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ANNUAL REPORT



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ISX Financial EU PLC



Contents

Corporate directory	2
Letter from the Chairman	3
Management Report	4
Operating and Financial Review	4
Corporate Governance	17
Non-Financial Information	26
Remuneration Report (audited)	28
Other Matters	31
Consolidated statement of profit or loss and other comprehensive income	34
Consolidated statement of financial position	35
Consolidated statement of changes in equity	36
Consolidated statement of cash flows	37
Notes to the consolidated financial statements	38
Independent auditor's report to the members of ISX Financial EU Plc	71

Directors	Christakis Taoushanis (Independent Non-Executive Chairman) Nikogiannis Karantzis (Managing Director) Dominic Melo (Executive Director) Elizabeth Warrell (Executive Director) Panikos Poulos (Independent Non-Executive Director, appointed on 13 April 2022)
Chief Financial Officer	Elizabeth Warrell
Company Secretary	Elena Pafiti
Registered office	Makrasykas 1, KBC North Bldg. Strovolos, Nicosia, 2034, Cyprus
Auditor	BDO Limited 236 Strovolos Avenue Strovolos Nicosia, 2048, Cyprus
Website	www.isxfinancial.com
Internal Auditor (Cyprus)	Nexia Poyiadjis Chartered Accountants 8th floor 2 Sophouli str, Nicosia, 1096, Cyprus

Letter from the Chairman

Dear Shareholders,

It is with great pleasure that I present the first ISX Financial EU Plc Annual Report, which covers the calendar year ended 31 December 2021.

2021 was a landmark year for the Company, with the demerger from Southern Cross Payments Ltd (previously known as iSignthis Ltd) completed in October 2021, enabling the Company to form the ISXFEU Consolidated Group and refocus the Group on its European expansion.

As we look into 2022, the Directors and myself remain committed to exploring all opportunities to find a new exchange on which we can list the Company's securities. We continue to work through the options to find the best solution for the Company and its Shareholders.

Pleasingly, through 2021 our Company's management remained focused on growing the business, innovating for our customers and finding further opportunities to deliver on our strategic goals, including the investment in NSX Limited and ClearPay Pty Ltd.

In 2021, the Group's focus was on continuing to grow revenue net of operation costs, which was up 26% versus 2020, due to growth in revenue (up 4%) from transaction banking and payment services, combined with lower payment scheme costs (operating costs down 26%). This growth has been driven from both new and existing customers, focusing on growing lower cost instant and batched interbank payments. With the demerger complete, we continue to see further opportunity for growth into 2022 and the Group concentrates on the growing market opportunities in Europe and the UK.

Lastly, as we look into 2022, we are also excited about our new retail product flykk. flykk is a pass-through wallet, enabling customers to send money to any of our flykk merchants, receive funds and send funds to any SEPA linked account in the European Union or the UK.

On behalf of the ISX Financial EU Plc Board of Directors, Management Team and dedicated employees, we would like to express our sincere appreciation to our shareholders who have maintained their support through several years of uncertainty. We look forward to making 2022 an even more successful year for the company.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Christakis Taoushanis', written in a cursive style.

Christakis Taoushanis
Non-Executive Chairman

Management Report – Operating and Financial Review

Company Overview and Nature of the Company's Business

ISX Financial EU PLC ('ISXFEU') was incorporated and is domiciled in Cyprus and is a public company in accordance with the provisions of the Cyprus Companies Law (Cap. 113). The Company's registered office is Makrasykas 1, KBC North Building, Strovolos, Nicosia, 2034, Cyprus. The Company is the holding company of the ISX Financial EU group (the 'Group').

ISXFEU is a regulated financial services company and developer of RegTech solutions, headquartered in Nicosia (Cyprus), with operations centres in Melbourne and Sydney (Australia), Vilnius (Lithuania), Raleigh (NC, USA) and London (UK) with sales offices in Amsterdam (the Netherlands), Tel-Aviv (Israel) and Valetta, (Malta).

ISXFEU has developed and extended its own monetary financial services technology stack including payment gateway, core banking, interbank networking and KYC platforms. ISXFEU uses this technology stack to deliver payment and eMoney services to business and retail customers under EU and UK monetary financial services authorizations. ISXFEU also provides the platforms as a technology provider to other regulated financial institutions under either Software as a Service (SaaS) or a licensing plus service fees model.

In September 2020, ISXFEU's UK subsidiary, ISX Financial UK Ltd (ISXFUK) was granted an authorisation as an authorised e-money institution (AEMI) by the UK's Financial Conduct Authority (FCA) under the Electronic Money Regulations 2011 (United Kingdom). The licence allows ISXFUK to issue, distribute and redeem eMoney in the UK, and, subject to approval of its application, to hold a Bank of England (BoE) settlement account. The full range of services permissible under the Payment Services Regulations 2017 (United Kingdom) has also been authorised, including account information and payment initiation services. ISXFUK has letters of intent from Pay.UK for it to join the Faster Payment Service and bankers' automated clearing system (BACS) networks, for payment processing of pound sterling.

ISXFEU's and its subsidiaries hold payment services licences in both the EEA and UK for major card schemes, including Mastercard Inc., Diners Club, Discover, JCB, Faster Payment Service, BACS, Sofort and other alternative payment methods (APM's).

Part of ISXFEU's strategy is to integrate its products, services, intellectual property, and regulatory authorisations into third party platforms. These platforms may take the form of securities trading, securities exchanges, gaming, gambling, eCommerce, travel, retail, financial services, accounting, payroll, point of sale, and other opportunities ISXFEU identifies.

The Company operates across four main divisions, with various product/services brands within each of those divisions.

1. Regulated eMoney & Payment Services: Identity, Payments, eMoney and Banking, with services provided by ISXFEU, and ISXFUK.
2. RegTech Solutions: Core banking and core networking platforms and other banking services, with products and services provided by Probanx Solutions Ltd. (Cyprus) and UAB Probanx Solutions. (Lithuania) (collectively, "Probanx").
3. Regulated Securities Exchange: 19.99% holdings in the publicly quoted NSX Ltd. (ASX: NSX) ("NSX") which owns and operates the National Stock Exchange of Australia Ltd. ("NSXA"), Australia's second largest Tier 1 licensed securities market, and 59% holdings in digital ledger technology delivery versus payment company, ClearPay.
4. Intellectual Property: A number of granted and pending patents applicable to anti-money laundering, payment verification and payments, across multiple jurisdictions, including European Patent Area, United States, Canada, Australia, New Zealand, Singapore, China, India, and Brazil.

Subsidiaries

During the year ended 31 December 2021, ahead of the demerger from Southern Cross Payments Ltd, several subsidiaries of Southern Cross Payments Ltd were transferred to the Company. The key transfers included:

1. Probanx Holdings Ltd on 21 April 2021, 100% owned.
2. Probanx Solutions UK Ltd transferred on 23 August 2021, 100% owned.
3. ClearPay Pty Ltd transferred on 23 August 2021, 59% owned.

A full list of subsidiaries of the Group can be found in Note 35 of the financial statements.

Strategy

ISXFEU's strategy is to:

- offer its RegTech and FinTech services globally to other financial institutions; and
- to provide regulated payment, transactional banking, securities exchange, clearing and settlement, and eMoney services to businesses and merchants within the EEA, including the UK, with expansion plans into the United States and Canada and other regions where suitable commercial opportunities exist, subject to regulatory approvals and licences; and
- to enter into partnerships with operators of ecosystems and platforms that deliver online and point of sale services, such that ISXFEU services are incorporated into the payment process.

ISXFEU has sales teams located in the UK, the Netherlands, Lithuania, Malta, Israel, and Cyprus. ISXFEU's EEA authorisation permits ISXFEU to offer its regulated eMoney services in the following jurisdictions:

Jurisdictions Where ISXFEU May Offer Services							
Austria	(AT)	Estonia	(EE)	Hungary	(HU)	Slovakia	(SK)
Belgium	(BE)	France	(FR)	Latvia	(LV)	Finland	(FI)
Bulgaria	(BG)	Croatia	(HR)	Malta	(MT)	Sweden	(SE)
Czechia	(CZ)	Italy	(IT)	Netherlands	(NL)	United Kingdom	(UK)
Denmark	(DK)	Cyprus	(CY)	Poland	(PL)	Iceland	(IS)
Germany	(DE)	Spain	(ES)	Portugal	(PT)	Liechtenstein	(LI)
Ireland	(IE)	Lithuania	(LT)	Romania	(RO)	Norway	(NO)
Greece	(EL)	Luxembourg	(LU)	Slovenia	(SI)	Gibraltar	(GIB)

ISXFEU intends to pursue further monetary financial services licences to operate as an authorised electronic money and payment institution in jurisdictions outside the EEA and the UK.

ISXFEU, through its Probanx® subsidiaries, intends to continue to develop financial and regulatory technology software for securities & commodities exchanges, banks, credit unions, electronic money institutions, payment institutions and financial services companies. The software may be licenced, or provided as a service, for upfront and monthly fees, and integrated directly with customer systems, or via platform partners. The software includes solutions for customers onboarding, identity verification, core banking, interbank networking, card scheme processing, securities delivery versus payment, payment netting and electronic wallet solutions.

ISXFEU's strategy includes the continuation of research and development of innovative technological solutions (registering patents where possible) for the delivery of transactional banking and identity services. This includes systems for identity verification, transaction monitoring, core banking, payment processing, card acquiring, card issuing and eMoney.

ISXFEU's four operating divisions complement and reinforce each other, with their intellectual property providing a basis for development of core RegTech and FinTech platforms. These, in turn, are used to underpin ISXFEU's regulated services divisions in payments and securities. Broadly, regulated services are delivered under the "ISX.Money" domain, "ISX Financial" and "ISXPay" trademarks. The FinTech services are delivered under the "Probanx" trademark, RegTech under "Payidentity" trademark and consumer services under the "flykk" trademark.

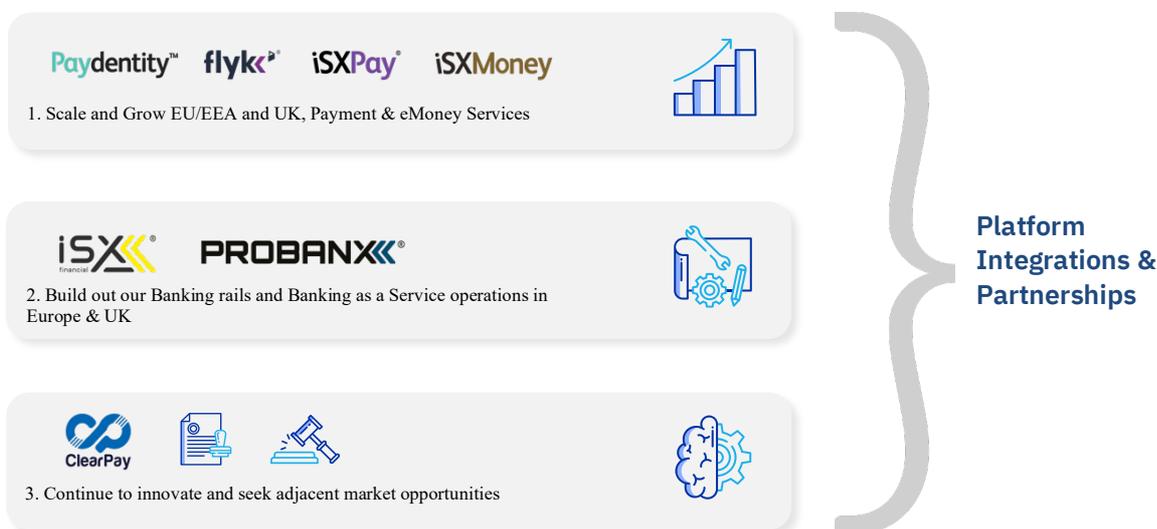
Each business division is treated as a separate profit and loss centre, with the ability to generate revenues either through licensing, or the provision of technical services, or regulated services, to business and retail customers.

Presently, ISXFEU is focused on the UK and the EEA, with plans to expand geographically into Canada, the United States and Asia Pacific. ISXFEU is also looking to expand into other AML regulated sectors where ISXFEU has a competitive advantage with its RegTech and FinTech capabilities. The EU represents approximately one-third of the global payments market and is still in an expansionary phase for the group.

ISXFEU is focused on continuing to scale and grow in Europe, with short-term objectives being to expand into other jurisdictions including Canada, United States and Asia Pacific over the next two to three years. Over the longer term, management expects to continue its geographic expansion into other regions where suitable commercial opportunities exist.

ISXFEU’s strategy is to integrate its products, services, intellectual property, and regulatory authorisations into third party platforms and ecosystems, such as the Playtech “cashier”, the WIX “checkout” and the Worldline Devcode “cashier”, amongst others.

These platforms may also take the form of systems that provide consumers with securities trading, securities exchanges, gaming, gambling, eCommerce, travel, retail, financial services, accounting, payroll, point of sale services and other opportunities ISXFEU identifies.



ISXFEU will further enhance its product offering by launching cross border remittance capabilities in 2022. These capabilities, allow money to be remitted to other jurisdictions, outside the EEA and UK. There is a project underway and scheduled to conclude by late 2022, that will also allow ISXFEU to issue debit cards that can be linked to a retail customer’s IBAN, allowing cash withdrawals at ATMs and payments at "Chip and PIN" point of sale terminals.

ISXFEU will be contributing know-how, and its subsidiary, Probanx, has designed and is developing the Delivery versus Payment (DvP) platform for ClearPay Pty Ltd. This will include the integration of the ISXPAY and Paydentity™ platforms into the NSXA and ClearPay. By bringing together the capabilities of NSX and ISXFEU, ISXFEU plans to provide the technology to enable the NSXA to transform into an emerging company venture exchange that is an open, transparent, modern, and high-tech alternative to the ASX.

ISXFEU also aims to target Forex, Skilled Games, Wagering and Merchants from Other AML Regulated Sector Industries as businesses in these sectors are regulated with complex requirements that evolve with new regulatory conditions being imposed frequently, together with the challenging environment in which they operate. Marketing to these sectors is accomplished through attendance at specific trade shows, advertising in industry sector magazines, and setting up appointments with potential clients.

Implications of the COVID-19 outbreak

The COVID-19 pandemic which started in early 2020, remains a world-wide challenge today. Through this period the Company enacted its pandemic policy, which included sending employees to work from home where necessary and regular rapid testing at our main office in Cyprus.

With Customers in a variety of industries, the Company was able to, and continues to navigate the pandemic with minimal business interruption and minimal impact on its financial performance. The Company continues to monitor the situation, taking all necessary measures to continue to mitigate the impact on its operations and financial performance.

Financial Review

Group Financial Performance

During the year ended 31 December 2021, we have seen the business continue to build and grow scale, with a profit after tax of €1.3 million down 59% on the prior year (31 December 2020: a profit after tax of €3.3 million). The decrease in net profit is due to a €1.1 million impairment in the group's investment in NSX Limited, combined with increased costs to support the Group's revenue growth.

In the period revenue from customers grew 4% to €22.7 million, from €21.8 million in 2020. This growth was driven by improved revenue from our SEPA instant and batched interbank payments network, and from Alternative Payments Methods (APMs). The Group continues to focus on diversifying its revenue away from card acquiring, towards lower cost instant and batched interbank payments, and creating a multi-rail ecosystem centred on its flykk[®] service.

In the year ended 31 December 2021 the Group's expenses and other charges (inclusive of foreign exchange losses) increased by 12% or €2.2 million to €20.4 million, largely due to a €1.1 million impairment in the group's investment in NSX Limited and increased costs to support the Group's revenue growth. Employee benefits expenses increased by €1.4m, due to additional employees hired to manage current and future customer growth. Depreciation and amortisation costs increased €0.8 million as the Group continues to invest in its key software assets to support future growth. Corporate costs increased €0.8 million, driven by legal and advisory costs related to the demerger and exploring alternative listing opportunities. The Group also saw a €0.3 million increase in research and development costs, as it continues to invest in future product innovation for our customers. These costs were partially offset by a decrease in operating costs, which represent card scheme charges and other variable costs, down €2.4m due to the focus on diversifying the group's revenue away from card acquiring, towards lower cost instant and batched interbank payments.

Financial Position

The Group's net assets for the period increased by €11.4 million to €7.5 million, mainly due to a €5.1 million increase in share capital (related to the demerger from Southern Cross Payments Ltd) and equity contribution of €5.2 million, combined with a €1.3 million profit for the year.

The financial position of the Group remained strong during the period, with cash and cash equivalents of €5.0 million at the end of the period (31 December 2020: €8.3 million). During the period the Group generated €6.1 million in operating cash flows, offset by €2.8 million of cash used in investing activities, largely related to software development and €6.7 million in cash used in financing activities, largely related to the payment of dividends and debt back to Southern Cross Payments Ltd.

The Group also saw its total assets increase by €32.1 million since 31 December 2020 to €112.2 million. The increase was largely due to an increase in funds held on behalf of merchants of €32.1 million, due to increased customer activity and new customers choosing to hold their cash with the group. Funds held on behalf of our merchants are held in cash, mainly with the Eurosystem's Central Bank of Lithuania.

The Group's total liabilities have increased by €20.8 million to €104.7 million, due to a corresponding €32.1m increase in merchant liabilities driven by the reasons outlined above, convertible note payable of €4.2 million (refer to note 25), an increase in lease liabilities of €1.5 million (refer to note 23), partially offset by a reduction in other current liabilities of €17.1 million, largely related to loans owing to Southern Cross Payments Ltd which were repaid, or converted to equity during the period.

The Group’s working capital, being current assets less current liabilities was €2.1 million at 31 December 2021 (31 December 2020: negative €11.0 million). As a result of the above, the Directors believe the consolidated entity is in a strong and stable position to expand and grow its current operations.

