Delivering growth and investing for the future

Moneycorp Group Limited
Annual Report and Accounts 2022

Reducing friction for our clients in the complex global payments market

How to navigate this report
This report includes interactive elements that allow you to go to specific pages.

About Moneycorp

Who we are

Moneycorp is a world-leading cross-border (XB) payments business with banking licences and operations across the entire value chain of the international payments and foreign exchange industry. With over 40 years of market experience and industry knowledge, at the heart of our culture is strong relationships and trust. Our mission is to reduce friction and help clients navigate the complex global payments market.

→ Read more on page 5

Where we focus

Moneycorp sits at the centre of a vast and growing market, with our three main business segments, differentiated by the clients we serve:

- Payments – Corporate: Provides a range of XB payment services, risk management products and payment solutions to small and medium-sized enterprises (SMEs) and larger corporates
- Payments – Private: Assists High Net Worth Individuals (HNWIs) seeking support for their XB transactions, as well as having a multi-currency prepaid card offering
- Payments – Financial Institutions (FI): Previously named 'Banking Services', this segment acts as a gateway to the Federal Reserve Bank of New York (FRBNY) connecting suppliers and end-users of liquid currency across the globe.

→ Read more on page 22

How we do it

Through our distinctive technology, we have created a state-of-the-art, scalable platform which, when partnered with our extensive network, allows us to meet our clients' ever-evolving needs across all geographies in which we operate. We deliver this by carefully combining smart technology, personalised service and extensive regulatory credentials.

→ Read more on page 6

How we create value

Our integrated platform and focused approach means we are better placed to help our clients with complex needs across international payment ecosystems combining the regulatory strength of domestic banks and the agility of neo-fintechs.

We provide access to an extensive product offering through a unique multi-channel approach, built on strong regulatory infrastructure and led by a highly experienced and qualified team, enabling clients to perform XB payments seamlessly.

→ Read more on page 7

Strategic report

Our year in review

Operational milestones from 2022

Mar · Apr · June · Jul · Sept · Nov · Dec

March
Moneycorp Americas enters Digital Asset Exchange (DAX) market as a foreign exchange (FX) liquidity provider
→ Read more on page 15

April
Exit from last remaining airport contract saw the complete closure of our retail operations as we strategically focus on our core business segments

June
Go-live of 'Soteria' our in-house transaction monitoring system
→ Read more on page 7

July
'Best Payment Solutions Provider' from the 2022 Systems in the City Fintech Awards

September
Launch of Moneycorp France
→ Read more on page 11

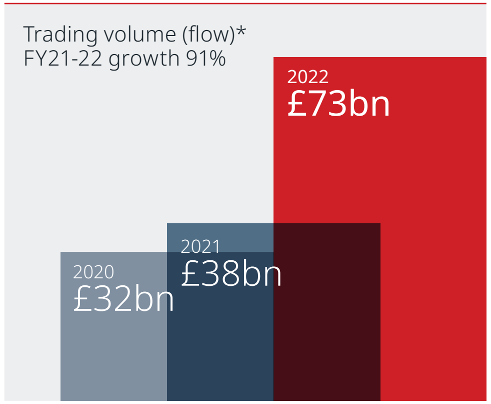
November
Moneycorp milestone: annual year-to-date revenue surpassed £200m

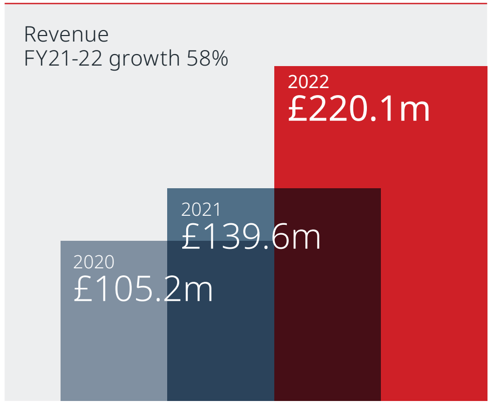
December
Increase stake to 100% ownership of Moneycorp Banco de Cambio in Brazil

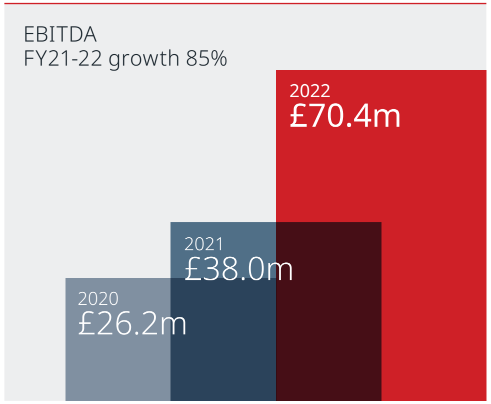
December
Obtained ISO 27001 accreditation on information security management
→ Read more on page 47

