognised	268,930	-
Total tax charge for the year	(343,884)	(189,994)

Factors that may affect future tax charges

Following the Budget announcement on 3 March 2021 the UK Corporation Tax rate (from 1 April 2023) will be 25% (for companies with profits over £250,000) and continue to be 19% (for companies with profits of £50,000 or less). Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate. The tax rate change was enacted in Finance Act 2021 on 24 May 2021.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. 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. On 9 March 2022, following the group restructuring, the share options and warrants were transferred to the new parent company, Kantox Holding Ltd.

A reconciliation of share options movements during the years ended 31 December 2022 and 31 December 2021 is shown below:

	Number 2022	<i>Number 2021</i>
Outstanding at the beginning of the year	26,064	22,201
Granted during the year	-	6,025
Forfeited during the year	-	(2,162)
Transferred during the year	(26,064)	-
Outstanding at the end of the year	-	26,064

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

	2022	<i>2021 Black Scholes Option Pricing</i>
Option pricing model used		
Weighted average share price (pence)	-	427.29
Exercise price (pence)	-	427.29
Weighted average contractual life (days)	-	4
Expected volatility	-	31.8%
Expected dividend growth rate	-	0%
Risk-free interest rate	-	0.1%

The total charge for the year was £Nil (2021: £254,710). This amount is included within Administrative expenses in the Profit and Loss Account.

KANTOX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets

	Licences £	Operating platform £	Total £
Cost			
At 1 January 2022	210,070	6,095,486	6,305,556
Additions	-	273,520	273,520
Foreign exchange movement	11,699	339,456	351,155
At 31 December 2022	221,769	6,708,462	6,930,231
Amortisation			
At 1 January 2022	126,042	4,402,941	4,528,983
Charge for the year on owned assets	42,796	679,064	721,860
Foreign exchange movement	8,577	270,659	279,236
At 31 December 2022	177,415	5,352,664	5,530,079
Net book value			
At 31 December 2022	44,354	1,355,798	1,400,152
At 31 December 2021	84,028	1,692,545	1,776,573

KANTOX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Office equipment £	Total £
Cost				
At 1 January 2022	659	18,443	6,433	25,535
Additions	-	26,473	-	26,473
Disposals	-	(28,291)	-	(28,291)
Exchange adjustments	-	227	-	227
At 31 December 2022	659	16,852	6,433	23,944
Depreciation				
At 1 January 2022	659	17,279	6,433	24,371
Charge for the year on owned assets	-	1,104	-	1,104
Disposals	-	(3,581)	-	(3,581)
Exchange adjustments	-	639	-	639
At 31 December 2022	659	15,441	6,433	22,533
Net book value				
At 31 December 2022	-	1,411	-	1,411
At 31 December 2021	-	1,164	-	1,164

KANTOX LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022	3,087,727
Disposals	(369,549)
Foreign exchange movement	160,061
At 31 December 2022	2,878,239
Net book value	
At 31 December 2022	2,878,239
At 31 December 2021	3,087,727

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.

During the current year, two companies were dissolved, Kantox Inc, registered in the United States and Kantox SLU, registered in Spain. Both entities were owned 100% by Kantox Ltd.

The dissolution of Kantox SLU had an impact in Other operating income of £532,950, mainly due to the positive reserves hold by this entity.

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Kantox European Union SLU	Calle de la Marina 16/18 planta 22, 08005 Barcelona, Spain	Currency management services	Ordinary	100%

The Company has direct holdings in the above subsidiaries.

KANTOX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Debtors

	2022 £	2021 £
Due after more than one year		
Other debtors	16,646	22,646
	<u>16,646</u>	<u>22,646</u>
	2022 £	2021 £
Due within one year		
Trade debtors	337,226	303,477
Amounts owed by group undertakings	2,443,134	687,207
Other debtors	28,159	298,146
Other taxation and social security	-	8,058
Prepayments and accrued income	806,754	562,360
Corporation tax receivable	195,168	213,771
VAT repayable	-	12,833
Deferred taxation	-	92,424
	<u>3,810,441</u>	<u>2,178,276</u>

Other debtors include amounts deposited with financial institutions as credit or transactional support to facilitate client trading. These deposits are recoverable from the institutions as the client trades mature and are not subject to market risk.

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

KANTOX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**17. Cash at bank and in hand**

	2022 £	As restated 2021 £
Corporate bank accounts	5,628,985	5,814,177
Restricted cash	25,043,733	9,154,367
	<u>30,672,718</u>	<u>14,968,544</u>

Cash at bank and in hand balance as at the year-end comprises Corporate bank accounts entirely attributable to the Company. Restricted cash include client funds of £25,043,733 (2021: £9,154,367) which are held by the Company as funds in transition to be settled or as a margin for the contracts entered by the Company on behalf of its customers. 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 Company operates.