Principal risks and uncertainties - Risk management and mitigation

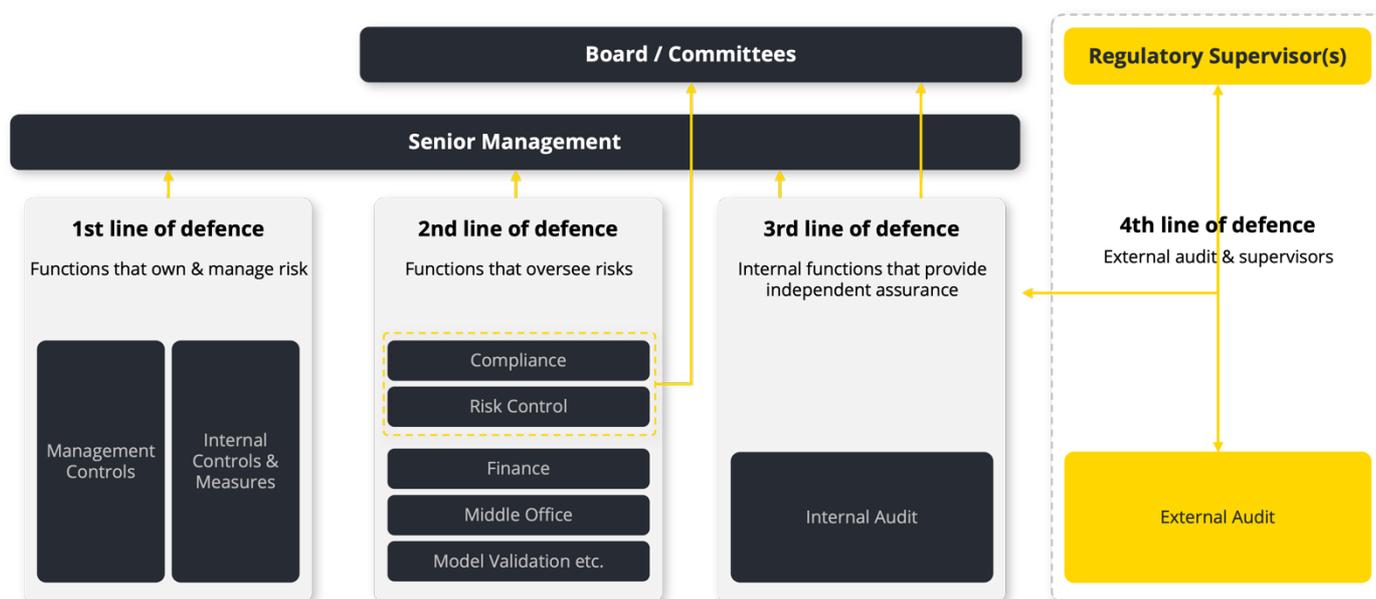
As part of its business activities, the Group faces a variety of risks, to which the Group has developed methods to manage and monitor these risks together with mitigation strategies, including by way of policy, procedures, controls and technology.

The key risks the Group faces are outlined below. In addition, key risks facing the Group also include operational risk which also includes compliance, legal and reputational risk, regulatory risk, information security and cyber risk, digital transformation and technology risk as well as business model and strategic risk.

Information relating to the financial risks the Group faces and how these risks are managed is set out in Note 29 of the Consolidated Financial Statements.

The Group activities are mainly in Cyprus therefore the Group's performance is impacted by changes in the Cyprus operating or regulatory environment.

The Group manages risk first through understanding and managing the risk environment and taking measures, where necessary, to ensure that risks are contained to acceptable levels consistent with the Group’s risk appetite. The principle underpinning the Group’s approach is that risk management is an integral part of the management function in the organisation and, as such, is the clear responsibility of management. Senior managers have the responsibility to evaluate their risk environment, put in place appropriate controls and monitor the effectiveness of these controls. This process is supplemented with a review of key enterprise risks by the Risk Committee. The Group’s risk management framework is detailed below:



The Group is committed to ensuring that effective risk management remains central to all its activities and is a core management competency. The aim is to ensure that risk management is embedded in the Group’s processes and culture, thus contributing to the achievement of its core objectives.

The risk factors discussed below and outlined within this report should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be risks and uncertainties of which the Group is not aware or which the Group does not consider significant, but which may become significant. As a result of the challenging conditions due to COVID-19, the uncertainty created by the Ukrainian crisis, the growing threat of cyber-attack and unknown risks, the precise nature of all risks and uncertainties that the Group faces cannot be predicted as many of these risks are outside of the Group’s control.

1. ISXFEU relies on key management personnel, and its business may be adversely affected by loss of such personnel or by any inability to recruit, train, retain and motivate key employees.

ISXFEU believes that its management teams contribute significant experience and expertise to the management and growth of its business. The continued success of its business and its ability to execute its business strategies in the future will depend in large part on the efforts of ISXFEU's key personnel. There is a shortage of skilled personnel in the digital payments industry in the countries in which ISXFEU develops its products (including in Australia, Cyprus, the United States and Lithuania), which management believes is likely to continue. As a result, ISXFEU may face increased competition for skilled employees in many job categories from local and regional finance and technology companies, including other merchant solutions and issuer solutions companies and this competition is expected to intensify.

Furthermore, ISXFEU may need visas in various countries in order to recruit and retain the most competitive employees for various positions. As various countries in which ISXFEU operates seek to increase the employment and hiring of local employees, ISXFEU may be unable to obtain the requisite visas for its current or prospective employees from the respective governments in a timely manner or at all.

In addition, if ISXFEU expands its business through acquisitions, ISXFEU may be unable to retain and integrate skilled employees from acquired companies or businesses.

Key person risk is applicable to Mr. N. Karantzis in case of accident or fatality preventing his contribution to the ISXFEU operations, as he remains central to the operations, regulatory and strategy aspects of ISXFEU.

With the strengthening of the leadership team over the past few years, the company would be able to continue to operate in a steady state, in Mr. Karantzis' absence. This would enable the Board to conduct a search for a short-term and long-term successor.

This risk is well understood and efforts have been made to eliminate key-person risk at all levels within the organisation, including:

- Ensuring managers have deputies;
- Distribution of tasks away from individuals and towards multiple team members;
- Recruitment of potential replacements;
- Development of precise procedural manuals; and
- Retention strategies.

2. ISXFEU's inability to successfully integrate, recruit, train, retain and motivate key skilled employees could have a material adverse effect on its business, financial condition, and results of operations.

ISXFEU depends upon the continued services and performance of ISXFEU Directors and key senior management. The unexpected departure or loss of one of ISXFEU's Directors or key senior management team could have a material adverse effect on ISXFEU's business and financial performance, and there can be no assurance that ISXFEU will be able to attract or retain suitable replacements for such directors and/or key management in a timely manner, or at all.

ISXFEU also may incur significant additional costs in recruiting and retaining suitable replacements and avoiding disruption in integrating them into ISXFEU's businesses. In addition, ISXFEU's operations and execution of its business plan depend on the ability of ISXFEU to attract, train and retain suitably skilled or qualified personnel with relevant industry and operational experience and to ensure that ISXFEU has a robust succession planning system in place. In order for ISXFEU to expand its operations in the future it will need to recruit and retain further personnel with suitable experience, qualifications and skill sets capable of advancing ISXFEU's business. There is substantial competition for suitably skilled or qualified personnel with relevant industry and operational experience and there can be no assurance that ISXFEU will be able to attract or retain its personnel on similar terms to those on which it currently engages its employees, or at all. If ISXFEU is unable to attract or retain suitably skilled or qualified personnel, then this could have a material adverse effect on ISXFEU's business and financial performance.

This risk is well understood and efforts have been made to manage this risk at all levels within the organisation, including:

- Ensuring managers have deputies;
- Distribution of tasks away from individuals and towards multiple team members;
- Recruitment of potential replacements;
- Development of precise procedural manuals;
- Retention strategies;
- Induction programs for new staff; and
- Appropriate role based training for new staff and executives.

3. *The costs and effects of pending and future litigation, investigations or similar matters, or adverse facts and developments related thereto, could materially affect ISXFEU's business, financial position, and results of operations.*

ISXFEU is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims, shareholder class actions and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of ISXFEU.

ISXFEU from time to time may in the future be involved in governmental or regulatory investigations or similar matters arising out of its current or future business. ISXFEU's insurance or indemnities may not cover all claims that may be asserted against it, and any claims asserted against it, regardless of merit or eventual outcome, may harm its reputation. Furthermore, there is no guarantee that ISXFEU will be successful in defending itself in pending or future litigation or similar matters under various laws. Should the ultimate judgments or settlements in any pending litigation or future litigation or investigation significantly exceed ISXFEU's insurance coverage, they could have a material adverse effect on its business, financial condition, and results of operations.

The Company is a party to legal proceedings against the Australia Securities Exchange (ASX) in the Federal Court of Australia, per file number VID1315/2019, where it is claiming a large proportion of the damages which are in excess of AUD\$464.7m. The cost of the proceedings and the likelihood of a successful outcome against the Australia Securities Exchange (ASX) remain uncertain and could materially affect the Company's business, financial position and results of operations. If the Company is unsuccessful against the ASX it may be liable to pay some of the ASX's legal fees as they relate to the case.

The Company manages these risks through ensuring communication with key stakeholders, including regulators and shareholders, is open and transparent, ensuring the Company is abreast of changes in regulations and through internal audit, which review annually the Group's adherence to regulations. Further the Company has appropriate insurance policies in place to cover employers liability, public liability, professional indemnity and directors and officers.

4. *Local currency fluctuations could affect ISXFEU's cash flows which could, in turn, impact its ability to pay certain obligations as cash flows are generated in local currencies.*

Each of ISXFEU's subsidiaries earns its revenue and incurs operating expenses principally in the local currency of the markets in which it operates. ISXFEU's operating results, as presented in EUROS, are affected by exchange rate fluctuations between the EURO and a number of local currencies. Substantially, most of ISXFEU's revenues are currently in the EURO currency, whereby volatility in the exchange rate of the EURO or any other currency against local currencies can result in gains or losses. Any negative effect of local currency fluctuations on ISXFEU's cash flows could adversely impact its ability to pay certain obligations, which could adversely affect its business, financial condition, and results of operations.

The Company monitors foreign exchange risk and if material would look to put appropriate hedges in place.

5. *Customer service and reputational risk.*

The reputation of ISXFEU and its products is important in attracting and retaining existing business and obtaining new business and key employees. Reputational damage could arise due to a number of circumstances, including errors or defects, inadequate services or unsatisfactory client outcomes. Litigation arising, or negative publicity could adversely impact the reputation of ISXFEU which may potentially result in a fall in the number of customers seeking the products and services of ISXFEU.

The Company manages this risk through its customer-centric product design and development processes, ensuring products provide significant features and benefits for its target clients. Further, new technology is carefully developed, tested and implemented via a fully auditable process.

6. *Operational risk events.*

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events which affect our business. Our business is exposed to operational risks such as external and internal fraud, processing errors, system or hardware failure and failure of information security systems. Loss from operational risk events could divert investment from new products into remediation of existing systems and processes, damage merchant relations or our reputation, adversely affect our financial results or position, as well as divert staff away from their core roles to remediation activity. In addition, losses could include legal or remediation costs and loss of property and/or information.

ISXFEU has conceived designed and built proprietary systems to enable it to offer an automated payments value-chain. The systems and processes are clearly understood and have built-in monitoring capabilities to allow ISX analysts to observe any system issues before they arise. Robust access controls should ensure no unauthorised changes can occur.

To further manage operational risks where processes are not automated, the Company has strict controls, coupled with 4-eyes/6 eyes checks, combined with robust governance and oversight.

Where other people-related risks remain such as accidents/ falls etc, the Group holds appropriate insurances.

7. ISXFEU may fail to hold, safeguard or account accurately for merchant or customer funds.

ISXFEU employs a high level of internal controls and compliance procedures to hold, safeguard and account accurately for account holders' funds. In order to safeguard funds, account holders' funds must either be held in secure, liquid low-risk assets that are held by a custodian or placed in a segregated account of an authorised credit institution or the Company may hold an insurance policy or bank guarantee to safeguard the funds. As ISXFEU's business continues to grow, it must continue to strengthen its internal controls. ISXFEU's success relies on public confidence in its ability to handle large and growing transaction volumes and merchants' or customers' funds. In addition, the Electronic Money Regulations require eMoney providers to safeguard their customer funds from receipt until the eMoney for which those funds have been exchanged is spent or redeemed and for a period of six years following termination of the eMoney contract.

Any failure to maintain necessary controls, to effectively safeguard the funds of ISXFEU's merchants or customers or to manage merchants' or customers' funds accurately could severely diminish merchant or customer use of ISXFEU's services and could have a material adverse effect on ISXFEU's results of operations, financial condition, and future prospects. Further, a failure to adequately safeguard the funds of its customers could result in ISXFEU being subject to enforcement action by the relevant regulator which could result in fines or other penalties being levied against ISXFEU.

ISXFEU has conceived designed and built proprietary systems to enable it to offer an automated payments value-chain. This includes its proprietary core banking platform, which performs the journaling and ledgering of customer transactions, to ensure the rights and obligations of eMoney holders are accurately recorded. Further, the Company has appropriate controls, including reconciliations in place for the safeguarding of funds.

8. ISXFEU's systems and its third-party providers' systems may fail due to a number of factors, including factors beyond its control, which could interrupt its service, cause it to lose business and increase its costs.

The integrity, reliability, and operational performance of ISXFEU's IT infrastructure and systems are critical to its operations. The most significant of these are the systems it uses to operate its merchant solutions. ISXFEU also depends on the efficient and uninterrupted operation of numerous other systems, software, data centres and telecommunications networks, as well as the systems of third parties, including the Central Bank of Lithuania, Mastercard, Diners Club/Discover, JCB, AMEX, Fiserv, Equinix, Microsoft Azure and Amazon Web Services in order to provide services to its clients. In particular, ISXFEU has experienced high growth rates in payment transaction volumes over the past year and expects growth to continue for the coming years. However, despite the implementation of architectural changes to safeguard sufficient future processing capacity on ISXFEU's payments systems, in the long-term, these systems could potentially reach the limit of the number of transactions they are able to process, resulting in longer processing time or even downtime. ISXFEU's efforts to safeguard sufficient future processing capacity are time-consuming, involve significant technical risk and may divert ISXFEU's resources from new features and products, and there can be no guarantee that these efforts will succeed. A failure to adequately scale ISXFEU's payments systems could therefore materially and adversely affect its business, financial condition, and results of operations.

ISXFEU's systems and those of its third-party service providers, including data centre facilities and cloud storage services are subject to the risk of both limited and significant service interruptions. Although ISXFEU has not experienced any outages that have had a material impact on its business to date, its systems and operations and those of its third-party providers could be exposed to damage or interruption from these and other factors including hardware and software defects or malfunctions, and other events such as human error, fire, natural disaster, power loss, telecommunications failure, terrorist acts, war, unauthorised entry, fraud or sabotage, security breach, computer viruses, other defects and development delays.

If third parties cease to provide the facilities, components, or services ISXFEU relies on, breach their agreements with ISXFEU, or fail to meet ISXFEU's requirements due to financial or regulatory issues, labour issues, or other problems, ISXFEU's operations could be disrupted or otherwise negatively affected.

A system outage or data loss could have a material adverse effect on ISXFEU's business, financial condition, and results of operations. ISXFEU's merchant solutions customers and acquiring solutions customers may require it to maintain a certain level of systems availability, and failure to maintain agreed levels of service availability or to reliably process the transactions of its customers could result in financial or other penalties and customers switching to a different provider.

Losses in customers due to performance issues, system interruptions or other failures could result in a loss of revenue, payment of damages or fines imposed by payment schemes, reputational harm, and additional operating expenses in order to remediate the failures, and exposure to other losses or other liabilities, including those incurred in resolving backlog issues once systems are restored, all of which could have a material adverse effect on ISXFEU's business, financial condition and results of operations.

ISXFEU's systems and operations or those of its associated participants could be exposed to interruptions, delays, or outages from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, and computer viruses. ISXFEU's systems or those of third parties may also contain undetected errors or other performance problems or may fail due to human error. Although ISXFEU maintains insurance policies specifically for property and business interruptions, these policies may not be adequate to cover losses arising as a result of any such interruptions. Defects in its systems or those of third parties, errors or delays in the processing of payment transactions, telecommunications failures or other difficulties could result in:

- loss of revenue.
- loss of clients.
- loss or breach of merchant or consumer data.
- loss of membership with Mastercard, JCB, Diners Club, Discover, American Express, or other payment networks, leading to loss of ISXFEU's ability to access its networks.
- fines imposed by payment networks and other issues relating to non-compliance with applicable payment network requirements.
- fines imposed by regulators, including the FCA, the Central Bank of Cyprus, the Central Bank of Lithuania, and others.
- harm to its business or reputation resulting from negative publicity.
- exposure to fraud losses or other liabilities.
- additional operating and development costs.
- diversion of technical and other resources; and
- breach of contractual obligations, such as guarantees to maintain performance levels at certain levels given to many of its clients, which could harm client relationships and cause it to issue credits to clients or incur other additional liability.

ISXFEU's business is also dependent on the continued growth and maintenance of the Internet's infrastructure. There can be no assurance that the Internet's infrastructure will continue to be able to support the demands placed on it by sustained growth in the number of users and amount of traffic. Furthermore, the internet and cloud-based services could become less viable as a business tool due to delays in development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility, and quality-of service. To the extent that the Internet's infrastructure is unable to support the demands placed on it, the business of merchants, and thus ISXFEU's business, may be impacted. ISXFEU may also be disadvantaged by the adverse effect of any delays or cancellations of private sector or government initiatives designed to expand broadband access. ISXFEU, and its merchants, may be impacted by a reduction in the growth of, or a decline in, access to broadband and Internet.