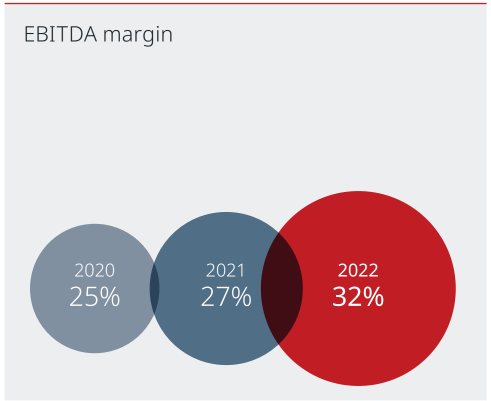
Our year in review continued

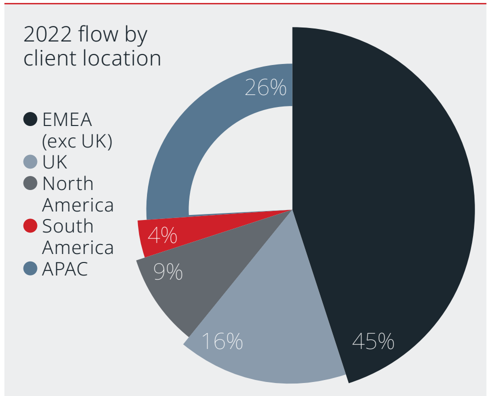
Financial Highlights

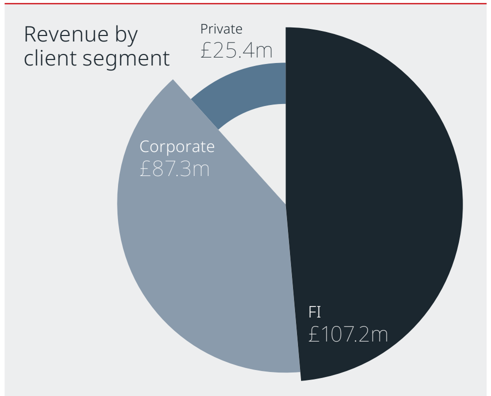


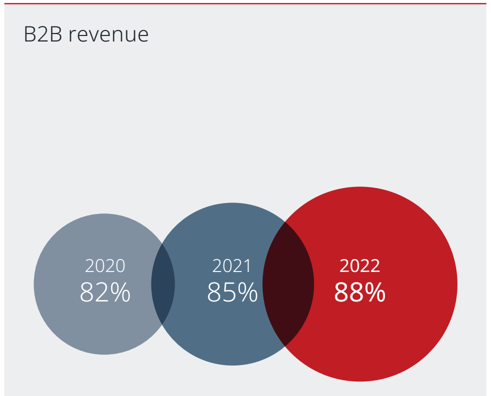


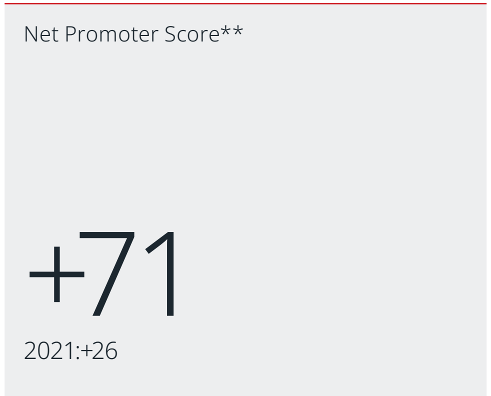












* Trading volumes represent flow measured as single leg transaction volume. ** Source: Customer survey.

The Moneycorp difference

Delivering growth and investing for the future

Our technology, regulatory credentials and client-centric approach sets us apart. Leveraging our extensive reach, we service a wide spectrum of client needs, solving complex XB payment issues.

We've been helping our clients since 1979, and now operate at a truly global scale within a vast and growing market. Our differentiated approach is client-centric, offering tailored solutions such as our multi-currency IBAN accounts and integrated payments solutions, alongside a full range of XB hedging products and liquid currency distribution. This is made possible via our extensive licensing credentials, with 63* regulatory permissions including two separate bank licences, our global network, and our approachable and experienced teams.

Underpinning this is our best-in-class, proprietary technology stack. Over the past 10 years we have invested over £90m in our wholly owned, end-to-end digital payments platform including the proprietary transaction monitoring system 'Soteria' which supports our robust regulatory compliance culture.

We have a proven track-record of growth and strong cash generation allowing for continued investment, positioning us well for the future.

Our differentiated approach:

1.
Creates value for our clients
→ Read more on page 7

2.
Leverages our global network to enhance our competitive edge
→ Read more on page 8

3.
Delivers consistent growth, which has accelerated in recent years
→ Read more on page 9

4.
Positions us well in a vast and growing market for expansion
→ Read more on page 10

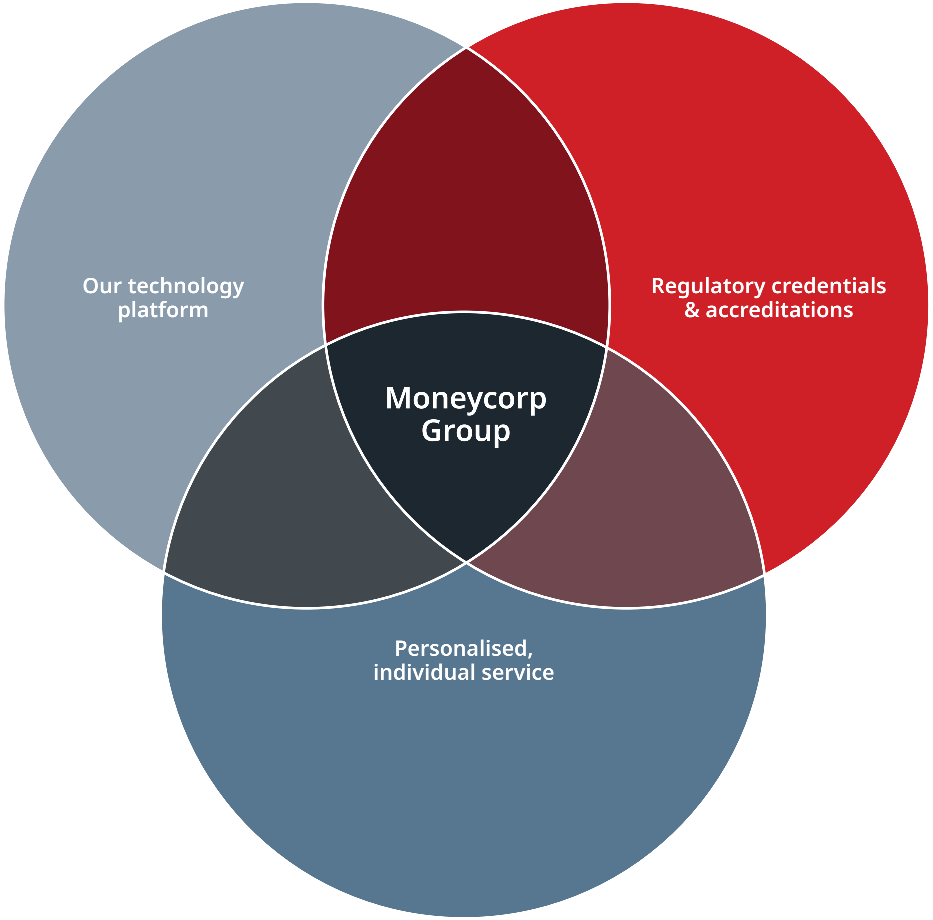
5.
Builds the foundation for our future plans
→ Read more on page 11

* Included in our 63 regulatory permissions are our two licences from the Central Bank of Ireland, which can be passported across Europe. See page 24 for further details.