18. Creditors: Amounts falling due within one year

	2022 £	As restated 2021 £
Bank loans	2,097,753	1,290,212
Trade creditors	163,482	95,376
Amounts owed to group undertakings	1,116,088	167,323
Other taxation and social security	12,229	-
Other creditors	979,870	778,721
Accruals and deferred income	704,152	418,344
Safeguarded liabilities	25,043,733	9,154,367
	<u>30,117,307</u>	<u>11,904,343</u>

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

Other creditors include amounts deposited with financial institutions as credit or transactional support to facilitate client trading. These deposits are recoverable or payable from/to the institutions as the client trades mature and are not subject to market risk. In 2021 these amounts were booked as Other debtors.

Safeguarded liabilities corresponds with clients funds which are held by the Company as funds in transition to be settled or as a margin for the contracts entered by the Company on behalf of its customers.

KANTOX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans	-	1,987,092
	<u>-</u>	<u>1,987,092</u>

20. Financial instruments

	2022 £	As restated 2021 £
Financial assets		
Cash at bank and in hand	30,672,718	14,968,544
Financial assets measured at amortised cost	2,825,165	1,311,476
	<u>33,497,883</u>	<u>16,280,020</u>
Financial liabilities		
Financial liabilities measured at amortised cost	29,400,926	12,694,370
Derivative financial liabilities measured at fair value	-	778,721
	<u>29,400,926</u>	<u>13,473,091</u>

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 £nil (2021: £561,461).

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
242,045 (2021 - 68,588) 68,588 Ordinary shares shares of £1.00 each	242,045	68,588
0 (2021 - 56,675) 56,675 Ordinary A shares shares of £1.00 each	-	56,675
0 (2021 - 91,335) 91,335 Ordinary B shares shares of £1.00 each	-	91,335
0 (2021 - 25,447) 25,447 Ordinary C shares shares of £1.00 each	-	25,447
	242,045	242,045

On 9 March 2022, Kantox Holding Ltd acquired 100% of the issued shares of Kantox Ltd, through a share for share transaction. Kantox Holding Ltd issued to each Shareholder the same number of shares in Kantox Holding Ltd as the Shareholders current shareholding in the Kantox Ltd. The Ordinary, A, B and C shares were reclassified into Ordinary. As part of this transaction, stock options and warrants held in Kantox Ltd, were transferred also to Kantox Holding Ltd.

Following the completion of this agreement, each of the Sellers' shareholdings in the Kantox Holding Ltd will be exactly proportionate to their respective holdings in Kantox Ltd immediately prior to the entry into the agreement.

This transaction qualifies for merger accounting.

Due to the above transaction, Kantox Holding Ltd became the parent company of the Group and the ultimate controlling company.

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. 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.

Currency translation reserve

Represent differences arising on translation of the opening net assets and results of overseas operation and change in presentational currency.

Share based payment reserve

Reserve made for the cost of making share based payments to staff under the employee stock option plans. This reserve has been transferred to Kantox Holding Ltd.

Capital contribution reserve

Represents the equity component of the share options and warrants transferred to the holding company during the year.

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.

23. Prior year adjustment

The financial statements for 2021 has been restated to correct the presentation of the restricted cash in accordance with Section 7 of FRS 102, following the IFRIC agenda decision on IAS 7.

The impact of this prior year restatement on the Balance Sheet as at 31 December 2021 is an increase of Cash at bank and in hand specifically, restricted cash of £9,154,367 and an increase of the same amount in Creditors: Amounts falling due within one year, specifically in Safeguarded liabilities.

	As previously reported £	Restatement £	As restated £
Cash at bank and in hand - Restricted Cash	0	9,154,367	9,154,367
Creditors: Amounts falling due within one year – Safeguarded liabilities	0	(9,154,367)	(9,154,367)

KANTOX LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****24. Pension commitments**

The charge to the Profit and Loss Account in respect of defined contribution schemes is £5,340 (2021: £6,855).

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

Contributions totaling £460 (2021: £427) were payable to the fund at the year-end and are included in creditors.

25. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	27,762	20,947
	27,762	20,947

KANTOX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

26. 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.

27. Post balance sheet events

On March 29, 2023, the Company paid off the 100% of the outstanding loan with Silicon Valley Bank, an amount of €2M. As at the date of signing the financials statements, the Company doesn't have any other debt with bank institutions.

Following regulatory approvals from FCA on 09 March 2023 and Bank of Spain on 07 July 2023, Kantox Holding Ltd (Parent Company) has been acquired by BNP Paribas SA with final completion procedures completed on 12 July 2023.

28. Controlling party

On 9 March 2022, Kantox Holding, Ltd became the parent company of the Kantox Ltd and the ultimate controlling company for the group. The registered address of Kantox Holding Ltd is 8 Devonshire Square, 5th floor London, EC2M4PL, United Kingdom. Prior to 9 March 2022, Kantox Ltd was owned by individual shareholders.

The ultimate controlling party of the Company is Kantox Holding Ltd.