As ISXFEU continues to expand into new jurisdictions, market sectors, and opportunities ISXFEU is likely to require extension of its technology platforms, systems and ecosystems, including new functions, features, interfaces and designs. ISXFEU deploys extensive in-house and external testing and is usually required to obtain third party certification or assessment. Despite this, its technology platforms, systems and ecosystem may fail, leading to outages, errors, loss of revenue and possibly damages.

The Company subjects its critical-systems to external audits by appropriately qualified technology standards-setting bodies. Such as PCI/DSS and ISO. Currently the Company is deemed to be fully compliant with international standards and has been found to have robust systems in place. ISXFEU also has robust disaster recovery and backup plans. Its reliance on key providers such as AWS is mitigated by the ability to switch from one server to another server in a different geographical location in the event of a failure, outage or natural disaster.

9. A substantial portion of ISXFEU's revenue is dependent on its continued membership in international payment schemes.

The vast majority of the transactions ISXFEU processes are through international payment schemes. In order to access these international payment schemes to provide merchant acquiring and issuer processing services, ISXFEU must have relevant geographically based memberships required by the schemes. ISXFEU is a principal member of Mastercard, American Express, JCB, and Diners Club/Discover as an acquirer, and the SEPA as an instant, credit and debit transfer participant. As a result, ISXFEU's business may be adversely affected if it were to lose membership status in one or more of the payment schemes for any reason.

As part of ISXFEU's registration with its member payment schemes its merchant solutions customers are subject to detailed operating rules, including mandatory IT systems requirements that could subject ISXFEU and its merchant solutions customers to a variety of fines and penalties for breaches of those operating rules, as well as suspension and termination of its membership in the event of significant breaches. ISXFEU could lose its principal membership status in these payment schemes for a variety of reasons, including as a result of a significant cyber security breach.

Any material fines or other sanctions imposed on ISXFEU, particularly if they result in it ceasing to provide services through a particular payment scheme, whether temporarily or permanently, could significantly adversely affect its reputation and have a material adverse effect on its business, operating results, and financial condition.

In particular, all payment scheme rules to which ISXFEU is subject, as well as certain of its issuer solutions customers require it to comply with Level 1 PCI DSS by eliminating identified security control deficiencies. ISXFEU cannot be certain that it will be able to address all new security issues that arise in a manner that will ensure its continued PCI DSS compliance. Any temporary or longer-term inability to maintain PCI DSS certification could adversely impact ISXFEU's ability to procure new issuer or merchant solutions customers and retain existing customers and could result in its suspension from membership with payment schemes or termination of existing processing agreements, all of which would have a material adverse effect on its business and future financial performance.

Payment scheme rules are established, interpreted, enforced, and changed from time to time by each scheme as it may determine in its sole discretion and with or without advance notice to its participants. ISXFEU must comply with any changes to payment scheme rules within the required timeframe or risk being fined or otherwise penalised for violation. Any changes in payment scheme rules or standards or the way they are implemented could increase ISXFEU's cost of doing business or limit its ability to provide transaction processing or value-added services to or through its customers and have a material adverse effect on its business, financial condition, and results of operations.

Under the terms and conditions of its membership with payment schemes, ISXFEU is also liable for the non-compliance of its merchant solutions customers. Although ISXFEU has not been subject to any significant fines or penalties to date, if a merchant solutions customer of ISXFEU fails to comply with the applicable requirements of any of its member payment schemes, ISXFEU could be subject to a variety of fines or penalties that may be levied by the payment schemes. While ISXFEU is generally indemnified for any such fines against its merchant solutions customers, if ISXFEU cannot collect such amounts from the applicable customer, it could end up bearing such fines or penalties, resulting in lower earnings for ISXFEU, which could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

ISXFEU's Proprietary technology is compliant with card scheme rules. Further, the Company carefully monitors flows from card schemes and additionally responds to card scheme queries, whenever they are raised. The management team and its compliance department have a good understanding of the card scheme rules and ensure the Company remains compliant.

10. *The ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, could materially impact ISXFEU, its future results of operations and financial condition.*

The extent to which COVID-19 impacts ISXFEU's financial results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions taken by governments to curtail or treat its impact, including shelter in place directives, business limitations and shutdowns, travel bans and restrictions, loan payment deferrals (whether government-mandated or voluntary), moratoriums on debt collection activities and other actions, which, if imposed or extended, may impact the economies in which ISXFEU now, or may in the future, operate. Adverse market conditions resulting from the spread of COVID-19 could materially adversely affect its business.

The COVID-19 pandemic could cause ISXFEU's third-party service providers to shut down their business, experience security incidents that impact ISXFEU's business, delay or disrupt performance or delivery of services or experience interference with the supply chain of hardware required by ISXFEU's systems and services, any of which could materially adversely affect its business. Further, the COVID-19 pandemic has resulted in its employees and those of many of its customers working from home and conducting work via the Internet, and if the network and infrastructure of Internet providers becomes overburdened by increased usage or is otherwise unreliable or unavailable, its employees' and its customers' employees' access to the Internet to conduct business could be negatively impacted. Limitations on access or disruptions to services or goods provided by or to some of its suppliers upon which its platform and business operations relies could interrupt its ability to provide its platform, decrease the productivity of its workforce and significantly harm its business operations, financial condition, and results of operations. In addition, ISXFEU's technology platforms and the other systems or networks used in its business may experience an increase in attempted cyber-attacks, targeted intrusion, ransomware, and phishing campaigns seeking to take advantage of shifts to employees working remotely using their household or personal Internet networks as a result of the COVID-19 pandemic. The

success of any of these unauthorised attempts could substantially impact its technology platforms, the proprietary and other confidential data contained therein or otherwise stored or processed in its operations, and ultimately its business.

Additionally, diversion of management focus to address the impacts of the COVID-19 pandemic could potentially disrupt its operating plans. There is a risk that there will be major continued limitations on travel due to the pandemic, which in turn may limit the ability of ISXFEU to properly control its activities through senior management, impact its ability to access new markets, and may limit its ability to communicate effectively with regulators, suppliers, and customers. The extent and continued impact of the COVID-19 pandemic on its business will depend on certain developments, including: the duration and spread of the outbreak; government responses to the pandemic; the impact on customer, industry, or employee events; and the effect on its partners, merchants and their customers, third-party service providers, customers, and supply chains, all of which are uncertain and cannot be predicted.

To mitigate the impact of any pandemic, ISXFEU has a pandemic response plan that has been approved by the major card schemes and ISXFEU's key regulators. ISXFEU requires as part of its policy that key suppliers also have a similar pandemic response plans. There is no guarantee that ISXFEU's key suppliers will develop a sufficient pandemic response plan, or any plan at all. This may affect the approval ISXFEU has obtained for its plan.

The Company responded to the pandemic by enabling staff to undertake work from home, and had implemented robust systems to ensure data remained secure and system capacity was able to cope with the change to working practices. The Company also implemented a COVID rapid testing regime for employees, to ensure a safe return to the office environment.

11. *ISXFEU is subject to certain economic and trade sanction laws and regulations as well as anti-money laundering ('AML') laws and regulations, and if it fails to comply, it could be exposed to fines, sanctions and other penalties or governmental investigations, which may impact its business.*

ISXFEU is subject to a wide range of anti-money laundering laws and regulations and trade and economic sanctions programmes. If ISXFEU is found to have failed to comply with any of these laws, it may be exposed to material fines, sanctions and other penalties or governmental investigations. Although ISXFEU seeks to fully comply with trade and economic sanctions programmes and anti-money laundering laws and regulations that may be applicable to it, there is a possibility that it may indirectly and/or inadvertently conduct business with financial institutions and/or payment schemes that may have customers in or operate in countries (such as Iran and Syria, where ISXFEU has no operations or customers) or whose nationals may engage in transactions in countries that are the targets of sanctions by the Cypriot government, or the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury, the US Department of State, the EU's Common Security and Defence Program, Her Majesty's Treasury (UK), Australia's Department of Foreign Affairs and Trade and similar regulators in other countries.

Although ISXFEU has policies and procedures that it believes are sufficient to comply with currently applicable anti-money laundering, anti-corruption and sanctions rules and regulations, and best practices, it cannot guarantee that such policies and procedures completely prevent situations of money laundering or corruption, including actions by ISXFEU's employees, agents, merchants, third-party suppliers, or other related persons for which ISXFEU might be held responsible. Such events may have severe consequences, including litigation, sanctions, administrative measures, fines, criminal penalties, and reputational consequences, which could have a material adverse effect on ISXFEU's business, financial condition, and results of operations. A failure to adopt effective measures against fraud, money laundering, corruption and terrorist financing may lead to regulatory proceedings, penalties by supervisory authorities and/or civil and criminal actions in courts.

The Company has detailed AML policies and procedures which are tested annually by the internal auditors. Further, all transactions are subject to screening for politically exposed persons and Sanctions and all merchants and connected individuals/ultimate beneficial owners are subject to a daily Sanctions screen via recognised industry-standard databases and tools.

12. *ISXFEU's payment platforms may be used for illegal or improper purposes, and ISXFEU may be subject to penalties or legal or regulatory actions and reputational damage.*

ISXFEU's payments platforms may be subject to potentially illegal or improper uses, including money laundering, terrorist financing, circumvention of sanctions, illegal online gambling, fraudulent sales of goods or services, illicit sales of prescription medications or controlled substances, piracy of software, movies, music, and other copyrighted or trademarked goods (in particular, digital goods), bank fraud, child pornography, human trafficking, prohibited sales of alcoholic beverages or tobacco products, online securities fraud, or to facilitate other illegal activity. Certain activities that may be legal in one country may be illegal in another country, and a merchant may intentionally or inadvertently be found responsible for importing or exporting illegal goods, which may result in liability for ISXFEU. Changes in laws have increased the penalties for intermediaries providing payments services for certain illegal activities and additional payments-related proposals are under active consideration by government authorities. In addition, ISXFEU may be held liable by merchants or payment schemes or other related third parties

arguing that any failure to prevent the use of ISXFEU's payments services for illegal purposes constitutes a breach of ISXFEU's duty of care vis-à-vis such merchants or third parties. Intellectual property rights owners or government authorities may seek to bring legal or regulatory action against providers of payments solutions, including ISXFEU, that are peripherally involved in the sale of infringing items. Any threatened or resulting claims could result in reputational harm, and any resulting liabilities, loss of transaction volume or increased costs may materially and adversely affect ISXFEU's business, financial condition, and results of operations.

The Company has proprietary technologies that assist in the assessment and verification of individuals. These processes form part of the Company's management of this risk. Additionally, the Company has a dedicated team of skilled individuals assessing applicants, and verifying the documents that prospective clients provide. A dedicated risk transaction monitoring team assesses alerts and reviews high risk transactions to ensure the Company's products are not used for criminal activities.

13. *Changes in tax laws or their interpretations or becoming subject to new taxes in the UK or the EEA (Cyprus) that cannot be passed through to ISXFEU's merchants, could reduce its profitability.*

ISXFEU continues to engage with relevant tax authorities across its jurisdictions of operation. As ISXFEU operates in a number of markets (through its legal presence or customer relations), the application of tax laws can be subject to a degree of uncertainty and interpretive discretion by tax authorities. Accordingly, ISXFEU may be subject to additional material tax assessments in the future, and which may also be subject to lengthy audit and review processes.

Changes in tax laws or in their interpretation or increases in ISXFEU's effective tax rates due to shifts in ISXFEU's geographic mix could decrease the profitability of ISXFEU and have a material adverse impact on its business, financial condition, and results of operations.

The Company employs external tax consultants who should / would alert the Company to such changes ahead of time (if the changes are announced with sufficient warning).

14. *ISXFEU is subject to the risks of political, social, and economic instability associated with the markets in which it operates and serves its customers.*

ISXFEU is headquartered in Nicosia (Cyprus), with operations centres in Melbourne, (Australia), Vilnius, (Lithuania) and London, (UK), and sales offices in Sydney, (Australia), Amsterdam, (the Netherlands), Tel-Aviv, (Israel) and Valetta, (Malta), and its growth strategy is focused on these regions.

ISXFEU has been approved by the UK's FCA as a Temporary Passporting participant, this approval is effective until December 31, 2022. ISXFEU has also established an FCA authorised electronic money institution business within the UK, being ISXUK, effectively mitigating Brexit regulatory risk.

ISXFEU's business could be adversely affected by political, economic, or related developments both within and outside the EEA region because of inter-relationships within the global financial markets.

The majority of our staff and day to day management, decisions, and actions are executed or coordinated via our Cyprus office by our Cyprus based staff, with approximately 80 of our 130 plus staff located in Cyprus. The Chairman, Mr Taoushanis, Managing Director, Mr Karantzis, Independent Non-Executive Director Mr Panikos Poulos and Executive Director, Mr Melo are resident in Cyprus. The proposed ISXFEU Directors, Mr Pegasios is a Cypriot resident, Mr Hart is a Australian resident and Mr Barnes is a UK resident. Group Compliance is in the UK, with Treasury, AML and Operational risk functions in Cyprus.

Significant political, social, and economic instability in one or more of ISXFEU's markets could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

The Company is not particularly exposed to political risks, as it has focussed on business in Western Europe. The Company completes annual reviews of all customers and monitors revenue by customer on a monthly basis. The client-base seems to have remained resilient during Brexit, the pandemic and the Ukraine crisis.

15. *ISXFEU is subject to financial services regulatory risks, including regulatory licencing risks.*

eMoney regulations are subject to frequent amendments and are likely to change across the multiple jurisdictions where ISXFEU operates. The risks associated with changing eMoney regulations may require ISXFEU to retain advice from local legal counsel which may increase the cost of doing business in those areas. Furthermore, ISXFEU may decide that to mitigate risks, it is best to limit the extent of its operations in a particular jurisdiction which may reduce ISXFEU's ability to expand its operations. Local eMoney regulations may also require ISXFEU to apply for licences. It is possible that obtaining licences may increase the

cost of doing business, delay ISXFEU's growth, or prevent ISXFEU from operating in a jurisdiction entirely, if a licence is not granted.

If ISXFEU were found to be in violation of any current or future regulations, or to have previously been in breach of any regulation, in any countries from which it accepts merchants or customers or were to lose any authorisation from the Central Bank of Cyprus or the UK's Financial Conduct Authority, it may be required to seek additional licences and to comply with local regulations, which could lead to increased compliance costs and/or significant loss of revenue. In addition, ISXFEU, ISXFEU Directors or management or employees may also be exposed to a financial liability, civil or criminal liability, forced to change business practices or forced to cease doing business with merchants or customers in one or more of those countries or have funds held on behalf of a particular merchant or customer seized, which may have a material adverse effect on ISXFEU's results of operations, financial condition, and future prospects. In addition, if ISXFEU decided to expand internationally, it may incur additional costs of obtaining licences in those jurisdictions in which it chooses to have a presence. Such costs could have a material adverse effect on ISXFEU's results of operations and financial condition.

Despite a successful onsite audit during November 2019, Visa Inc alleged in 2020 that ISXFEU had systemic AML failures and weaknesses after conducting a limited desktop review of selected merchants and ISXFEU processes, which did not include interviews or discussions with ISXFEU personnel. Following the Visa membership termination in mid-May 2020, Mastercard International and Nexia Poyiadjis (Internal Auditor) both conducted independent on-site audits, including extensive interaction with key risk, AML, treasury and operations staff, and found no evidence of systemic failures and weaknesses as alleged by Visa. The Mastercard and Nexia audits identified areas of improvement, with no area being flagged as "non-compliant" according to AML regulations. ISXFEU has since implemented the recommendations from Mastercard and Nexia.

The Company endeavours to remain aware of its legal regulatory obligations and creates policies and procedures to ensure the Company continues to work within those regulations. Additionally, the Company undertakes horizon scanning to ensure that it becomes aware of any new regulations and undertakes forward-planning where any changes to or new regulations are expected or anticipated.

Management Report – Corporate Governance

Composition of the Board

The Company is headed by the Board of Directors, whose main function is to lead and control the company.

The number of the directors of the Company is five, with two non-executive directors, who are independent within the meaning of Annex II of the European Commission Recommendation no 2005/162/WE of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. The Company has proposed a further three non-executive directors, who are currently awaiting approval from the Central Bank of Cyprus.

The remaining 3 directors are executive directors, performing the duties of the Chief Executive officer, the Chief Product Officer and the Chief Financial Officer. Details on the current board members is detailed below:

Mr. Christakis Taoushanis

Independent Non-Executive Director and Chairman

B. Sc M. Sc

Age: 64

Residence: Cyprus

ISXFEU Director Since: April 4, 2017

Mr. Taoushanis holds a BSc degree in Economics, and a Master's in Business Administration received from the London School of Economics and the London Business School, respectively. Mr. Taoushanis brings extensive banking and finance knowledge and experience to our organisation having spent over 30 years in the industry in various senior roles.

Mr. Taoushanis has worked for some of the world's largest banks in a number of different locations including Chicago, Greece, Hong Kong and Cyprus. This includes serving at Continental Illinois National Bank of Chicago for four years, the HSBC Group for eighteen years, with twelve of those as the Managing Director of the Cyprus subsidiary, and eight years as the Chief Executive Officer of the Cyprus Development Bank.

Since 2011, Mr. Taoushanis has been working with the private firm TTEG & Associates, providing services as an advisor to several companies, also acting as a non-Executive director in some of them.

Other current directorships: MHP SE (LSE: MHPC), Louis plc (CSE: LUI), iCFD Ltd, Capital Intelligence Ratings Ltd, Trident Trust Company (Cyprus) Ltd

Special responsibilities: Chairman of the ISXFEU Board, Chairman of the Risk Committee, Member of the Audit Committee, Member of Remuneration and Nomination Committees.