The Moneycorp difference continued

Our differentiated approach

Our differentiated approach combines our smart technology platform, strong regulatory infrastructure and personalised service. This enables us to create value both for our clients and our shareholders.



Our technology platform
Our platform is purpose-built, scalable and highly agile. Unlike traditional payment providers, we are able to innovate constantly and react rapidly to external changes given the proprietary nature of our platform.

We have consistently prioritised in-house development and investment in our technology stack, which facilitates the business and the end-user delivery.

This is demonstrated through our various proprietary programmes, seamless integration and world-class user experience.

It is also 'OMNI-platform', whereby all client pathways flow through to our central system, converting all transactions into a singular format, handled homogenously. This underpins the scalability of the platform.

Over a number of years, Moneycorp has developed a connectivity network that is robust, diversified and difficult to replicate.

This includes:

- Our long-standing relationships, real-time quotation integration and competitive e-auction processing across 16 global liquidity providers delivering best-in-class pricing to end clients
- A comprehensive network of 900+ corporate bank accounts supporting uninterrupted global liquidity
- Ability to process payments in over 120 currencies to 190 countries utilising multiple payment rail providers

Regulatory credentials & accreditations
Moneycorp operates a comprehensive gold standard compliance and regulatory infrastructure, at a global scale, holding 63* regulatory permissions, including two separate banking licences.

This is supported by a well-invested compliance team, with expert knowledge in fundamental areas of regulatory compliance such as onboarding and know-your-client (KYC), regulator focus-areas in each jurisdiction and client safeguarding.

Personalised, individual service
Moneycorp prides itself on providing a personalised service. Each of our clients have access to a dedicated relationship manager to help them navigate the complexities of international FX and XB payment transactions.

Our rigorous approach to training ensures all colleagues have appropriate regulatory training credentials to assist clients.

Additionally, select staff have advanced qualifications, equipping them to find solutions and guide clients seeking complex, regulated products requiring a greater level of personalised involvement.

* Included in our 63 regulatory permissions are our two licences from the Central Bank of Ireland which can be passported across Europe. See page 24 for further details.

The Moneycorp difference continued

1. Creating value for our clients

Our breadth of product offering and multichannel approach enables our clients to manage currency risk and perform XB payments seamlessly. Underpinning this is our RegTech engine, providing leading compliance processes and client protection tools.

Our multi-channel approach
Leveraging our technology platform and personalised service, our clients can interact via the following channels:

Online – Clients have access to payments account 24/7, which allows them to buy and sell over 30 currencies, with real-time rate tracking and secure multi-factor authentication.

API – Our B2B Application Programming Interface (API) allows clients to seamlessly execute trades, initiate payments and manage their accounts through integrated, automated channels.

App – Our user-friendly mobile app, with all the benefits of our online services, enables clients to send payments overseas on the move.

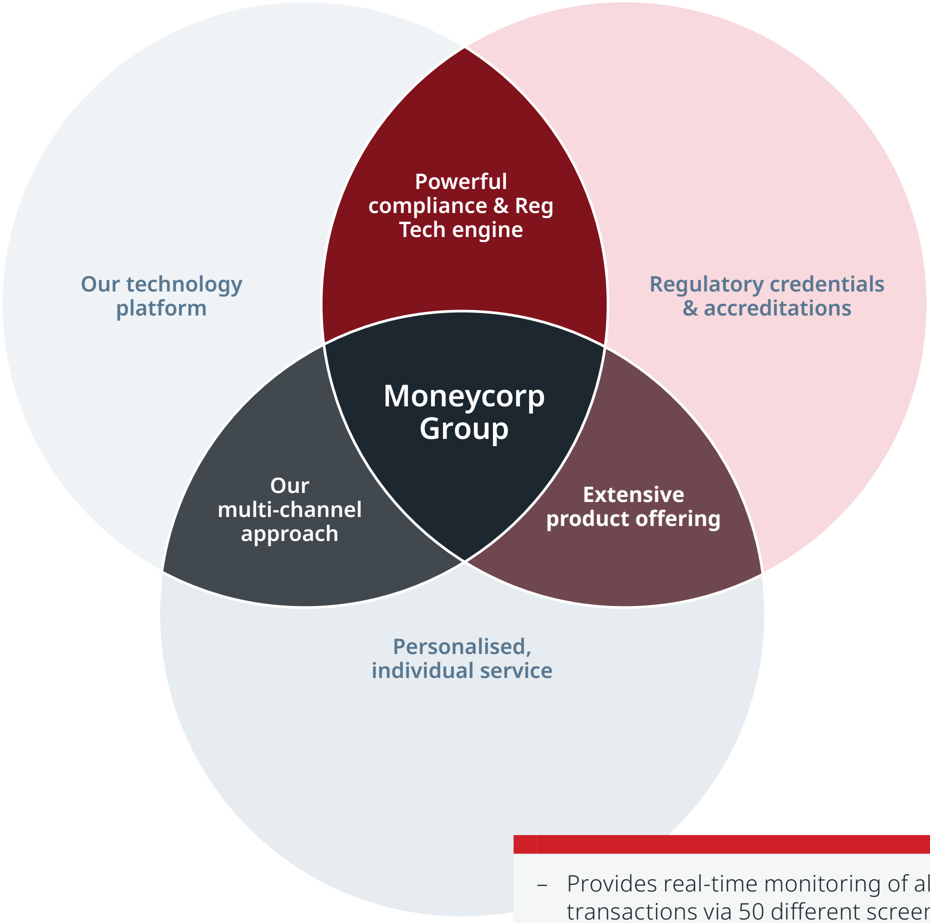
Telephone – 100+ dedicated currency specialists help guide and support clients through the XB payments process.