Interests in shares: 258,500 Ordinary Shares

Interests in options or rights: Nil

Mr. Nikogiannis Karantzis

Managing Director and Chief Executive Officer

B.E. MCommrcLaw. M.Enterp FIEAust CPEng NER APEC Engineer IntPE (Aus) Adj

Age: 51

Residence: Cyprus

ISXFEU Director Since: October 19, 2015

Mr. Karantzis holds qualifications in engineering (University of Western Australia), law and business (University of Melbourne). He is the founder of ISXFEU's predecessor, iSignthis Ltd and has led ISXFEU to profitability.

Mr. Karantzis is presently also the Managing Director of NSXL. Mr. Karantzis' role at NSXL is as the interim CEO until key technology projects and revenue initiatives are achieved.

Mr. Karantzis has over 28 years' experience in a number of sectors, including payments, online media, secure communications, and eCommerce.

His previous public company experience includes directorships with iSignthis Ltd (ASX: ISX) (2015 to 2021), NSX (ASX: NSX) (2020 to 2021), Sports Entertainment Group (ASX: SEG) (formerly known as Pacific Star Network Limited (ASX: PNW), Data and Commerce Ltd. (ASX: DCL) and Reeltime Media Limited (ASX: RMA).

Other current directorships:	Nil
Special responsibilities:	Managing Director, Member of the Risk Committee
Interests in shares:	45,129,775 Ordinary Shares
Interests in options or rights:	Nil

Mr. Panikos Poulos

Independent Non-Executive Director

B. Sc M. Sc

Age: 73

Residence: Cyprus

ISXFEU Director Since: April 13, 2022

Mr. Poulos holds a BSc and MSc degree in Economics from the London School of Economics and the University of Aberdeen, respectively. Mr. Poulos also holds a certificate from the International Monetary Fund Institute (USA) and the European Institute of Public Administration (Maastricht-Netherlands). Mr. Poulos has over 45 years of extensive experience including roles in senior levels of the civil service of the Republic of Cyprus, insurance and the banking industry.

Mr. Poulos' role in government has been extensive having served as Permanent Secretary for E.U. Affairs at the Ministry of Foreign Affairs of the government of Cyprus 1996 – 1997, Permanent Secretary of the Planning Bureau of the government of Cyprus 1997 – 2004 and Permanent Secretary of the Ministry of Agriculture Natural Resources and the Environment of the government of Cyprus 2004 – 2009. Mr. Poulos also was part of the Negotiating Team for the Accession Negotiations of Cyprus with the E.U. and Acting Chief Negotiator in the absence of the Chief Negotiator, Mr Vasiliou, former president of the Republic of Cyprus.

Mr. Poulos' key roles in banking and industry have included being a member of The Council of Economic Advisers to the President of the Republic of Cyprus, and as an Independent non executive director of the Cyprus Development Bank 1997-2004, the National Bank of Greece (Cyprus) 2010-2012, the Bank of Cyprus 2013 and a Non-Executive Director of Cyprus Airways (Public) Ltd, 2012-2013.

Other current directorships:	Aretaieion Iatriko Kentron Limited, Cooperative Asset Management Company Ltd (SEDIPES)
Special responsibilities:	Member of the ISXFEU Board, Chairman of the Risk Committee, Member of the Audit Committee
Interests in shares:	Nil
Interests in options or rights:	Nil

Ms. Elizabeth Warrell

Executive Director, Chief Financial Officer (CFO)

BAcc CA

Age: 47

Residence: Australia

ISXFEU Director Since: February 20, 2020

Ms. Warrell has 20 years banking and financial services experience in Australia and internationally, including her previous role with the National Australia Bank Ltd (NAB) (ASX: NAB) as the General Manager Finance, Consumer Banking. Ms. Warrell spent over 11 years at the NAB, with roles covering the Consumer Banking business, including the Retail, Broker, UBank and Direct channels of the NAB, as well as leading the NAB's financial control and external reporting team.

Prior to joining the NAB, Ms. Warrell worked at GE Money's Australian operations, before spending several years in their head office in the United States and rolling out a joint venture in India. Ms. Warrell started her career in Audit at

PriceWaterhouseCoopers and holds a Bachelor of Accounting qualification from Monash University. She has been a member of the Institute of Chartered Accountants Australia and New Zealand since 1998.

Other current directorships:	Nil
Special responsibilities:	Executive Director.
Interests in shares:	44,673 Ordinary Shares
Interests in options or rights:	Nil

Mr. Dominic James Melo

Executive Director, Chief Product Officer

Age: 42

Residence: Cyprus

ISXFEU Director Since: June 10, 2019

Mr. Melo brings over two decades experience in the payments and information technology (“I.T.”) expertise to our organization having worked for in the industries in various roles.

Mr. Melo has worked for organizations that span several locations including Hong Kong, London, Malta, Cyprus, United States of America. This included acting as director of Paymundo Systems for over six years, Senior Consultant for Go-Secure for over 11 years and as Information Technology director at Alliance Asset Management for over two years. Since 2018 Mr. Melo currently holds the position of Chief Product Officer where he coordinates the ISXFEU’s product suite.

Other current directorships:	Nil
Special responsibilities:	Executive Director, Member of the Risk Committee.
Interests in shares:	116,029 Ordinary Shares
Interests in options or rights:	Nil

Corporate Governance

Below details the key corporate governance policies and practices adopted by ISXFEU’s Board. The ISXFEU Board is committed to ensuring continued investor confidence in the operations of ISXFEU and in maintaining high standards of corporate governance in the performance of their duties.

The role of the ISXFEU Board

The role of the ISXFEU Board of Directors is to provide strategic guidance to ISXFEU (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within ISXFEU.

The ISXFEU Board will always retain ultimate authority over the management and staff of ISXFEU and its related bodies corporate.

In performing its role, the ISXFEU Board should act, at all times:

1. in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of ISXFEU, ISXFEU's Shareholders, as well as its employees, customers and the community.
2. in a manner designed to create and continue to build sustainable value for ISXFEU Shareholders.
3. in accordance with the duties and obligations imposed upon them by the ISXFEU Constitution and applicable law; and
4. with integrity and objectivity, consistently with the ethical, professional and other standards set out in ISXFEU’s corporate governance policies.

Responsibilities of the ISXFEU Board

The responsibilities of the ISXFEU Board include:

- represent and serve the interests of ISXFEU Shareholders by overseeing and appraising ISXFEU’s strategies, policies and performance.
- protect and optimise ISXFEU’s performance and build sustainable value for ISXFEU Shareholders.
- set, review and ensure compliance with ISXFEU’s values and governance framework; and
- ensure that ISXFEU Shareholders are kept informed of ISXFEU’s performance and major developments.

Composition of the ISXFEU Board

Under the ISXFEU Articles of Association, the minimum number of Directors is four and the maximum number is ten. The ISXFEU Board at the date of this Annual Report is comprised of five Directors, namely Mr Christakis Taoushanis, Mr. Nikogiannis Karantzis, Mr Panikos Poulos, Ms Elizabeth Warrell and Mr. Dominic Melo. The ISXFEU Directors consider the size and composition of the ISXFEU Board is appropriate given the three proposed Non-Executive Directors, Mr Paul Barnes, Mr Adonis Pegasiou and Mr Timothy Hart, and the current size and status of ISXFEU.

Each ISXFEU Director is bound by all of ISXFEU's charters, policies and codes of conduct. If the ISXFEU Board determines it is appropriate or necessary, they may establish committees to assist in carrying out various responsibilities of the ISXFEU Board. Such committees will be established by a formal charter.

The ISXFEU Board delegates the management of ISXFEU's business and day to day operation to the ISXFEU Managing Director who is authorised, in turn, to delegate such powers conferred on him or her to members of the senior management group.

The ISXFEU Board seeks to nominate persons for appointment to the ISXFEU Board who have the qualifications, experience and skills to augment the capabilities of the ISXFEU Board.

Independence of ISXFEU Directors

The ISXFEU Board considers the issue of independence of ISXFEU Directors, as set out in the ISXFEU Board charter.

The ISXFEU Board charter defines an independent director as a director who is not a member of management, is a non-executive director and who;

- is not, and has not within the last three years, been employed in an executive capacity by ISXFEU or another group member, and there has been a period of at least three years between ceasing such employment and serving on the ISXFEU Board.
- is not, and has not within the last three years been, a principal of a material professional adviser or a material consultant to ISXFEU or another group member, or an employee materially associated with the service provided.
- is not, and has not within the last three years, a material supplier or customer of ISXFEU or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- is not a substantial shareholder (i.e., a person with a relevant interest through associated entities) of ISXFEU or an officer of, or otherwise associated directly with, a substantial shareholder of ISXFEU.
- has no material contractual relationship with ISXFEU or another group member other than as a Director of ISXFEU.
- has no close family ties with any person who fall within any of the categories described above; or
- has been a director of the entity for such a period that his or her independence may have been compromised.

Any independence issue is considered at the materiality threshold relevant at the time to the particular issue. When assessing the materiality threshold relevant to an issue, thought is given not just to the financial materiality of an issue, but to the type of issue, shareholders expectations and potential reputational impacts as a result of the issue.

ISXFEU Directors are required to be assessed as 'fit and proper' under the joint European Banking Authority (EBA) and European Securities Market Authority 'Guide to fit and proper assessments', with details to be submitted to the Central Bank of Cyprus and the UK's Financial Conduct Authority.

Independent professional advice

The ISXFEU Directors are entitled to seek independent professional advice at ISXFEU's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the ISXFEU Board charter.

Securities trading policy

ISXFEU will adopt a formal securities trading policy prior to admission to any regulated exchange.

Remuneration policy

Please refer to the remunerations report for the remunerations policy of the Company.

Continuous and timely disclosure obligations

Until such time as ISXFEU is admitted to an official list as a quoted public company, it will not be required to comply with any continuous or timely disclosure regulations.

ISXFEU is not currently listed, and it is therefore unnecessary to include obligations that ISXFEU will or may have upon admission. In any event, upon admission it will have obligations under, inter alia, (i) the rules of the stock exchange on which it will be admitted; (ii) the Companies Law ; (iii) under the GDPR (which it currently has in any event); (iv) the Provision and Use of Payment Services and Access to Payment Systems Laws of 2018 and 2019 (Cyprus) (an obligation that it currently has in any event); the Prevention and Suppression of Money Laundering Activities Law of 2007 (Cyprus) (a further obligation that it currently has in any event); (v) any Directives issued by the Central Bank of Cyprus pursuant to the laws which apply to ISXFEU.

ISXFEU Shareholder communication

The ISXFEU Board strives to ensure that ISXFEU Shareholders are provided with full and timely information to assess the performance of ISXFEU and ISXFEU Directors and to make well-informed decisions.

Information is communicated to ISXFEU Shareholders:

- through the distribution of the half year report, annual report and notice of annual general meeting.
- through emails, letters and other forms of communications directly to ISXFEU Shareholders; and
- by posting relevant information on ISXFEU’s website, social media and in certain cases, the mainstream Cypriot news media.

Ethical standards and business conduct

The ISXFEU Board recognises the need for ISXFEU Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the ISXFEU Board intends to maintain a reputation for integrity. ISXFEU’s business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of ISXFEU. The code of conduct and further details of these standards can be found on ISXFEU’s website.

Anti-Money Laundering and Anti Bribery Policies

ISXFEU maintains extensive AML and Anti Bribery policies, which are monitored day to day by the inhouse anti money laundering compliance officers (AMLCO) and risk teams. ISXFEU operates according to a four-layer model, which includes having in place appropriate policy that is adhered to by ISXFEU Group operations, monitored by the AMLCO, and subject to assessment by independent auditors, with reports disclosed to the ISXFEU Board and the relevant Competent Authorities, which provide continuous oversight as required by regulation.

No regulated entity in the ISXFEU Group has been subject to any sanctions, fines, or corrective notices from any Competent Authority or financial intelligence unit in respect of its AML practices.

ISXFEU and ISXUK Competent Authorities include the Central Bank of Cyprus, the (Cypriot) Unit for Combating Money Laundering (MOKAS), the UK’s Financial Conduct Authority (FCA), the UK’s National Crime Agency and the Central Bank of Lithuania.

Terms of Reference

Representation

Members of the Board represent the ISX Financial EU Group and the Board has the authority to appoint any official as a representative, and to determine the list of his/her powers. The Managing Director and Chief Executive Officer is authorized to represent the Group on his own and to sign documents on behalf of the Group. In case of a conflict of interest between the Group and one of the directors, the conflicted director may not participate in the decision-making process concerning the matter causing the conflict. Members of the Board are appointed and may be suspended or dismissed from their position by the General Meeting of Shareholders.

At each annual general meeting of the Company one-third of the directors for the time being, (or if their number is not three or a multiple of three, then the number nearest one-third) shall retire from office and shall, if willing to act, be eligible for re-election. The directors who offer themselves for re-election shall be referred to as the Retiring Directors. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire (unless they otherwise agree among themselves) be determined by lot.

No person other than a Retiring Director shall be eligible for election to the office of director at a general meeting of the Company unless:

- that individual is recommended by the board of directors; or
- not less than ten Business Days nor more than 42 days before the date appointed for holding the meeting, there shall have been left at the registered office of the Company or forwarded to the electronic address of the Company a notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

Shareholding by the Board members and insider trading

Securities Rules have been established, which apply to the Board members in relation to the acquisition of securities share and transactions with them. Furthermore, the conditions and requirements of the EU Market Abuse Directive and the company's Insider Trading Rules, reflecting the essence of EU Market Abuse Directive, are applicable to the Board members (and other persons related to Board Members) in relation to the acquisition of shares and equity participation.

Meetings of directors

In 2021 the Board of Directors held seven (7) meetings. Due to the restrictions imposed on public gatherings and international travelling the meetings were arranged in the form of face to face and via teleconferences on conditions that the minutes of the meetings in all cases were taken by the secretary of that meeting at the registered office of the company, or other premises on the territory of Cyprus and subsequently duly signed by the Chairman of the Board.

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Risk Committee		Remuneration Committee		Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr T Taoushanis	6	7	1	1	4	4	Nil	Nil	Nil	Nil
Mr N Karantzis	7	7	-	-	4	4	Nil	Nil	Nil	Nil
Mr P Poulos ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Ms E Warrell	7	7	1	1	4	4	Nil	Nil	Nil	Nil
Mr D Melo	7	7	-	-	4	4	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

⁽¹⁾ Mr Poulos was officially appointed as a director on 13 April 2022.

Board of Director Committees

Audit Committee

The Board of Directors has established an Audit Committee in order to meet the necessary corporate governance requirements and to ensure the Company's financial transparency.

The role of the Audit Committee is to:

- Monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
- Recommend the External Auditor to shareholders;
- Appoint the Internal Auditor. Where Internal Audit is outsourced, approve the selection of the Internal Auditor;
- Approve the audit plans – both Internal and External;
- Monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- Monitor and review compliance with the Company's Code of Conduct; and
- Perform such other functions as assigned by law or the Company's Constitution.

The Committee shall be members of, and appointed by, the Board of Directors and shall comprise at least 3 independent non-executive directors (where possible), with the secretary of the company being the secretary of the Audit Committee. All Committee members shall be financially literate. One member, who does not chair the Board, shall be appointed to chair the Audit Committee and be an independent non executive director (where possible). At least one member shall have accounting and/or related financial management expertise as determined by the Board, along with another member who has experience in managing financial, operational and regulatory risk. All Committee members shall have a reasonable understanding of the sectors/industries in which the Company participates.

The Company has elected not to have an internal audit function in-house, instead the internal audit function is outsourced to external professionals who provide internal audit services.

Risk Committee

The Board of Directors has established an Risk Committee in order to meet the necessary corporate governance requirements and to ensure the Company's financial transparency.

The role of the Risk Committee is to:

- Assist the Board of Directors in the effective discharge of its responsibilities for business, market, credit, equity and other investment, financial, operational, liquidity and reputational risk management;
- Ensure adherence to internal risk policies and procedure; and
- Perform such other functions as assigned by law or the Company's Constitution.

The Committee shall be members of, and appointed by, the Board of Directors and shall comprise (when possible) at least 2 non-executive directors plus the managing director, or 3 non-executive directors, with the secretary of the company being the secretary of the Risk Committee. All Committee members shall be financially literate. One member, who does not chair the Board, shall be appointed to chair the Risk Committee and be an independent non executive director (where possible). At least one member shall have accounting and/or related financial management expertise as determined by the Board, along with another member who has experience in managing financial, operational and regulatory risk. All Committee members shall have a reasonable understanding of the sectors in which the Company participates.

Remuneration Committee

The Board of Directors has established an Remuneration Committee in order to meet the necessary corporate governance requirements and to ensure the Company's financial transparency.

The role of the Remuneration Committee is to:

- Approve the remuneration packages of Executive Directors, Non-Executive Directors and senior executives;
- Approve employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed; and
- Be available to meet with the Central Bank of Cyprus upon request.

The Committee shall be members of, and appointed by, the Board of Directors and shall comprise at least three non-executive directors (where possible). One member shall be appointed to chair the Remuneration Committee and must be an independent non-executive director (where possible). All Committee members shall have a reasonable understanding of the industries in which the Company participates.

Nomination Committee

The Board of ISXFEU has established a Nomination Committee that is comprised of at least three non-executive directors, all of whom are independent, where possible. One member shall be appointed to chair the Nomination Committee and must be an independent non-executive director. All Committee members shall have a reasonable understanding of the industries in which the Company participates.

It is noted that as the members of both the Remuneration Committee and the Nomination Committee are the same non-executive directors (where possible), both Committees' meetings will be scheduled and held concurrently.

The Nomination Committee's function is to examine the selection and appointment practices of the Company. To ensure that the Board has the appropriate blend of directors with the necessary skills, expertise, relevant industry experience and diversity, the Nomination Committee shall

- regularly review the size and composition of the Board and consider any appropriate changes;
- make recommendations on the appointment and removal of directors;
- make recommendations on whether any director whose term of office is due to expire should be nominated for re-election;
- regularly review the time required from non-executive directors and whether non-executive directors are meeting that requirement;
- regularly review the Company's Diversity Policy and make decisions as to any strategies required to address Board diversity;
- regularly review and consider the relative proportion of women and men at all levels of the company; and
- assessing periodically, and at least annually the structure, size, composition and performance of the management body and making recommendations to the management body with regard to any changes.

The Nomination Committee reviews the Company's Procedure for Selection and Appointment of Directors and Diversity Policy. This review is conducted to ensure these policies promote transparency and shareholder confidence in the process of selecting directors for nomination.

General Meeting

The Company shall in each year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The next general meeting will be held no later than the 29th September 2022. Further information will be sent to shareholders regarding the final date and time of the meeting and how to join in due course.

Major Shareholders

Twenty largest equity security holders

The names of the twenty largest security holders as at 24 May 2022 are listed below:

	Ordinary Shares	
	Number held	% total issued capital
SELECT ALL ENTERPRISE LIMITED	44,779,775	40.68%
RED 5 SOLUTIONS LIMITED	10,900,000	9.90%
UBS NOMINEES PTY LTD	6,811,875	6.19%
ICEBREAK FLOW GLOBAL LIMITED	2,361,578	2.15%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,324,911	2.11%
VASTIUM HOLDINGS LIMITED	1,529,160	1.39%
CILI PADI LIMITED	1,010,463	0.92%
IFM PTY LIMITED <IFM SUPER FUND A/C>	1,000,000	0.91%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	907,513	0.82%
TOP 4 PTY LTD <FOUNDATION INVESTMENTS S/F>	667,110	0.61%
WARNEET SUPER PTY LIMITED <WARNEET SUPER FUND A/C>	666,861	0.61%
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	620,000	0.56%
BOND STREET CUSTODIANS LIMITED <LAMAM - D05019 A/C>	533,139	0.48%
ANDREW KARANTZIS	504,800	0.46%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	484,483	0.44%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD <NOM1 A/C>	480,158	0.44%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	478,848	0.44%
VICTORIA KIRIN PTY LTD <DROMANA COAST A/C>	440,000	0.40%
CITICORP NOMINEES PTY LIMITED	433,318	0.39%
CHAMPIO PTY LTD <CHAMPIO FAMILY A/C>	413,857	0.38%
Top 20 holders of Ordinary Fully Paid Shares	77,347,849	70.27%
Total issued capital	110,079,450	100.00%

All share in the Company are ordinary, fully paid shares, with all shares carrying equal voting rights.

Management Report – Non-Financial Information

Corporate Social Responsibility at ISX Financial EU

As a company active in financial markets around the world, we believe that ISXFEU has a responsibility to our stakeholders and to the communities where we live and work. Our commitment is built on the deeply ingrained sense of social responsibility among our employees and the recognition that our company grows stronger by helping to advance local communities, business practices and individual lives around the world.

Our social investment is wide-reaching and includes:

- Valuing our people
- Advancing diversity
- Developing our global community
- Contributing to economic development
- Managing our business
- Caring for the environment
- Respecting human rights

ISXFEU's Code of Conduct

ISXFEU has also put in place a number of codes, policies and procedures to run the business in a fair, ethical and lawful manner and in compliance with applicable laws and regulations. The Company's Code of Conduct (the "Code") is a statement of the fundamental principles and certain key policies that govern the conduct of our business and can be found on the Company's website at: www.isxfinancial.com.

The Code confirms that an essential aspect of the Company's success is our collective commitment to operating in an ethical and lawful manner to maintain the integrity of our business. The Code, which has been approved by the Company's Board of Directors, sets forth the guiding principles we expect each employee and corporate director to follow. Every ISXFEU employee receives training on the Code and is periodically required to certify that he or she has reviewed this Code, understands it, and agrees to be bound by its terms per the declaration.

Outsourcing and Supply Chain Relationships

The Company has rigorous policies and procedures in relation to the engagement of suppliers that assist the Company in carrying on its business. The Company has a Procurement & Sourcing Code (this includes Vendor Selection and Contracting which sets out the parameters which apply to our selection and retention of certain new and existing suppliers and the execution of contracts.) The policy has a specific question on modern slavery and human trafficking in their standard due diligence request list.

Our supply chain mostly consists of reputable financial services firms, sophisticated independent consulting firms, and other service providers in the areas of finance and technology (including the procurement of software, data and other technology-related goods and services). Given the nature of our business and the typical goods and services we procure, we consider the risk of slavery and human trafficking in our supply chain to be low. The Company exercises skill and care when selecting third party service providers, including a determination as to whether they have the ability and capacity to perform the contracted function(s) reliably and professionally. When selecting new suppliers, we consider the suitability of the particular product or service for the Company's needs, as well as other selection criteria, including organization and management, reputation, and their ability to meet ISXFEU applicable regulatory or legal requirements.

Our arrangements with material suppliers are documented by a written agreement specifying the respective rights and obligations of the Company and the supplier. The Company requires its service providers:

1. to comply with all applicable national, local, and international laws (including employment-related laws);
2. to adhere to the rules and requirements arising in connection with its personnel;
3. not to participate in any illegal, deceptive, misleading or unethical practices;
4. to comply with all applicable anti-slavery and human trafficking laws (including the Modern Slavery Act);
5. to implement due diligence procedures for their own supply chains;
6. to confirm that there is no slavery or human trafficking in its supply chains; and,
7. to notify the Risk Committee of any breach.

The Group will not support any supplier relationship where we are aware, or have reasonable grounds to believe, that slavery and human trafficking is taking place, and the Company will take appropriate action if it appears that the supplier is not carrying out its functions as per the contractual arrangements and/or in compliance with the applicable laws and regulatory requirements.

Open Door Communication and Whistleblowing

The Company's objective is to maintain an environment in which all employees feel comfortable to raise issues that they believe are important. The Company therefore supports open door communication and encourages employees to raise concerns with their immediate supervisors or other senior managers. We also operate an ethics email for employees to raise issues or report concerns. In accordance with applicable law, no employee will be subject to retaliation because of a good faith report of suspected misconduct.

Environmental matters

The Company is committed to conducting its operations in an environmentally sound and sustainable manner. To achieve protection of the health and safety of employees, customers and the public, the Company has established procedures and compliance programs to ensure the minimum adverse impact on the environment. Such procedures and programs are periodically being reviewed and appraised.

Social and employee matters

As at 31 December 2021 the Group had 134 employees, with employees in Nicosia (Cyprus), Melbourne and Sydney (Australia), Vilnius (Lithuania), Raleigh (NC, USA), London (UK), Amsterdam (the Netherlands), Tel-Aviv (Israel) and Valetta, (Malta).

The Company recruits, employs and promotes employees on the sole basis of their qualifications and abilities (including reputation and reliability). The Company endeavours to enable each individual to develop his or her talents in various ways (including, when appropriate, through training programs). The Company considers safe and healthy working conditions for its employees to be fundamental. The Company believes that good communication with employees is essential.

There are no material issues expected to impact employees in 2022.

Management Report - Remuneration report

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Cypriot Companies Law (Cap. 113) and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all directors.

Remuneration Policy for 2022

The Company has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

- annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience.
- rewards, bonuses, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution.
- share participation – the Company is considering implementing an employee incentive scheme, further details will be shared with shareholders when available; and
- other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the Managing Director.

Remuneration of the Managing Director will be reviewed annually by the Board. Determination of Non-Executive Directors fees are with regard to the long-term performance of the Company.

The aggregate remuneration for Non-Executive Directors for the Company has been set at an amount not to exceed €500,000 per annum. Directors' fees will be €36,000 per annum for the Chairman and €18,000 per annum for non-executive Directors (exclusive of any statutory obligations), which may be subject to change in the future. Non-Executive Directors will receive no short or long-term bonuses.

Executives and Executive Director remuneration will offer a level of remuneration which is sufficient to attract and retain Executives needed to run the Company successfully, but avoiding paying more than is necessary for this purpose. It is proposed that Executives receive both a short and long term incentive, tied to specific goals for the individual and the Company.

Employee remuneration will offer a level of remuneration which is sufficient to attract and retain Employees as needed to run the Company successfully but avoiding paying more than is necessary for this purpose. Its is proposed that Employees are eligible to receive both a short- and long-term incentive, tied to specific goals for the individual and the Company.

Remuneration of ISXFEU Directors

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders. The aggregate remuneration for Non-Executive Directors has been set at an amount not to exceed €500,000 per annum for the Company. Any change to Non-Executive Director fees are recommended by the Remuneration Committee and approved by the Board.

The remuneration of Executive Directors will be recommended by the Remuneration Committee and approved by Non-Executive Directors and may be paid by way of fixed salary or consultancy fee. The Board has resolved that the Directors' fees for the Company will be €36,000 per annum for the Chairman and €18,000 per annum for non-executive Directors (exclusive of any statutory obligations), which may be subject to change in the future.

The remuneration of the executive Directors and key management will be determined by the Board. A summary of Mr. Nikogiannis Karantzis' (the Managing Director), Ms. Elizabeth Warrell's (the Chief Financial Officer) and Mr. Dominic Melo's (the Chief Product Officer) material terms in employment agreements are set out below.

The annual remuneration payable to each of the Directors of the Company, is as follows:

ISXFEU Director	Annual Remuneration (Effective from Demerger Date)
Mr. Christakis Taoushanis (Independent, non-Exec Chairman)	€36,000 p.a.
Mr. Nikogiannis Karantzis (Exec)	€300,000 p.a.
Mr Panikos Poulos	€18,000 p.a.
Mrs. Elizabeth Warrell (Exec)	AUD \$350,000 p.a.
Mr. Dominic Melo (Exec)	€135,000 p.a.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity paid during the financial year are set out in the following table.

	Short-term benefits	Post- employment benefits	Long-term Benefits	Total
31 December 2021	€	€	€	€
Mr. Christakis Taoushanis (Independent, non-Exec Chairman)	23,017	-	-	23,017
Mr. Nikogiannis Karantzis (Exec)	268,365	3,737	-	272,102
Mr. Panikos Poulos ⁽¹⁾	-	-	-	-
Mrs. Elizabeth Warrell (Exec)	207,869	14,355	-	222,224
Mr. Dominic Melo (Exec)	117,855	-	-	117,855
	<u>617,106</u>	<u>18,092</u>	<u>-</u>	<u>635,198</u>

⁽¹⁾ Mr Poulos was officially appointed as a director on 13 April 2022.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr. Nikogiannis Karantzis
Title:	Managing Director and Chief Executive Officer
Term of agreement:	Ongoing.
Details:	The terms of Mr. Karantzis' Executive Services Agreement for the position of Managing Director and Chief Executive Officer included a termination period of twelve (12) months by either party, the base salary for the Executive role totalling €300,000 per annum including pension requirements plus a maintained vehicle up to €12,500 per annum. A bonus scheme is yet to be approved by the Board or shareholders, but will include both Short and Long Term Incentives.
Name:	Ms. Elizabeth Warrell
Title:	Executive Director and Chief Financial Officer
Term of agreement:	Ongoing
Details:	The terms of Ms. Warrell's Executive Services Agreement for the position of Chief Financial Officer of the Group is AUD\$350,000 including statutory pension requirements and a termination period of six (6) months by either party. A bonus scheme is yet to be approved by the Board, but will include both Short and Long Term Incentives.

Name:	Mr. Dominic Melo
Title:	Executive Director and Chief Product Officer
Term of agreement:	Ongoing
Details:	The terms of Mr. Melo’s Executive agreement for the position of Chief Product Officer is at €135,000 per annum plus a maintained vehicle up to €12,500 per annum and a termination period of one (1) month by either party. A bonus scheme is yet to be approved by the Board, but will include both Short and Long Term Incentives.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

ISXFEU Director	ISXFEU Shares held	% Interest
Mr. Christakis Taoushanis	258,500	0.23%
Mr. Nikogiannis Karantzis	45,129,775	41%
Mr. Panikos Poulos ⁽¹⁾	-	-
Mr. Dominic Melo	115,384	0.10%
Ms. Elizabeth Warrell	44,673	0.04%

⁽¹⁾ Mr Poulos was officially appointed as a director on 13 April 2022.

Loans to key management personnel and their related parties

As at 31 December 2021, Red 5 Solutions Limited owed Probanx Solutions Limited €1,824,864. The loan is secured by shares held in ISXFEU by related parties and repayable within 2 years, or upon the Initial Public Offering of ISXFEU’s securities on an exchange. The loan bears an interest charge of 1.25% per annum above the European Short-Term Rate (ESTR).

Management Report – Other Matters

Share capital

At 31 December 2021, 110,079,450 ordinary shares were on issue, with a nominal value of €0.07 each (31 December 2020: 2,600,000 fully paid shares with a nominal value €1.00 each). Ahead of the demerger from Southern Cross Payments Limited, during the year ended 31 December 2021 the Company issued a number of shares, and did a share split, decreasing the nominal value of the shares from €1.00 to €0.07, and increasing the number of shares on issue to 110,079,450 in preparation for the demerger. Details on the development of the share capital of the Company are disclosed in Note 26 of the Financial statement.

There are no restrictions on the transfer of the Company's ordinary shares, other than the provisions of the Business of Credit Institutions Law of Cyprus which require the approval of the Central bank of Cyprus (CBC) prior to acquiring shares in the Company, above certain thresholds.

The Company's issued ordinary shares do not carry special control rights.

Shareholders holding more than 5% of the share capital

Shareholders holding more than 5% of the share capital of the Company are disclosed in Shareholder information on page 25.

Principal Activities

ISXFEU is incorporated in the European Union Member state of the Republic of Cyprus with Company Number HE348009 and holds Central Bank of Cyprus authorisation #115.1.3.17 as a European Economic Area Electronic Money Institution and United Kingdom (UK) FCA 900871 as a UK Electronic Money Institution.

ISXFEU owns 19.99% of its associate, the NSX Limited (NSXL), which is the 100% owner of the ASIC licenced Tier 1 Australian market operator and securities exchange, the National Stock Exchange of Australia Ltd (NSXA).

ISXFEU additionally owns 59% of ClearPay Pty Ltd, a start-up venture co-owned 41% by the NSXL, that seeks to enter the clearing and settlement sector, currently monopolised by the Australian Securities Exchange wholly owned subsidiary, ASXClear.

ISXFEU holds monetary financial services licences to operate as an authorised electronic money and payment institution in the European Economic Area (EEA) and the United Kingdom.

ISXFEU, through its Probanx[®] subsidiaries, develops financial and regulatory technology software for banks, credit unions, electronic money institutions, payment institutions and financial services companies. The software may be licenced, or provided as a service, for upfront and monthly fees, and integrated directly with customer systems, or via platform partners. The software includes solutions for customers onboarding, identity verification, core banking, interbank networking, card scheme processing, securities delivery versus payment, payment netting and electronic wallet solutions.

Significant changes in the state of affairs

On 18 October 2021 ISX Financial EU Plc finalised the demerger between the Company and its former parent Southern Cross Payments Ltd. Leading up to the demerger several subsidiaries were transferred from Southern Cross Payments Ltd to ISXFEU, to create the consolidated ISXFEU group.

There were no other significant changes in the state of affairs of the consolidated entity during the year ended 31 December 2021.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and results of operations

In 2021 the business continued to build scale as the business further executed on its pipeline of new business opportunities and integration of existing customers to enable processing of transactions and generating revenues.

In 2022 the business will continue to execute on its strategy, looking to grow and scale existing operations, build out the banking business in Europe and the UK, and finally look to continue to innovate and seek adjacent market opportunities.

The business continues to strive to deliver an outstanding product to existing customers, expand our customer list and deliver increased revenues in the 2022 financial year.

With the demerger from Southern Cross Payments Ltd completed, in 2022 the Company will explore opportunities to list on an overseas exchange. Subject to shareholders and other necessary approvals, this process is expected to include a restructure of the Group to add a holding company above ISX Financial EU Plc, to allow for a non-operating holding entity that is established specifically for listing.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to ensure the directors and executives of the company against a liability to the extent permitted by the Cypriot Companies Law (Cap. 113). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of or against the company

The Company is a party to legal proceedings against the Australia Securities Exchange (ASX) in the Federal Court of Australia, per file number VID1315/2019.

No active or material cases have been filed against the Company.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former audit partners of BDO Ltd

There are no officers of the Company who are former audit partners of BDO Ltd.

Auditor

BDO Ltd continues in office in accordance with the Auditors Law of 2017.

This report is made in accordance with a resolution of directors.

On behalf of the directors,



A handwritten signature in black ink, appearing to read 'Taoushanis', written over a horizontal line.

Christakis Taoushanis
Non-executive Chairman
15 June 2022



A handwritten signature in black ink, appearing to read 'N Karantzis', written over a horizontal line.