Referring partners – By working together with a network of referring partners and providing tailored payment support, we have further broadened our client reach.

Extensive product offering
Our extensive licences and accreditations allow us to meet the expectations of our globally diverse client base, ensuring that we can offer a broad range of specialist solutions including:

- A full range of FX products, from spot and forward contracts to bespoke hedging and risk management solutions
- XB payments including one:one or one:many
- Physical liquidity

Powerful compliance and Regulatory Technology (RegTech) engine
We have significantly invested in the firm's RegTech engine which supports all compliance functions, by utilising the latest specialist financial crime and cyber security technology.



This investment is strategically critical to the business and helps maintain robust operations and regulatory excellence to support Moneycorp's long-term competitive advantage.

Soteria

In June 2022, we went live with our in-house transaction monitoring system 'Soteria' which provides the backbone of our RegTech engine. Soteria is a compliance system which:

- Provides real-time monitoring of all transactions via 50 different screening criteria such as client profile, currency, amount etc.;
- Looks for deviations and identifies typologies associated with unusual, suspicious or fraudulent activity; and
- Controls outgoing payment release, meaning that payments hitting any of the monitoring criteria are stopped and reviewed prior to being released, blocked or escalated to the relevant regional compliance teams.

With up to 3,000 alerts per month being reviewed, Soteria helps ensure our clients' funds are safe.

The Moneycorp difference continued

190
countries
to which clients can send payments

120+
currencies
in which clients can make payments

17
offices worldwide

2.
Leveraging our global network to enhance our competitive edge

Reducing friction in XB payments by combining global presence with local understanding, connected by our proprietary network.

* Client count per region includes Corporate & FI client base only (excluding private clients).

** UK includes Gibraltar.

The Moneycorp difference continued

3. Delivering consistent growth, which has accelerated in recent years

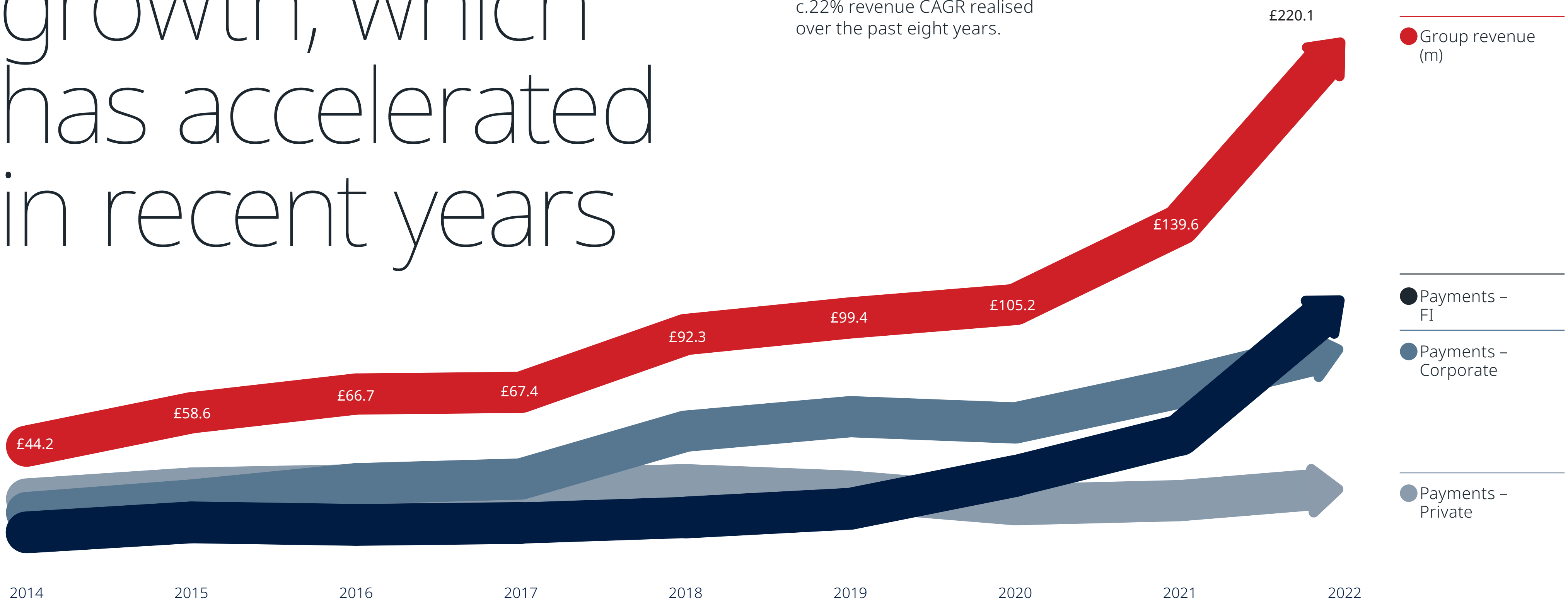
Over the past eight years Moneycorp has transformed its business from a largely domestic, consumer-focused provider of FX, to a global B2B payments platform that is well positioned for long-term growth.

We have demonstrated sustainable revenue and profitability growth, including during the dislocation of COVID-19 and economic uncertainty. Key events in this period that supported growth included:

- Obtaining membership to the FRBNY's Foreign Bank International Cash Services (FBICS) program in Q4 2019, which drove exponential growth in Payments – FI in recent years (c.90% compound annual growth rate (CAGR) 2019-2022).
- Organic growth from our core business segments, c.20% revenue CAGR over the past eight years.
- M&A activity such as acquiring Commonwealth FX (now Moneycorp US Inc) in 2018, which significantly expanded our US footprint.