Mr N Karantzis
Managing Director
15 June 2022

	Note	Consolidated	
		31 December 2021	31 December 2020
		€	€
Revenue	5	22,726,382	21,823,061
Other income	6	118,071	511,802
Expenses			
Corporate expenses		(3,092,848)	(2,311,109)
Advertising & marketing expense		(152,796)	(156,391)
Employee benefits expense	7	(5,293,340)	(3,930,380)
Research & development expenses		(728,681)	(429,278)
Depreciation & amortisation expense	7	(1,474,900)	(737,468)
Impairment of investment in associate	16	(1,066,822)	-
Share of losses from investment in associate	16	(395,206)	(305,439)
IT expenses		(1,174,695)	(1,159,947)
Other expenses		(54,382)	(119,387)
Operating costs		(6,802,166)	(9,191,586)
Net realised/unrealised foreign exchange (loss)/gain		(27,314)	191,951
Finance costs		(91,968)	(42,405)
Profit/(loss) before income tax expense		<u>2,489,335</u>	<u>4,143,424</u>
Income tax expense	8	<u>(1,140,853)</u>	<u>(876,812)</u>
Profit after income tax expense for the year		<u>1,348,482</u>	<u>3,266,612</u>
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(326,738)</u>	<u>(1,019,917)</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(326,738)</u>	<u>(1,019,917)</u>
Total comprehensive income/(loss) for the year		<u><u>1,021,744</u></u>	<u><u>2,246,695</u></u>
Profit/(loss) for the year is attributable to:			
Non-controlling interests	28	(9,905)	(332,399)
Owners of ISX Financial EU Plc		<u>1,358,387</u>	<u>3,599,011</u>
		<u><u>1,348,482</u></u>	<u><u>3,266,612</u></u>
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests	28	(9,905)	(332,399)
Owners of ISX Financial EU Plc		<u>1,031,649</u>	<u>2,579,094</u>
		<u><u>1,021,744</u></u>	<u><u>2,246,695</u></u>

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

ISX Financial EU Plc
Consolidated statement of financial position
As at 31 December 2021



	Note	31 December 2021 €	Consolidated 31 December 2020 €	1 January 2020 €
Assets				
Current assets				
Cash and cash equivalents	9	4,968,402	8,342,312	7,946,556
Trade and other receivables	10	480,220	1,005,388	1,308,155
Funds held on behalf of merchants	11	94,097,050	62,021,528	60,149,861
Other assets	12	678,330	641,676	1,498,109
Total current assets		100,224,002	72,010,904	70,902,681
Non-current assets				
Plant and equipment	13	758,873	714,168	515,398
Right-of-use assets	14	2,430,198	1,082,247	1,403,251
Intangibles	15	4,216,687	2,712,780	1,838,308
Deferred tax assets	8	66,877	66,877	66,327
Investment in associate	16	2,680,909	3,475,836	-
Loans to related parties	17	1,824,864	-	-
Total non-current assets		11,978,408	8,051,908	3,823,284
Total assets		112,202,410	80,062,812	74,725,965
Liabilities				
Current liabilities				
Trade and other payables	18	3,150,142	3,202,218	3,351,336
Contract liabilities	19	133,216	104,449	866,573
Lease liability	20	348,538	323,463	323,298
Employee benefits	21	367,025	294,027	169,860
Funds held on behalf of merchants	11	94,097,050	62,021,528	60,149,861
Other current liabilities	22	-	17,087,432	13,125,842
Total current liabilities		98,095,971	83,033,117	77,986,770
Non-current liabilities				
Lease liability	23	2,301,197	801,395	1,089,651
Deferred tax liabilities	8	58,132	57,350	56,878
Employee benefits	24	15,412	44,314	22,850
Convertible note payable	25	4,218,641	-	-
Total non-current liabilities		6,593,382	903,059	1,169,379
Total liabilities		104,689,353	83,936,176	79,156,149
Net assets		7,513,057	(3,873,364)	(4,430,184)
Equity				
Issued capital	26	7,705,562	2,600,000	2,600,000
Reserves	27	12,017,423	7,085,046	2,304,291
Accumulated losses		(12,627,077)	(13,985,464)	(9,334,475)
Equity attributable to owners of the parent		7,095,908	(4,300,418)	(4,430,184)
Contribution to equity from non-controlling interest	28	417,149	427,054	-
Total equity		7,513,057	(3,873,364)	(4,430,184)

We the Members of the Board of Directors and the Bank officials responsible for the drafting of the Consolidated Financial Statements of ISX Financial EU Plc (the Company) for the year ended 31 December 2021, confirm that to the best of our knowledge the consolidated statement of financial position give a true and fair view of the assets and liabilities of ISX Financial EU Plc and of the entities included in the Consolidated Financial Statements.

Mr. Christakis Taoushanis
 Non-Executive Chairman of the Board

Mr. Niko Giannakis Parantzis
 Chief Executive Officer & Managing Director of the Board

Ms. Elizabeth Warrell
 Chief Financial Officer & Executive Director of the Board

Mr. Panikos Poulos
 Non-Executive Director of the Board

Mr. Dominic Melo
 Chief Product Officer & Executive Director of the Board

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

ISX Financial EU Plc
Consolidated statement of changes in equity
For the year ended 31 December 2021



Consolidated	Issued capital €	Accumulated losses €	Non-controlling interest €	Reserves €	Total equity €
Balance at 1 January 2021	2,600,000	(13,985,464)	427,054	7,085,046	(3,873,364)
Profit/(loss) for the year	-	1,358,387	(9,905)	-	1,348,482
Other comprehensive income for the year, net of tax	-	-	-	(326,738)	(326,738)
Total comprehensive income/(loss) for the year	-	1,358,387	(9,905)	(326,738)	1,021,744
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 26 & 27)	5,105,562	-	-	5,259,115	10,364,677
Balance at 31 December 2021	<u>7,705,562</u>	<u>(12,627,077)</u>	<u>417,149</u>	<u>12,017,423</u>	<u>7,513,057</u>

Consolidated	Issued capital €	Accumulated losses €	Non-controlling interest €	Reserves €	Total equity €
Balance at 1 January 2020	2,600,000	(9,334,475)	-	2,304,291	(4,430,184)
Profit/(loss) after income tax expense for the year	-	3,599,011	(332,399)	-	3,266,612
Other comprehensive income for the year, net of tax	-	-	-	(1,019,917)	(1,019,917)
Total comprehensive income/(loss) for the year	-	3,599,011	(332,399)	(1,019,917)	2,246,695
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 27)	-	-	-	4,715,740	4,715,740
Dividend payment	-	(8,250,000)	-	-	(8,250,000)
Non-Controlling Interest Contributions to equity (note 27 & 28)	-	-	759,453	1,084,932	1,844,385
Balance at 31 December 2020	<u>2,600,000</u>	<u>(13,985,464)</u>	<u>427,054</u>	<u>7,085,046</u>	<u>(3,873,364)</u>

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

	Note	Consolidated	
		31 December 2021	31 December 2020
		€	€
Cash flows from operating activities			
Receipts from customers		22,583,302	22,167,505
Payments to suppliers and employees		(16,192,052)	(16,741,631)
Interest received		8,585	21,593
Income taxes paid		(706,199)	(849,605)
Government grants and tax incentives		109,486	515,109
Other (net of Mastercard refund/charge)		287,012	-
Net cash generated from operating activities	37	<u>6,090,134</u>	<u>5,112,971</u>
Cash from investing activities			
Payments for plant and equipment	13	(188,173)	(336,604)
Payments for intangibles	15	(2,629,090)	(1,779,037)
Cash contribution from investment partner	27 & 28	-	1,844,384
Net cash (used in) investing activities		<u>(2,817,263)</u>	<u>(271,257)</u>
Cash flows from financing activities			
Repayment of borrowings		(1,018,448)	(2,514,056)
Dividends paid		(2,876,400)	(2,030,318)
Payment of lease liabilities		(258,230)	(233,837)
Other (Loan to related parties)		(1,824,864)	-
Other (Merchant security received and card scheme membership security)		(706,015)	159,233
Net cash (used in) financing activities		<u>(6,683,957)</u>	<u>(4,618,978)</u>
Net (decreased)/increase in cash and cash equivalents		(3,411,086)	222,736
Cash and cash equivalents at the beginning of the financial year		8,342,312	7,946,556
Effects of exchange rate changes on cash and cash equivalents		37,176	173,020
Cash and cash equivalents at the end of the financial year	9	<u><u>4,968,402</u></u>	<u><u>8,342,312</u></u>

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

Note 1. General information

The financial statements cover ISX Financial EU Plc as a consolidated entity consisting of ISX Financial EU Plc and the entities it controlled at the end of, or during, the year. The financial statements are presented in Euros, which is ISX Financial EU Plc's functional and presentation currency.

ISX Financial EU Plc is a public company limited by shares, incorporated, and domiciled in Cyprus. Its registered office and principal place of business is:

Makrasykas 1, KBC North Bldg.
Strovolos, Nicosia, 2034,
Cyprus

On 18 October 2021 the Company completed the demerger from Southern Cross Payments Ltd (previously known as iSignthis Ltd) and became an independent Group. The Company is a Cypriot incorporated hybrid regulated financial services company and developer of RegTech solutions, headquartered in Nicosia, Cyprus, with operations centres in Melbourne, Australia, Vilnius, Lithuania and London, UK, with sales offices in Sydney, Australia, Amsterdam, the Netherlands, Tel-Aviv, Israel and Valetta, Malta.

The Company has built its own monetary financial services technology stack including payment gateway, core banking, interbank networking and KYC platforms. The Company uses this technology stack to deliver payment and eMoney services to business and retail customers under EU and UK monetary financial services authorizations. The Company also provides the platforms as a technology provider to other regulated financial institutions under either SaaS or a licensing plus service fees model.

The Company also possesses the capability to license its know-how, including extensive software systems and intellectual property rights (in the form of patents granted across a number of jurisdictions) to prospective customers. The Company is in the deployment and commercialisation stage of its business life as an emerging neo-banking, payments, identity/KYC and technology provider to both the retail and AML regulated business sectors.

The Company ('ISXFEU') is the holder of EEA regulatory authorisation as an eMoney Institution authorised by the Central Bank of Cyprus. ISXFEU was granted a transitional authority to operate in the UK by the FCA as an interim measure following Brexit and until a license is granted in the UK.

In September 2020, the Company's UK subsidiary, ISX Financial UK Ltd ('ISXFUK') was granted an AEMI by the FCA under the Electronic Money Regulations 2011 (United Kingdom). The license allows ISXFUK to issue, distribute and redeem eMoney in the UK, and, subject to approval of its application, to hold a Bank of England settlement account. The full range of services permissible under the Payment Services Regulations 2017 (United Kingdom) have also been authorised, including account information and payment initiation services.

The Company's subsidiaries hold payment services licenses in both the EEA and Australia for major card schemes, including Mastercard Inc., Diners Club, Discover, JCB, China UnionPay and other APM's.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 June 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and the Cyprus Companies Law (Cap. 113), as appropriate for for-profit oriented entities.

Note 2. Significant accounting policies (continued)

On 18 October 2021 ISX Financial EU Plc finalised the demerger between the Company and its former parent Southern Cross Payments Ltd (previously known as iSignthis Ltd). Leading up to the demerger several subsidiaries were transferred from Southern Cross Payments Ltd to ISXFEU, to create the consolidated ISXFEU group. The Company has applied the “pooling of interests” method (or book value accounting) to account for the transfer of subsidiaries as a result of the group restructuring.

Under the “pooling of interests” method, the following principals were applied:

- The assets and liabilities of the two combining entities were transferred at their carrying values
- Adjustments were made only where necessary to harmonise the accounting policies of the two entities. No fair value adjustments are made, and no new assets or liabilities are recognised.
- No goodwill was recorded.

Any difference between the purchase price and the book value of the assets transferred is recognised as an adjustment to equity (either to an existing reserve, or to a newly created common control reserve).

These financial statements, for the year ended 31 December 2021, are the first the Group has prepared in accordance with IFRS.

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing the financial statements, the Group’s opening statement of financial position was prepared as at 1 January 2020, the Group’s date of transition to IFRS. There were no material adjustments made by the Group as a result of the adoption of IFRS.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

These financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with the accounting policies of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Note 2. Significant accounting policies (continued)

Foreign currency translation

The financial statements are presented in Euros, which is ISX Financial EU Plc's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Euros using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Euros using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Adoption of new or revised standards and Interpretations

During the current year, the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Group.

New Accounting Standards and Interpretations not yet mandatory or early adopted

International Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgments, estimates and assumptions

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

Revenue Recognition

Revenue from payment processing and settlement contracts is recognised when the entity has completed all performance obligations under the contract, by transferring the payment settlement to the customer's account. This recognises that the Company's performance obligations are not separately identifiable and should be bundled as one performance obligation, completed when settlement is made to the customer. All performance obligations from payment processing and settlement are satisfied at a point in time.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 4. Operating segments

Identification of reportable operating segments

The operating segments are analysed by the Executives of the consolidated entity who ultimately report to the board of Board of Directors (collectively identified as the Chief Operating Decision Makers ('CODM')), based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources.

The CODM reviews revenues, relevant expenses and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Group operates across four main operating divisions, with various product/services brands within each of those divisions, they include:

- *Regulated eMoney & Payment Services*: Payments, eMoney and transactional banking services;
- *RegTech Solutions*: Core banking, core networking platforms, identity and other banking software services;
- *Regulated Securities Exchange*: including holdings in the public quoted National Stock Exchange of Australia Ltd, and in ClearPay, our digital ledger technology delivery versus payment company; and
- *Intellectual Property*: A number of granted and pending patents applicable to anti-money laundering, payment verification and payments, across multiple jurisdictions.

	Regulated eMoney & Payment Services	Reg- Tech Solutions	Regulated Securities Exchanges	Intellectual Property	Corporate Items	Total
Consolidated - 31 December 2021	€	€	€	€	€	€
Revenue and Other Income						
Sales to external customers	21,535,826	1,190,556	-	-	-	22,726,382
Government grants	109,486	-	-	-	-	109,486
Interest	7,900	-	685	-	-	8,585
Total revenue and other income	21,653,212	1,190,556	685	-	-	22,844,453
Expenses						
Corporate expenses	(2,536,698)	(281,543)	(12,284)	(191,527)	(70,796)	(3,092,848)
Advertising & marketing	(125,665)	(27,131)	-	-	-	(152,796)
Employee benefits expense	(4,390,152)	(829,941)	(12,560)	-	(60,687)	(5,293,340)
Research & development expenses	(728,681)	-	-	-	-	(728,681)
Depreciation & amortisation expense	(649,847)	(753,557)	(10,250)	(61,246)	-	(1,474,900)
Impairment of investment in associate	-	-	(1,066,822)	-	-	(1,066,822)
Share of losses from investment in associate	-	-	(395,206)	-	-	(395,206)
IT expenses	(1,116,145)	(76,853)	18,303	-	-	(1,174,695)
Other expenses	(34,612)	(19,670)	-	-	(100)	(54,382)
Operating costs	(6,407,870)	(394,296)	-	-	-	(6,802,166)
Net realised foreign exchange gain/(loss)	(1,014)	(25,352)	-	(14)	(934)	(27,314)
Finance costs	(2,072)	(90,196)	-	-	300	(91,968)
Profit/(loss) before income tax expense	5,660,456	(1,307,983)	(1,478,134)	(252,787)	(132,217)	2,489,335
Income tax expense	(1,065,626)	(75,227)	-	-	-	(1,140,853)
Profit/(loss) for the year	4,594,830	(1,383,210)	(1,478,134)	(252,787)	(132,217)	1,348,482

Note 4. Operating segments (continued)

Consolidated - 31 December 2020	Regulated eMoney & Payment Services	Reg- Tech Solutions	Regulated Securities Exchanges	Intellectual Property	Corporate Items	Total
	€	€	€	€	€	€
Revenue and Other Income						
Sales to external customers	20,521,117	1,301,944	-	-	-	21,823,061
Intercompany management fee recharge	(1,062,344)	1,062,344	-	-	-	-
Government grants	491,210	-	-	-	-	491,210
Interest	16,752	-	3,840	-	-	20,592
Total revenue and other income	19,966,735	2,364,288	3,840	-	-	22,334,863
Expenses						
Corporate expenses	(1,314,668)	(573,332)	(2,813)	(128,388)	(291,908)	(2,311,109)
Advertising & marketing	(154,104)	(2,287)	-	-	-	(156,391)
Employee benefits expense	(2,729,014)	(1,165,461)	-	-	(35,905)	(3,930,380)
Research & development expenses	(429,278)	-	-	-	-	(429,278)
Depreciation & amortisation expense	(398,131)	(281,276)	-	(58,061)	-	(737,468)
Share of losses from investment in associate	-	-	(305,439)	-	-	(305,439)
IT expenses	479,500	(827,633)	(811,814)	-	-	(1,159,947)
Other expenses	(93,256)	(26,069)	-	-	(62)	(119,387)
Operating costs	(9,097,180)	(94,406)	-	-	-	(9,191,586)
Net realised foreign exchange gain/(loss)	262,589	(76,304)	-	-	5,666	191,951
Finance costs	(42,405)	(1,088)	-	-	1,088	(42,405)
Intercompany management fee recharge	90,431	(90,431)	-	-	-	-
Profit/(loss) before income tax expense	6,541,219	(773,999)	(1,116,226)	(186,449)	(321,121)	4,143,424
Income tax expense	(876,812)	-	-	-	-	(876,812)
Profit/(loss) for the year	5,664,407	(773,999)	(1,116,226)	(186,449)	(321,121)	3,266,612

Note 5. Revenue

	Consolidated	
	31 December 2021	31 December 2020
	€	€
<i>Contracted service fees</i>		
- Recognised at a point in time	22,358,041	20,787,072
- Recognised over time	<u>368,341</u>	<u>1,035,989</u>
Revenue	<u><u>22,726,382</u></u>	<u><u>21,823,061</u></u>

Revenue is disaggregated as indicated in note 4 to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data and geographical dispersion.

Accounting policy for revenue recognition

Revenue is recognised when (or as) the consolidated entity satisfies a performance obligation by transferring a promised good or service to a customer. Revenue is recognised at the transaction price that is allocated to the performance obligation.

Revenue is recognised through the following major revenue streams as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Transactional banking services

Revenue generated from transactional banking services are billed on a per transaction basis and are recognised once the service has been performed. All revenue within this revenue stream has been included within 'contracted service fees' noted above and is recognised point in time. This revenue stream forms part of the Regulated Services division.