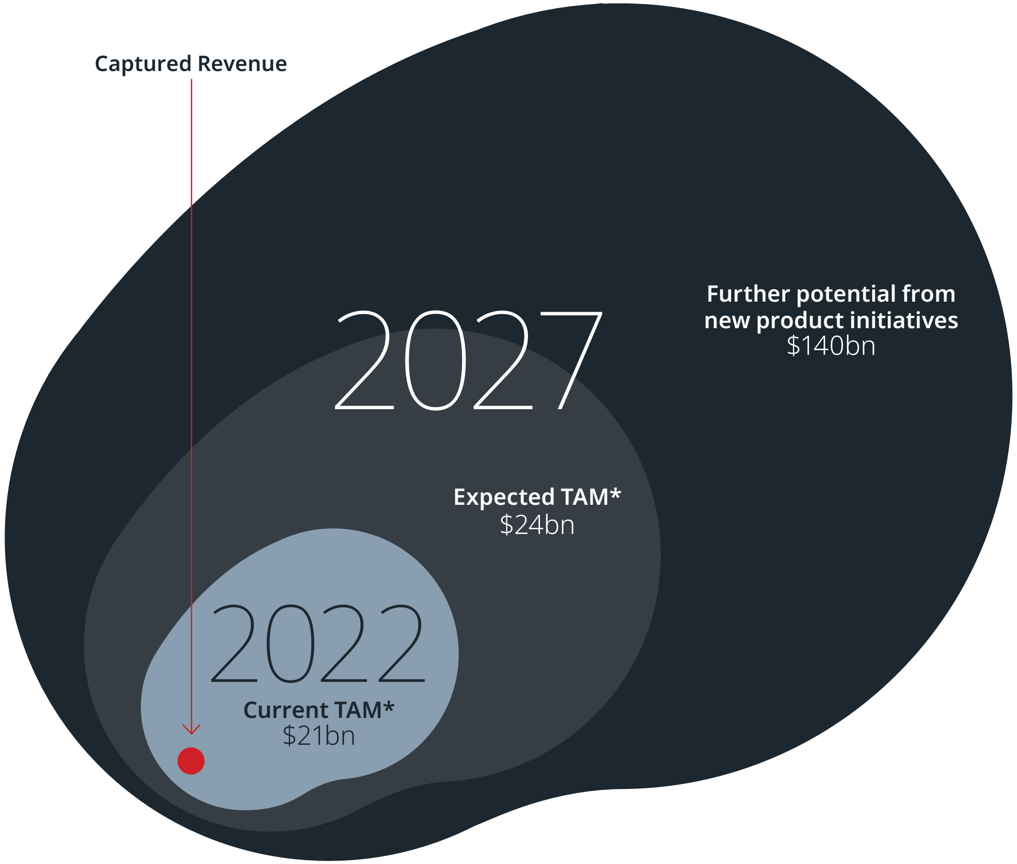
Revenue growth

c.22% revenue CAGR realised over the past eight years.



The Moneycorp difference continued

4. Positioning us well in a vast and growing market for expansion



Moneycorp operates in a rapidly expanding global market and is uniquely positioned between neo-fintech market entrants and incumbent domestic banks as a specialist XB payments platform.

Based on our current product offerings, we today operate in a multi-billion Total Addressable Market (TAM) of which we capture a small percentage, estimated at c. 1%. This TAM is expected to grow year-on-year (YOY), and with market research indicating that new entrants and XB specialists are expected to obtain market share from incumbent banks, we are well placed to capitalise on this growth.

Furthermore, evidence of financial stability, solid industry positioning and a robust regulatory footprint are some of the key factors SMEs consider in the selection of their financial service providers.

Our track record of continued profitability and strong licensing and regulatory credentials, both gained over a number of years, provides us with a competitive advantage against newer entrants.

Our position today is rooted in successful organic growth via geographic expansions and product extensions. With complementary acquisitions in the UK, US and Brazil, we have a strong presence in many of the largest and most important XB payments markets.

We see significant additional TAM potential by 2027 from new product initiatives (NPI).

→ Read more on page 11

* Current and expected TAM represents the total addressable market for our three Payment segments, based on our existing product offerings and markets in which we currently operate.

Diagram not drawn to scale.

The Moneycorp difference continued

5. Building the foundation for our future plans

Our future business growth will be derived from focused geographic expansion, continued market share gains and innovative new product offerings.

Existing product growth
We prioritise serving clients with complex needs, leveraging our wide range of solutions and advanced technology for a competitive edge. As clients' needs evolve, we anticipate a shift in product demand towards structured offerings, especially in markets like Brazil where revenue today is primarily derived from spot transactions.

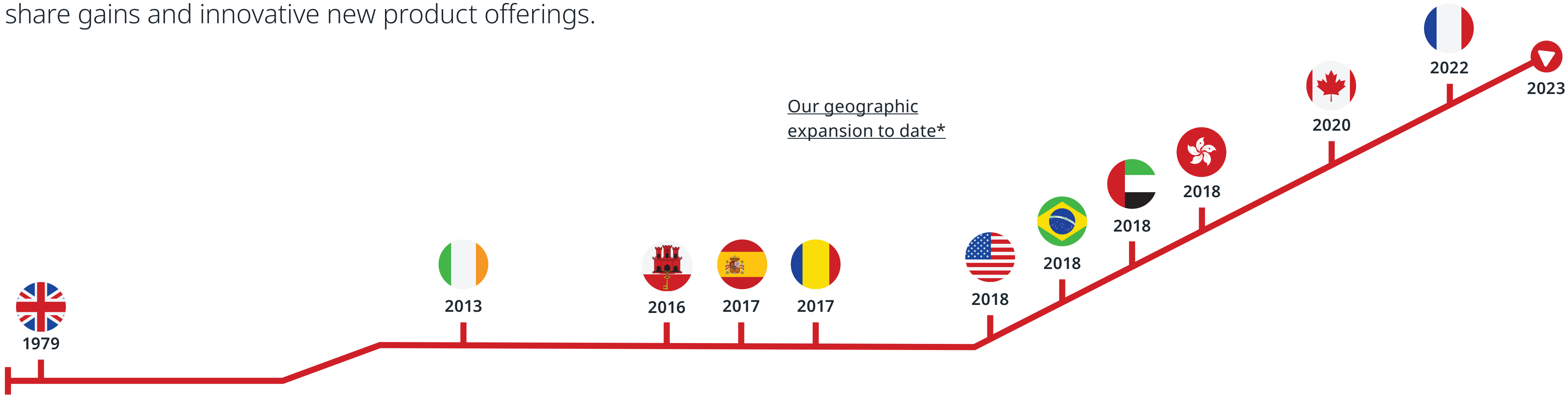
Scalability
Our operational model is highly scalable with revenue growth exceeding cost growth, as demonstrated by our increasing EBITDA margin. We are actively pursuing further cost optimisation initiatives to drive profitability and expand margins.