Payment processing and settlement

Revenue generated from the payment processing and settlement are billed on a per transaction basis and are recognised once all performance obligations are completed, when settlement is made to the customer.

Revenue from payment processing contracts is recognised when the entity has completed all performance obligations under the contract, by transferring the payment settlement to the customers account. This recognises that the Company's performance obligations are not separately identifiable and should be bundled as one performance obligation, completed when settlement is made to the customer.

Note 5. Revenue (continued)

All revenue within this revenue stream has been included within 'contracted service fees' noted above and is recognised point in time. This revenue stream forms part of the Regulated Services division.

Know Your Customer (KYC) verification (Identity Services)

Revenue generated from KYC fees are billed on a flat rate per verification service and are recognised once the service is performed. All revenue within this revenue stream has been included within 'contracted service fees' noted above and is recognised point in time. This revenue stream forms part of the Reg-Tech Solutions division.

Integration, Establishment, Project and Platform Fees

Revenue generated from the initial integration and merchant operational set up are billed on contract signing and service go live date, or line with the performance obligations in the contract. Revenue is recognised once the service has been performed. All revenue within this revenue stream has been included within 'contracted service fees' noted above and is recognised over time. This revenue stream forms part of the Reg-Tech Solutions division.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 6. Other income

	Consolidated	
	31 December 2021	31 December 2020
	€	€
Other government grants	109,486	491,210
Interest income	<u>8,585</u>	<u>20,592</u>
Total other income	<u><u>118,071</u></u>	<u><u>511,802</u></u>

Government grants and tax incentives

Other government grants include jobkeeper payments and cash flow boost support from the Australian Government due to the impact of Covid-19. Grants from the government are recognised as income at their fair value where there is reasonable assurance that the grant will be received, the Company will comply with attached conditions and the grants are readily measurable. Government subsidies are recognised under the IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance).

Interest income

Interest income is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 7. Expenses

	Consolidated	
	31 December 2021	31 December 2020
	€	€
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Land and buildings right-of-use assets	322,663	255,952
Computers and office equipment	151,334	125,317
Total depreciation	<u>473,997</u>	<u>381,269</u>
<i>Amortisation</i>		
Intangible assets	1,000,903	356,199
Total depreciation and amortisation	<u>1,474,900</u>	<u>737,468</u>
Employee benefits expense	<u>5,293,340</u>	<u>3,930,380</u>

Below is the breakdown of employee benefits expense:

	Consolidated	
	31 December 2021	31 December 2020
	€	€
Salaries	4,844,168	3,522,598
Social securities	278,577	230,053
Pensions	170,595	177,729
Employee benefits expense	<u>5,293,340</u>	<u>3,930,380</u>

The average number of employees of the group in 2021 is 125 (2020: 99).

Note 8. Income tax

	Consolidated	
	31 December 2021	31 December 2020
	€	€
Corporation tax	1,140,853	876,812
Charge for the year	<u>1,140,853</u>	<u>876,812</u>

Note 8. Income tax (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	Consolidated	
	31 December 2021	31 December 2020
	€	€
Profit before tax	2,489,335	4,143,424
Add: Losses from overseas entities not subject to Cyprus corporation tax	4,620,029	2,574,870
Profit before tax subject to Cyprus corporation tax	7,109,364	6,718,294
Tax calculated at the applicable tax rates	888,670	839,787
Tax effect of expenses not deductible for tax purposes	257,636	117,601
Tax effect of allowances and income not subject to tax	(33,663)	(107,210)
10% additional charge	28,210	26,634
Tax charge	1,140,853	876,812

In the Republic of Cyprus, the corporation tax rate is 12.5% (2020: 12.5%).

Under certain conditions, interest income may be subject to defence contribution at the rate of 30% (2020: 30%). In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% (2020: 17%).

Below are corporate income tax rates applicable to subsidiaries outside of the Cyprus jurisdiction.

- United Kingdom: 19% (2020: 19%).
- Australia: 26% (2020: 27.5%). This rate is applicable to small or medium business with aggregated turnover threshold of AUD 50 million.
- The Netherlands: top corporate income tax rate for taxable amount from €245,000 is 25% (2020: taxable amount is €200,000 and tax rate is 25%). Lower tier tax rate for taxable amount up to €245,000 is 15% (2020: taxable amount is €200,000 and tax rate is 16.5%).
- Lithuania: the standard corporate income tax rate is 15% (2020: 15%).
- The United States of America: 21% (2020: 21%).

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 8. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 9. Current assets - cash and cash equivalents

	Consolidated		
	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Cash at bank	4,968,402	8,342,312	7,946,556

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Current assets - trade and other receivables

	Consolidated		
	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Trade receivables	341,171	216,546	818,464
Other receivables	139,049	788,842	489,691
	<u>480,220</u>	<u>1,005,388</u>	<u>1,308,155</u>

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The consolidated entity recognises a loss allowance for expected credit losses on financial assets measured at amortised cost, including trade and other receivables. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly (i.e. more than 60 days overdue), the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Note 10. Current assets - trade and other receivables (continued)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Value Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Note 11. Current assets - funds held on behalf of merchants

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Funds held on behalf of merchants			
Funds received - current asset	94,097,050	62,021,528	60,149,861
Funds payable - current liability	(94,097,050)	(62,021,528)	(60,149,861)
	<u>-</u>	<u>-</u>	<u>-</u>

The funds held on behalf of merchants in current asset and current liability noted above represent rolling reserve (initial and additional requirements under each agreement depending on the volume of transactions with each Merchant), e-money deposits and settlement funds which were yet to be settled back to the respective merchants at the end of the year.

Note 12. Current assets - other assets

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Prepayments	191,678	112,065	186,243
Security deposits	88,353	131,312	72,922
Card scheme collateral	398,299	398,299	1,238,944
	<u>678,330</u>	<u>641,676</u>	<u>1,498,109</u>

The card scheme collateral requirements as noted above are largely held by Mastercard in relation to merchant clients whereby ISX Financial EU Plc offers card acquiring, processing and settlement services and are held to meet capital adequacy and security requirements by each party.

Note 13. Non-current assets - plant and equipment

	Consolidated		
	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Computer and office equipment - at cost	1,219,227	1,023,976	681,726
Less: Accumulated depreciation	<u>(460,354)</u>	<u>(309,808)</u>	<u>(166,328)</u>
	<u><u>758,873</u></u>	<u><u>714,168</u></u>	<u><u>515,398</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer and office equipment €
Balance at 1 January 2020	515,398
Additions	336,604
Exchange differences	(12,517)
Depreciation expense	<u>(125,317)</u>
Balance at 31 December 2020	714,168
Additions	188,173
Exchange differences	7,866
Depreciation expense	<u>(151,334)</u>
Balance at 31 December 2021	<u><u>758,873</u></u>

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives. The expected useful life of computer and office equipment is between 2.5 to 7 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 14. Non-current assets - right-of-use assets

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Land and buildings - right-of-use	3,165,737	1,472,378	1,713,895
Less: Accumulated depreciation	<u>(735,539)</u>	<u>(390,131)</u>	<u>(310,644)</u>
	<u>2,430,198</u>	<u>1,082,247</u>	<u>1,403,251</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and building right- of-use assets
	€
Consolidated	
Balance at 1 January 2020	1,403,251
Leases not renewed	(61,698)
Exchange differences	(3,354)
Depreciation expense	<u>(255,952)</u>
Balance at 31 December 2020	1,082,247
Additions	1,693,359
Exchange differences	(22,745)
Depreciation expense	<u>(322,663)</u>
Balance at 31 December 2021	<u>2,430,198</u>

Right of use assets mainly related to the lease of Nicosia office in Cyprus. The lease commenced on 1 January 2020 and has an initial lease term of 5 years with an option to extend for a further period of up to 3 or 5 years. Prior to 2021, the right of use assets was calculated using the 5 years lease term. In 2021 Management reassessed the lease extension option and concluded that it was reasonably certain that the lease option would be extended for 5 additional years, as after a review for like properties, management concluded there were no other comparable properties available, thus the right of use assets was calculated using 10 years lease term in 2021. The significant increase in right of use assets in 2021 is due to the change in assumption of the lease term in the calculation of right of use assets. On the same basis, there is also significant increase in lease liabilities (refer to note 23).

Accounting policy for right-of-use assets

The consolidated entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets less than €7,000. The consolidated entity applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of items that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense as incurred.

The consolidated entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term.

A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In calculating the present value of lease payments, the Company uses its incremental borrowing rate of 5.24% at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Note 15. Non-current assets – intangibles

	Consolidated		
	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Goodwill - at cost	97,836	97,836	633,580
Intellectual property - at cost	1,677,129	907,430	899,968
Less: Accumulated amortisation	(378,738)	(331,401)	(268,410)
	<u>1,298,391</u>	<u>576,029</u>	<u>631,558</u>
Internally developed software - at cost	4,238,297	2,463,246	697,394
Less: Accumulated amortisation	(1,417,837)	(424,331)	(124,224)
	<u>2,820,460</u>	<u>2,038,915</u>	<u>573,170</u>
	<u><u>4,216,687</u></u>	<u><u>2,712,780</u></u>	<u><u>1,838,308</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated
	€
Balance at 1 January 2020	1,838,308
Additions - Intellectual property - at cost	7,463
Additions - Internally developed software - at cost	1,771,574
Goodwill write-off post demerger	(535,744)
Exchange differences	(12,622)
Amortisation expense	<u>(356,199)</u>
Balance at 31 December 2020	2,712,780
Additions - Intellectual property - at cost	769,699
Additions - internally developed software - at cost	1,859,391
Exchange differences	(124,280)
Amortisation expense	<u>(1,000,903)</u>
Balance at 31 December 2021	<u><u>4,216,687</u></u>

Accounting policy for intangible assets

Intangible assets, not acquired through a business combination, are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

Amortisation commences when the asset is available for use, in the location and condition necessary for it to be capable of operating in the intended manner by management. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

Note 15. Non-current assets – intangibles (continued)

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Goodwill impairment

The Group performed its annual impairment test in November 2021.

For the purpose of impairment testing, the goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. The technology which was acquired through the Probanx and BBS acquisitions, includes the core banking system and payment gateway technology used in the Regulated eMoney & Payment Services cash generating unit (REPS CGU), as such the goodwill has been allocated to this cash generating unit. This represents the total goodwill of the Group.

The recoverable amount of the REPS CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three year period. The projected cash flows have been updated to reflect the expected demand for the REPS CGU's products and services. The pre-tax discount rate applied to the cash flow projections is 15%. The terminal value has been calculated using an 8.5x multiple of the year 3 free cash flows. Management believes this is a conservative multiple based on current trading multiples in the market. As a result of the analysis, there is headroom of and management did not identify an impairment for the REPS CGU.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the shorter of the period of expected benefit or the period of the related patent, usually between 1 to 15 years.

Internally developed software

An intangible asset arising from development (or from the development phase of an internal project) is recognised as internally generated software if, and only if, all of the following have been demonstrated:

The technical feasibility of completing the intangible asset so that it will be available for use or sale;

- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for these internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Note 15. Non-current assets – intangibles (continued)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. Internally generated software is amortised on a straight line basis over the period of their expected benefit, usually between 3 to 5 years.

The Group reviews internally developed software for impairment annually.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. Amortisation is on a straight line basis over the period of their expected benefit, usually between 3 to 5 years.

The Group reviews intangible assets acquired in a business combination for impairment annually.

Note 16. Non-current assets - Investment in Associate

	Consolidated		
	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Balance as at 1 January 2021/2020	3,475,836	-	-
Additions:	630,879	3,796,127	-
Less:			
Share of losses from investment in associate	(395,206)	(305,439)	-
Impairment of investment in associate	(1,066,822)	-	-
Foreign currency translation difference	36,222	(14,852)	-
Total Investment in associate	<u>2,680,909</u>	<u>3,475,836</u>	<u>-</u>

Investment in associate

In determining how to account for an investment in an associate, management first review whether the ISX Financial group controls the investee. Where it is determined that the ISX Financial group controls the investee, the results of the investee are consolidated within ISX Financial group's consolidated financial statements.

Where management determine an investee is not controlled by the ISX Financial Group, management further review the investee to determine if the ISX Financial Group have significant influence over the investee. Where its determined significant influence exists, the investee is accounted for under the equity method. Where significant influence doesn't exist, the investment is accounted for as a financial asset.

Investment in NSX Limited

As at 31 December 2021, the Company held a 19.99% stake in NSX Limited ('NSX') (2020: 19.22%). NSX operates NSXA, Australia's second-largest Tier 1 securities market operator.

In 2021 Management reviewed the investment in NSX, to determine if the Group still had significant influence over NSX Limited. After considering several factors including the ability to control a shareholders vote, the ability to control a board vote, the material transaction between NSX and ISX Financial EU Plc and the Managing Director of the ISX Financial Group holding the interim CEO role at NSX during 2021, Management concluded that the ISX Financial Group does not control NSX, but despite owning only 19.99% of NSX does have significant influence over NSX. The investment in NSX is therefore accounted for under the equity method.

Note 16. Non-current assets - Investment in Associate (continued)

Set out below is the supplementary information about the associate, NSX Limited.

Statement of profit or loss and other comprehensive income

	NSX Limited Year Ended 31 December 2021 €	NSX Limited Year Ended 31 December 2020 €
Total Revenue	1,204,208	931,815
Loss after income tax	<u>(1,976,719)</u>	<u>(2,320,194)</u>
Total comprehensive loss for the period	<u><u>(1,976,719)</u></u>	<u><u>(2,320,194)</u></u>

Statement of financial position

	NSX Limited As at 31 December 2021 €	NSX Limited As at 31 December 2020 €
Current assets	2,678,181	3,004,003
Non-current assets	3,395,813	3,247,652
Total assets	<u>6,073,994</u>	<u>6,251,655</u>
Current liabilities	1,849,433	2,034,194
Non-current liabilities	1,163,008	1,322,239
Total liabilities	<u>3,012,441</u>	<u>3,356,433</u>
Net Assets	<u><u>3,061,553</u></u>	<u><u>2,895,222</u></u>
Equity		
Issued capital	38,273,671	35,679,398
Option Reserves	900,985	873,462
Retained earnings	(36,113,103)	(33,657,638)
Total Equity	<u><u>3,061,553</u></u>	<u><u>2,895,222</u></u>

Note 17. Loans to related parties

	31 December 2021 €	Consolidated 31 December 2020 €	1 January 2020 €
Loans to related parties	<u>1,824,864</u>	<u>-</u>	<u>-</u>

Accounting policy for loans to related parties

Loans to related parties are recognised at amortised cost and will be reviewed annually at contract date for impairment.

Loan to related parties is secured by shares held in ISXFEU by related parties and repayable within 2 years, or upon the Initial Public Offering of ISXFEU's securities on an exchange. The loan bears an interest charge of 1.25% per annum above the European Short Term Rate (ESTR).

Note 18. Current liabilities - trade and other payables

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Trade payables	857,985	498,017	306,079
GST/VAT payable	157,154	34,730	15,024
Other payables (includes Merchant Security Payable)	2,135,003	2,669,471	3,030,233
	<u>3,150,142</u>	<u>3,202,218</u>	<u>3,351,336</u>

Refer to note 29 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 19. Current liabilities - contract liabilities

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Contract liabilities	<u>133,216</u>	<u>104,449</u>	<u>866,573</u>

Accounting policy for contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Note 20. Current liabilities - lease liability

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Lease liability	<u>348,538</u>	<u>323,463</u>	<u>323,298</u>

Refer to note 14 for accounting policy and note 29 for further information on financial instruments.

The following are the amounts recognised in profit or loss:

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Depreciation expense of right-of-use assets	322,663	255,952	149,981
Interest expense on lease liabilities	89,896	42,288	7,408
Expense relating to short-term leases (included in corporate expenses)	193,802	254,959	164,192
Expense relating to leases of low-value assets (included in corporate expenses)	<u>1,041</u>	<u>4,644</u>	<u>1,717</u>
Total amount recognised in profit or loss	<u>607,402</u>	<u>557,843</u>	<u>323,298</u>

Note 21. Current liabilities - employee benefits

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Annual leave	367,025	294,027	169,860

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 22. Current liabilities – Other current liabilities

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Other current liabilities	-	17,087,432	13,125,842

Other current liabilities related to intercompany balance between Southern Cross Payments Ltd and ISX Financial EU Plc (ISXFEU) Group. The balance is interest free of charge.

On 18 October 2021, intercompany payable balance from ISXFEU to Southern Cross Payments Ltd was converted to convertible note payable (refer to details in note 25).

Note 23. Non-current liabilities - lease liability

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Lease liability (refer to note 14 for accounting policy)	2,301,197	801,395	1,089,651

Refer to note 29 for further information on financial instruments.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 24. Non-current liabilities - employee benefits

	31 December 2021	Consolidated 31 December 2020	1 January 2020
	€	€	€
Long service leave	15,412	44,314	22,850

Accounting policy for other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 25. Non-current liabilities – Convertible note payable

	Consolidated		
	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Convertible note payable	4,218,641	-	-

The convertible note of AUD 6.6 millions (EUR 4.2 millions equivalent) was issued by Southern Cross Payments Ltd on 18 October 2021 from conversion of intercompany balance between Southern Cross Payments Ltd and ISX Financial EU Plc (ISXFEU). The convertible note charged an interest expense at the rate that is 1% above the Reserve Bank of Australia's cash rate expressed on a per annum basis. The convertible note matures on the 10th anniversary of the Completion Date which is 30 August 2031. If Southern Cross Payments Ltd elects to convert the loan, Southern Cross Payments Ltd will hold the Conversion Shares and will be a shareholder in ISXFEU. The convertible note is recognised at amortised cost.