Geographic expansion
In September 2022, we launched Moneycorp France, building on the successful establishment models deployed in Spain and Romania in 2017, where we continue to see great momentum. This is an important next step on our European growth plan.

We continue to assess our structure to ensure we hold all desired licences and accreditations for optimal future geographic expansion.

New product initiatives
We aim to constantly innovate to meet a broader range of client needs and differentiate ourselves in the market by expanding our product offerings. Our pipeline includes well-defined initiatives for embedded finance, cross-border services to financial institutions, and single cross-currency clearing and settlement offerings, all in various stages of development.

Our geographic expansion to date*



* Dates represent our most significant entry or establishment in each location.

Chair's statement

Positioning our business for the future

Alan Bowkett
Chair

Being true to our purpose has never been more important than in today's environment. We have long-term ambitions, and we are pushing forward to meet them.

2022 was a year of continued economic, political, and social dislocation in many parts of the world. Whilst there have been good signs of recovery from COVID-19, progress has not been linear, and the impact of the pandemic continued to be felt throughout the year.

The war in Ukraine created significant geopolitical uncertainty and contributed to soaring inflation and rising interest rates, creating a challenging backdrop for many of our clients, business partners and communities.

Being true to our purpose of serving the growing international payments needs of global financial institutions, importers and exporters, online sellers, and personal clients, has never been more important than in today's environment. Looking around the business, I see our colleagues bringing this to life every day with a relentless focus on helping clients navigate challenges, redoubling their efforts to serve and support them with products and services tailored to their unique needs.

Supported by the management team, led by Mark and Velizar, the hard work and dedication of each and every one of our 600+ employees has meant that we have ended the year well. I am extremely proud of what we have collectively achieved and am confident in our prospects for 2023.

Our strategic priorities reflect our position within the global XB payments market and our ambition to grow as a world-leading digital payments platform.

This vision is supported by our all-in-one payments platform, our unique, global licensing network and our personalised, individual service.

Read more on page 6

Chair's statement continued

By delivering on our strategy, Moneycorp is helping clients all around the world navigate uncertainty.

Continued financial momentum and progress against our strategic priorities

I am pleased to report that all segments of the business are performing well, and we are fully focused on delivering against our strategy. We continue to make good progress in growing our position as a world-leading digital payments platform by capitalising on the strength of our technology, high-quality service, transparent pricing and cost-efficient operating model. By providing our clients with a broad product offering tailored to their needs and supported by a state-of-the-art digital payments platform, we have confidence that we can continue to grow at pace. We have long-term ambitions, and we are pushing forward to meet them. You can read more about our strategic priorities and how we set our key performance indicators (KPIs) to track our performance on page 37 to 40 of this report.

Governance and culture

The Board continues to uphold the highest standards of corporate governance, bringing a wide range of skills and experience to bear on behalf of the Group. Our values – integrity, accountability, collaboration, determination and recognition – underpin our work and guide the way we operate. Delivering on our commitment to clients, retaining the trust of our regulators, creating a collegiate and inclusive environment for our employees and working in partnership with our communities are all fundamental parts of Moneycorp's success. Doing the right thing matters and will be a cornerstone of our long-term success.

As a financial services business, our approach to risk is disciplined and clear. We continue to invest in robust Anti-Money Laundering (AML) and KYC protocols; and Soteria, our new transaction monitoring system, is testament to the importance we place on ensuring we maintain a best-in-class compliance culture across the business.

Looking ahead

Whilst there is no doubt that the year ahead will present challenges as central banks continue to unwind support and focus on bringing inflation back under control, we have plenty of reasons for optimism. Moneycorp is well positioned to take advantage of considerable growth opportunities across our markets and verticals as we continue to help our clients navigate complex XB payments with robust, secure and transparent solutions that simplify the payments process from end-to-end.

Thanks

I would like to take this opportunity to thank my fellow Board members, our ultimate shareholder Bridgepoint and all of our colleagues for their superb efforts over the past year. I am confident that together we will continue to create long-term, sustainable value in 2023 and beyond.

Alan G. Bowkett

Alan Bowkett
Chair

Moneycorp is looking towards the future. We continue to see an acceleration in the pace of change on all fronts.

Despite the uncertainty regarding what future regulatory and market changes will bring, in change there is opportunity and through strategic investment we will be well positioned to continue to capture market share.

→ Read more about the future of XB payments on page 20

Chief Executive Officer's review

Strategic progress made during the year

Mark Horgan
Chief Executive Officer

Our scalable and award-winning platform is the foundation for our geographical and product offering expansion.

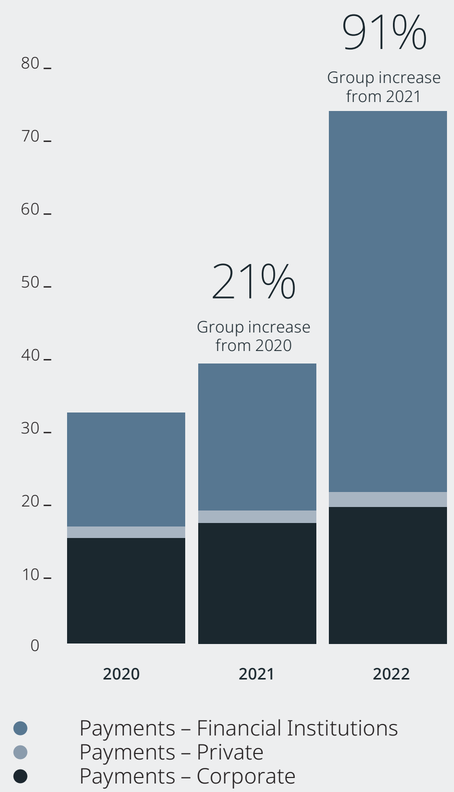
This year has been another year of strong growth for Moneycorp. In 2022, the Group transacted over £70bn of flow on behalf of our clients, up 91% on 2021, and an increase of 9x on a decade ago.

More than half of this flow did not involve a cross-currency transaction, but almost all had a cross-border element, evidence of our continued journey towards becoming a scale operator in XB payments. Moneycorp has now completed its transition from being a pure-play, domestic foreign exchange broker, and is now an international XB payments specialist.

Moneycorp has an enviable position at the heart of a market book-ended by new fintechs at one end and incumbent domestic banks at the other.

Our strong and established presence in some of the world's biggest and fastest growing areas of cross-border payments combined with the scalability of our platform and best-in-class proprietary technology give us significant competitive advantage in a rapidly expanding global market. We are in excellent shape to capitalise on this growth, as we continue our organic strategy of investment in geographic expansion and product extension.

Group flow growth
£bn



Chief Executive Officer's review continued

Market turbulence
There can be no doubt that 2022 was a year of extreme market volatility, with FX movements not seen since the mid-1980s. Geopolitical uncertainty, high inflation and rising interest rates have continued to drive turbulent foreign exchange markets. That is no better illustrated than the 20% peak to trough decline in the GBP to USD rate in September, when the pound fell to $1.07, hitting an all-time low. We know just how much of an impact these movements in currency markets can have on our clients' bottom line.

That is why we are committed to ensuring that clients have the latest insights and guidance on the range of tools that Moneycorp's platform provides and a bespoke payments strategy that helps them to navigate the complexities of XB transactions around the world.

113%

Payments – Corporate revenue retention

64%

Group EBITDA CAGR 2020-2022

Performance summary
I am very pleased to report that this has been a record year for Moneycorp across a number of financial metrics. Trading volumes grew by 91% from £38.4bn in 2021 to £73.3bn in 2022. Revenue grew by 58% from £139.6m to £220.1m, and underscoring the importance of our B2B strategy, revenue from B2B demonstrated consistent growth, moving from 85% in 2021 to 88% in 2022. Revenue retention from our Payments – Corporate existing client base was 113% for the year, a testament to our tailored service and expansive product offerings.

The EBITDA margin also continued to trend upwards, now at 32%, as a result of the increase in trading revenue, combined with ongoing prudent cost management, and continued investment in the Group's core operations, technology and support functions.

The Group EBITDA result of £70.4m was driven by strong performance across all business segments. Since 2020, the Group has delivered a CAGR of 64%.

In March, Moneycorp Americas entered the DAX Market as an FX liquidity provider. As a relatively new industry, Digital Asset Exchanges have been typically underserved by traditional FX providers, and Moneycorp's entry into this market will provide them with competitive FX rates, better settlement times and more accurate delivery.

In June, we launched 'Soteria', our new in-house compliance system that provides real-time monitoring of all transactions that pass through Moneycorp's platform. The system screens for 50 different criteria, identifies any potentially fraudulent or unusual trading, and ensures review and escalation of any suspicious activity. With up to 3,000 alerts per month, we're confident that Soteria gives our clients extra peace of mind that their funds are safe, and their transactions are fully compliant. Soteria is a great example of our ongoing investment in maintaining robust operations and regulatory excellence to support our business for the future.

Following our successful expansion into Spain and Romania in 2017, we have continued to build on our European ambitions by launching Moneycorp France in September. Our French operations not only serve domestic French clients with dedicated XB specialists on the ground, but also strengthens how we serve our EU-based clients.

I am delighted that our achievements have been recognised with a number of awards and accreditations. Moneycorp was named Best Payment Solutions Provider at the 2022 Systems in the City Fintech Awards as well as Best FX for Payments Solution from the 2022 Gordon W. Platt FX Awards. We also obtained ISO 27001 accreditation on information security management, ensuring organisation-wide protection against technology-based risks and increased resilience to cyber attacks.

Chief Executive Officer's review continued

Looking ahead

As we look to the year ahead, the economic outlook is likely to remain challenging. However, Moneycorp has a strong and resilient business model, underpinned by over 40 years' experience in international currency and payment markets.

We have ambitious development plans and, in 2023, we will continue our market expansion to further geographies, particularly accelerating Moneycorp's growth in Europe. We will build on our existing platform, leveraging our globally licensed network, and continue our investment in the technologies to support a strong pipeline of new products and services.

We continue to strengthen our risk frameworks and in 2023 will complete the shift towards establishing a new systematic approach to regulatory risk throughout the firm via our 'one-team, one-regulator' ecosystem. By taking account of the specific regulatory perimeters and unique market requirements of each Group entity, we will ensure that we continue to uphold best-in-class risk management practices globally.

We acknowledge that this will come at an increase in cost and duplication in some instances. However, we believe these will be outweighed by the benefits of being more closely connected to our regulators who remain key stakeholders.

Our clients trust us to provide sophisticated currency solutions in an increasingly complex environment. We don't underestimate that trust; it is the foundation of our success.

I have great confidence that our people, technology and platform will continue to perform well, driving a strong financial performance, meeting strategic milestones and delivering targeted and profitable growth across all our business segments.

Mark Horgan
Chief Executive Officer

Chief Financial Officer's review

Strong profit growth and cash generation

Velizar Tarashev
Chief Financial Officer

We have recently been named in the Top 100 cross-border payment companies for the fifth year running, which is testament to our successful repositioning on B2B payments and our Payments – FI business.

Moneycorp has achieved exceptional financial results for the year in volatile market conditions, a consequence of continued investment in our people and platform.

Moneycorp continues to demonstrate a track record of resilience and growth. The Group's business performance has accelerated since 2020, as investment in the platform delivers returns, with all segments of the business making a significant contribution to performance during 2022.