Note 26. Equity - issued capital

	Consolidated					
	No. of shares			Amount (€)		
	31 December 2021	31 December 2020	1 January 2020	31 December 2021	31 December 2020	1 January 2020
Ordinary shares - fully paid	110,079,450	2,600,000	2,600,000	7,705,562	2,600,000	2,600,000

Below are movements in ordinary share capital from 1 January 2020 to 31 December 2021.

Details	Date	Shares	Issue Price €/share	Balance €
Balance	1 January 2020	2,600,000	€1	2,600,000
Balance	31 December 2020	2,600,000	€1	2,600,000
Issue of shares	13 May 2021	573,899	€1	573,899
Issue of share	7 June 2021	4,527,338	€1	4,527,338
Issue of shares	1 July 2021	2	€1	2
Reversal of previous shares issued in ISX Financial EU Plc as a result of shares split	2 July 2021	(7,701,239)	€1	(7,701,239)
Split of shares - 110,017,700 ordinary shares of €0.07 each	2 July 2021	110,017,700	€0.07	7,701,239
Issue of shares	29 July 2021	61,750	€0.07	4,323
Balance	31 December 2021	110,079,450		7,705,562

Note 27. Equity - reserves

	Consolidated		
	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Foreign currency reserve	957,636	1,284,374	2,304,291
Capital reserves	9,974,855	4,715,740	-
Other reserves	1,084,932	1,084,932	-
	<u>12,017,423</u>	<u>7,085,046</u>	<u>2,304,291</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Euros. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Capital reserve

Capital reserve balance represents the forgiveness of debt from Southern Cross Payments Ltd and transfer of investment from Southern Cross Payments Ltd to ISXFEU which has not been converted to issued shares capital as at the end of the year.

Other reserves

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control. It represents the 59% (ISXFEU ownership of ClearPay Pty Ltd) of the NSX contribution of AUD3.2 million (equivalent to €1,844,384) into ClearPay Pty Ltd.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve	Capital reserve	Other reserve	Total
	€	€	€	€
Balance at 1 January 2020	2,304,291	-	-	2,304,291
Foreign currency translation	(1,019,917)	-	-	(1,019,917)
Contribution of equity	-	4,715,740	-	4,715,740
Non-controlling Interest Contributions to equity	-	-	1,084,932	1,084,932
Balance at 31 December 2020	1,284,374	4,715,740	1,084,932	7,085,046
Foreign currency translation	(326,738)	-	-	(326,738)
Contribution of equity	-	5,259,115	-	5,259,115
Balance at 31 December 2021	<u>957,636</u>	<u>9,974,855</u>	<u>1,084,932</u>	<u>12,017,423</u>

Note 28. Equity - Contribution to equity from non-controlling interest

	Consolidated		
	31 December 2021	31 December 2020	1 January 2020
	€	€	€
Balance at the beginning of the period	427,054	-	-
Non-controlling interest from capital contribution	-	759,453	-
Non-controlling interest -share of profit	(9,905)	(332,399)	-
Balance at the end of the period	<u>417,149</u>	<u>427,054</u>	<u>-</u>

Non-controlling interest relates to NSX Limited 41% investment in ClearPay Pty Ltd. In 2020, NSX Limited made AUD3.2 million (equivalent to €1.8 million) capital contribution for 41% of ClearPay Pty Ltd.

Note 29. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognized financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The exposure to the foreign currency risk is not significant for the current year.

Price risk

The consolidated entity is not exposed to any significant price risk.

Note 29. Financial instruments (continued)

Interest rate risk

The consolidated entity's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

	31 December 2021		31 December 2020	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	€	%	€
Cash at bank	0.29%	4,968,402	0.38%	8,342,312
Loan to related parties	0.66%	1,824,864	-	-
Convertible note payable	1.00%	(4,218,641)	-	-
Net exposure to cash flow interest rate risk		<u>2,574,625</u>		<u>8,342,312</u>

Below is a sensitivity analysis of an interest rate movement of 50 basis points on cash at bank for the 2021 and 2020 financial years. The impact would not be material on bank balances held at 31 December 2021. The percentage change is based on expected volatility of interest rates using market data and analysis forecasts.

Consolidated - 31 December 2021	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash at bank	50	35,123	35,123		(35,123)	(35,123)
Loan to related parties	50	9,124	9,124		(9,124)	(9,124)
Convertible note payable	50	(21,093)	(21,093)		21,093	21,093
Cash at bank		<u>23,154</u>	<u>23,154</u>	50	<u>(23,154)</u>	<u>(23,154)</u>

Consolidated - 31 December 2020	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash at bank	50	39,326	39,326	50	(39,326)	(39,326)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity holds security in relation to its card scheme merchant settlements (initial and additional requirements (rolling reserve) under each agreement depending on the volume of transactions with each Merchant). This therefore mitigates the risk of default of the counterparty as the consolidated entity holds sufficient security to cover amounts receivable by each party.

The Company assesses on a forward-looking basis the Expected Credit Losses (ECL) for debt instruments (including loans) measured at amortised cost and Fair Value through Other Comprehensive Income (FVOCI). The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects:

- (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- (ii) time value of money; and
- (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Note 29. Financial instruments (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within 'net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

Loan to related parties are secured by shares held in ISXFEU by related parties and repayable within 2 years, or upon the Initial Public Offering of ISXFEU's securities on an exchange. The loan bears an interest charge of 1.25% per annum above the European Short Term Rate (ESTER). There were no significant loans to related parties written off during the year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 29. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 31 December 2021	%	€	€	€	€	€
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	857,985	-	-	-	857,985
Other payables	-	2,135,003	-	-	-	2,135,003
<i>Interest-bearing - variable</i>						
Convertible note payable	1.10%	46,278	46,278	138,961	4,434,647	4,666,164
Lease liability	5.24%	502,017	516,070	1,919,959	368,165	3,306,211
Total non-derivatives		<u>3,541,283</u>	<u>562,348</u>	<u>2,058,920</u>	<u>4,802,812</u>	<u>10,965,363</u>

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 31 December 2020	%	€	€	€	€	€
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	498,017	-	-	-	498,017
Other payables	-	2,669,471	-	-	-	2,669,471
Other non-current liabilities	-	-	-	-	17,087,432	17,087,432
<i>Interest-bearing - variable</i>						
Lease liability	5.24%	290,633	299,352	1,636,980	725,607	2,952,572
Total non-derivatives		<u>3,458,121</u>	<u>299,352</u>	<u>1,636,980</u>	<u>17,813,039</u>	<u>23,207,492</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 30. Key management personnel disclosures

Directors

The following persons were directors of ISX Financial EU Plc during the financial year and up to the date of this report, unless otherwise stated:

Mr Christakis Taoushanis	(Independent Non-Executive Chairman)
Mr Panikos Poulos	(Independent Non-Executive Director) ⁽¹⁾
Mr Nikogiannis Karantzis	(Managing Director)
Mr Dominic Melo	(Executive Director)
Ms Elizabeth Warrell	(Executive Director)

⁽¹⁾ Mr Poulos was appointed as a Non-Executive Director on 13 April 2022.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	31 December 2021	31 December 2020
	€	€
Short-term employee benefits	617,106	367,551
Post-employment benefits	18,092	3,598
	<u>635,198</u>	<u>371,149</u>

Note 31. Remuneration of auditors

The following fee was paid or payable for services provided by BDO Ltd, the auditor of the Group:

	Consolidated	
	31 December 2021	31 December 2020
	€	€
<i>Audit services (BDO Ltd)</i>		
Audit or review of the financial statements	<u>128,124</u>	<u>108,235</u>
<i>Audit services - network firms</i>		
Audit or review of the financial statements	<u>-</u>	<u>41,190</u>
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	<u>4,421</u>	<u>3,576</u>

Note 32. Contingent assets and liabilities

ASX Legal Fees

In 2019 Southern Cross Payments Ltd, the parent of the Group prior to the demerger in October 2021, commenced legal proceedings against the Australia Securities Exchange (ASX) in the Federal Court of Australia, per file number VID1315/2019. ISX Financial EU Plc (ISXFEU) and two of its subsidiaries are applicants to the legal proceedings. The cost of the proceedings and the likelihood of a successful outcome against the Australia Securities Exchange (ASX) remain uncertain. If Southern Cross Payments Ltd is unsuccessful against the ASX, Southern Cross Payments Ltd, ISXFEU and its two subsidiaries, as applicants of the legal proceedings, may be liable to pay the ASX's legal fees as they relate to the case. ISXFEU holds no provision for this matter.

Note 33. Related party transactions

Ultimate controlling party

Select All Enterprise Ltd is the ultimate controlling party, which owns 40.68% of ISX Financial EU Plc.

Parent entity

ISX Financial EU Plc is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the management report.

Transactions with related parties

For the year ended 31 December 2021 ISX Financial EU Plc was charged by Southern Cross Payments Ltd €15,486.35 interest, per the terms of the convertible note.

For the year ended 31 December 2021 Authenticate Pty Ltd, a wholly owned subsidiary at the time, charged NSX Limited €139,205 (including GST) for IT services.

As at 31 December 2021, there was €852,543 related parties balance included in both Funds held on behalf of merchants assets and liabilities as follows:

- Red 5 Solutions Ltd: €26
- Andrew Karantzis: €45,865
- Ada Caroline Karantzis: €806,340
- Nikogiannis Karantzis: €297
- Southern Cross Payments Ltd: €15

For the year ended 31 December 2021, Mr Andrew Karantzis, brother of Managing Director and Chief Executive Officer Mr Nikogiannis Karantzis, earned €439,612 before tax related to his role as the Group Global Sales Leader. For the year ended 31 December 2020, Mr Andrew Karantzis earned €278,888 before tax related to his role as the Group Global Sales Leader.

Receivable from and payable to related parties

As at 31 December 2021, €3,978 remains receivable by ISX Financial EU Plc from Southern Cross Payments Ltd. The amount is recorded in other receivables in note 10. The amount related to Information Technology costs paid by ISX Financial EU Plc to the benefit of Southern Cross Payments Ltd. The receivable is interest-free and repayable on demand.

As at 31 December 2021, NSX Limited owed €18,277 to Authenticate Pty Ltd as mentioned in the transactions with related parties note above. The amount is recorded in trade receivables in note 10. The receivable is interest-free and repayable on demand.

Note 33. Related party transactions (continued)

Loans to/from related parties

As at 31 December 2021, Red 5 Solutions Limited owed Probanx Solutions Limited €1,824,864. The loan is secured by shares held in ISXFEU by related parties and repayable within 2 years, or upon the Initial Public Offering of ISXFEU's securities on an exchange. The loan bears an interest charge of 1.25% per annum above the European Short Term Rate (ESTR).

Convertible note payable

The convertible note of AUD 6.6 millions (EUR 4.2 millions equivalent) was issued by Southern Cross Payments Ltd on 18 October 2021 from conversion of intercompany balance between Southern Cross Payments Ltd and ISX Financial EU Plc (ISXFEU). The convertible note charged an interest expense at the rate that is 1% above the Reserve Bank of Australia's cash rate expressed on a per annum basis. The convertible note matures on the 10th anniversary of the Completion Date which is 30 August 2031. If Southern Cross Payments Ltd elects to convert the loan, Southern Cross Payments Ltd will hold the Conversion Shares and will be a shareholder in ISXFEU. The convertible note is recognised at amortised cost.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2021	Restated 31 December 2020
	€	€
Profit/(loss) after income tax	2,328,268	5,746,449
Total comprehensive income	<u>2,328,268</u>	<u>5,746,449</u>

Statement of financial position

	Parent	
	31 December 2021	Restated 31 December 2020
	€	€
Current assets	100,880,796	71,607,366
Non - current assets	<u>11,711,675</u>	<u>1,221,706</u>
Total assets	<u>112,592,471</u>	<u>72,829,072</u>
Current liabilities	97,717,622	69,606,694
Non - current liabilities	<u>4,218,641</u>	-
Total liabilities	<u>101,936,263</u>	<u>69,606,695</u>
Net Assets	<u>10,656,208</u>	<u>3,222,378</u>
Equity		
Issued capital	7,705,562	2,600,000
Retained earnings	<u>2,950,646</u>	<u>622,378</u>
Total equity	<u>10,656,208</u>	<u>3,222,378</u>

Note 34. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2020 and 31 December 2021.

Capital commitments - Plant and equipment

The parent entity had no capital commitments for plant and equipment as at 31 December 2020 and 31 December 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Restatement of Comparatives

For the year ended 31 December 2020, there have been two prior period restatements. The net impact on these restatements is a €283,563 decrease in net profit after tax.

1. Restatement of Mastercard fee

Mastercard fee for the period November and December 2020 were not recorded in 2020 as they were invoiced and recorded in 2021. This resulted in an increase in operating costs of €76,743.

2. Restatement of funds held on behalf of merchants

Funds held on behalf of merchants was understated by €206,820 as there were instance where it was recorded net of operating cost instead of gross amount. This resulted in an increase in operating cost and funds held on behalf of merchants liabilities of €206,820. This also led to an increase in funds held on behalf of merchants assets and a decrease in cash and cash equivalents of the same amount €206,820.

Below are excerpt of restated consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 and restated consolidated statement of financial position as at 31 December 2020.

Excerpt of restated comprehensive income For the year ended 31 December 2020	Previously	1. Restatement of Mastercard fee	2. Restatement	Restated
	Reported		of funds held on behalf	
	31 December 20		of merchants	31 December 20
	€	€	€	€
Operating costs	(7,389,778)	(76,743)	(206,820)	(7,673,341)
Profit before income tax expense	7,017,197	(76,743)	(206,820)	6,733,634
Income tax expense	(987,185)	-	-	(987,185)
Profit after income/(loss) tax expense for the year attributable to the owners of ISX Financial EU Plc	6,030,012	(76,743)	(206,820)	5,746,449
Total comprehensive income/(loss) for the year attributable to the owners of ISX Financial EU Plc	6,030,012	(76,743)	(206,820)	5,746,449

Note 34. Parent entity information (continued)

Excerpt of restated consolidated statement of financial position As at 31 December 2020	Previously		2. Restatement	
	Reported	1. Restatement	of funds held on behalf	Restated
	31 December 20	of Mastercard fee	of merchants	31 December 20
	€	€	€	€
Current liabilities				
Trade and other payables	68,683,053	76,743	206,820	68,966,616
Current tax liabilities	640,079	-	-	640,079
Total current liabilities	69,323,132	76,743	206,820	69,606,695
Equity				
Accumulated losses	905,940	(76,743)	(206,820)	622,377
Total equity	3,505,940	(76,743)	(206,820)	3,222,377

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2021 %	31 December 2020 %
Authenticate Pty Ltd	Australia	100%	100%
Authenticate BV	Netherlands	100%	100%
Authenticated Employee Services Ltd	United Kingdom	100%	-
ClearPay Pty Ltd	Australia	59%	59%
ISX IP Ltd	British Virgin Islands	100%	100%
ISX Technologies Inc. ⁽⁴⁾	USA	100%	100%
ISX Financial UK Ltd	United Kingdom	100%	100%
ISXH Nederlands B.V. ⁽²⁾	Netherlands	100%	100%
Probanx Solutions UK Ltd ⁽³⁾	United Kingdom	100%	100%
ISX Financial BV Pty Ltd	Netherlands	100%	100%
Probanx Holding Ltd	Cyprus	100%	100%
Probanx Solutions Ltd ⁽¹⁾	Cyprus	100%	100%
UAB Authenticator	Lithuania	100%	-
UAB Probanx Solutions	Lithuania	100%	100%

(1) Previously known as Probanx Information Systems Ltd

(2) Previously known as iSignthis BV

(3) Previously known as ISX Holdings Ltd

(4) Previously known as iSignthis Inc.

Note 35. Interests in subsidiaries (continued)

Subsidiaries

The results of all entities where the Group has 100% ownership interest, are included within ISX Financial Group consolidated financial statements.

Entities with less than 100% ownership interest are reviewed by management and approved by the Board to determine whether the Group controls the entity. Where the Group has determined an entity is controlled by the ISX Financial Group, its results are included within ISX Financial EU Plc's consolidated financial statements.

Note 36. Events after the reporting period

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges. The United Nations, European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future. Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance. The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021 as it is considered as a non-adjusting event.

The Group has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries. Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Group. The indirect implications will depend on the extent and duration of the crisis and remain uncertain. Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact in the Group's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the implications to the business and actions required in case the crisis becomes prolonged.

Apart from the above, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 37. Reconciliation of profit after income tax to net cash from operating activities

	31 December 2021	31 December 2020
	€	€
Profit after income tax expense for the year	1,348,482	3,266,612
Adjustments for:		
Depreciation and amortisation	1,474,900	737,468
Share of losses - investment in associate	395,206	305,439
Impairment of investment in associate	1,066,822	-
Foreign exchange differences	223,397	(94,536)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	525,168	(126,386)
(increase)/decrease in other current assets	(79,613)	583,203
Increase in trade and other payables	1,062,909	1,074,249
Increase in employee benefits	44,096	136,249
Increase/(decrease) in deferred revenue	28,767	(769,327)
Net cash from operating activities	<u>6,090,134</u>	<u>5,112,971</u>



T +357 22495707
F +357 22495717
nicosia@bdo.com.cy
www.bdo.com.cy

236 Strovolos Avenue
2048 Strovolos
PO Box 25277, 1308 Nicosia
Cyprus

Independent Auditor's Report To the Members of ISX Financial EU PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ISX Financial EU PLC (the "Company") and its subsidiaries (the "Group"), which are presented in pages 34 to 70 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, appearing to be 'TK' with a flourish.

Terence Kiely
Certified Public Accountant and Registered Auditor
for and on behalf of
BDO Ltd
Certified Public Accountants (CY) and Registered Auditors
Nicosia, Cyprus,
15 June 2022



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ANNUAL REPORT 2021