Moneycorp reported exceptional revenue and profitability growth in 2022. The primary driver of this was trading flows, which increased across each business segment. Overall the Group reported flow of £73.3bn, a 91% increase on 2021. This was a result of the successful onboarding of some cornerstone new clients during the year as well as strong demand from our existing client base for specialist XB payment services against a backdrop of turbulent market conditions, significant currency volatility and rising interest rates.

This increase in client flow resulted in Group revenue of £220.1m, with the most significant growth realised within Payments – FI where revenue increased by £57.9m or 117%. With over 50% of Group revenue being USD denominated, the USD/GBP rate was a tailwind for our 2022 financial performance.

Our operating model is highly scalable and we continue to closely manage our cost base. Furthermore, we have a back-to-back risk-off model whereby for each client trade we enter into an offsetting cover trade with one of our liquidity providers. This is critical in the current market environment and enables us to have low levels of realised losses.

As a result, the 58% increase in revenue YOY converted to a £70.4m EBITDA, up 85%. The most significant EBITDA growth in the year also came from Payments – FI, up 125% to £52.6m. Payments – Corporate reported EBITDA growth of 22% to £35.6m whilst Payments – Private also made a meaningful contribution of £12.3m EBITDA.

Moneycorp remains highly cash generative, with 75% of EBITDA converted to free cash. The Group EBITDA margin now stands at 32%.

>75%
EBITDA to cash conversion

32%
EBITDA margin

Chief Financial Officer's review continued

Strong 2022 financial results were realised across all business segments, reflecting our diverse and truly global client base and tight cost control throughout the year.

Business segments

During the year we redefined our business into three distinct categories, each focused on a specific client segment. Reporting is now broken down as Payments – Corporate, Payments – Private and Payments – FI.

You will find a detailed review of each business segment on pages 24 to 32.

Payments – Corporate

The Payments – Corporate segment supports clients with XB transaction and payment needs across our four main geographical hubs. Payments – Corporate now has over 11,000 SME clients and during the year generated revenue of £87.3m, with the largest contributors coming from the UK at £41.1m, followed by £24.1m from North America. We observed high client flow in Q3, where a number of corporate clients required XB payments and risk management products in the wake of significant market volatility. Overall segment EBITDA contribution for the year was £35.6m, up 22% on the prior year.

Payments – Private

Payments – Private, whilst being the smallest of the three segments, serves the greatest number of individual clients. In 2022, we helped c.29,000 HNWIs, serviced from the UK, EU, North America and Brazil, who made one-off significant XB transactions such as international property purchases or recurring remittances. 2022 was an exceptional year, with both revenue and EBITDA growth exceeding 20%.

Payments – FI

Following the successful FRBNY FBICS membership in 2019, we continue to realise significant growth in our Payments – FI segment. Performance in 2022 was no exception, with revenue and EBITDA growth exceeding 100% against 2021. Realisation of the FI business potential is the result of our investment in this niche marketplace, and the strong relationships and goodwill we have developed with our client base. The continued onboarding and trading of key strategic clients contributed to the strong performance realised in 2022. With Payments – FI revenue at £107.2m, this segment now makes up c.50% of total Group revenue.

Group revenue and EBITDA

	2022 £000	2021 Restated* £000	Growth £000	Growth %
Gross revenue				
Payments – Corporate	87,254	69,519	17,735	26%
Payments – Private	25,426	20,770	4,656	22%
Payments – FI	107,249	49,352	57,897	117%
Other	156	(33)	189	n.m.
	220,085	139,608	80,477	58%
Direct trading costs	(66,586)	(37,558)	(29,028)	77%
Operating and administrative costs				
– Staff costs	(57,757)	(45,215)	(12,542)	28%
– Non-staff costs	(25,375)	(18,870)	(6,505)	34%
Group EBITDA	70,367	37,965	32,402	85%
EBITDA contribution				
Payments – Corporate	35,589	29,135	6,454	22%
Payments – Private	12,299	10,150	2,149	21%
Payments – FI	52,637	23,389	29,248	125%
Group support	(30,158)	(24,709)	(5,449)	22%
	70,367	37,965	32,402	85%

* 2021 results have been restated following the Group adoption of IFRS for management accounting purposes during the year.

Direct and operating costs

Trading costs comprise c.45% of our cost base, and primarily relate to cash-in-transit security costs, which represents the costs paid to third parties to ensure the safe distribution of liquid currency to and from our clients in relation to the Group's Payments – FI business. Trading costs increased in line with the growth in Payments – FI revenue.

Remaining operating costs represent the continued investment in the Group's core operations, technology and support functions. Whilst these increased year-on-year to £83.1m, this was at a lower rate than revenue growth due to our efficient operating model.

Chief Financial Officer's review continued

Statutory profit for the year

The Group statutory operating profit for the year of £48.5m has improved by £30.8m compared to the prior year (2021: £17.7m), largely as a result of the increase in revenue and consequential EBITDA growth across all business segments, partially offset by an increase in one-off items primarily related to team restructuring and management share buy-backs.

The Group reported a statutory profit after tax from continuing operations for the year of £34.3m (2021: £5.2m). Interest charged on related party borrowings, depreciation and amortisation and one-off items are the key drivers of the difference between EBITDA and statutory profit after tax.

A detailed reconciliation from the management accounts to the statutory results is shown on page 106.

Continued investment

Strong profitability and cash conversion allows us to make significant investments into both the people and platform of the business. Headcount and staff costs both increased during the year as we continue to build our team to ensure we are well-positioned for our future growth plans.

As at December 2022, our team comprised of c. 600 full-time equivalents (FTEs), an increase of 18% on the prior year (10% when adjusted for insourcing during the year).

During the year we invested and capitalised c.£12m in our key technology systems. This included system integration with a key banking partner, enhancements to client-facing user interface (UI), and of course the launch of Soteria.

Our highly cash generative business model, with limited liquidity and credit risk, results in high EBITDA to cash conversion. This allows for continued investment in our technology, which is entirely funded by the core business.

Liquidity

Moneycorp is highly cash generative, with a significant proportion of profit converted almost immediately to cash. Furthermore, with the exclusion of client funds and corresponding balance sheet balances, the Group is balance sheet light.

This high cash generation and light net working capital requirement allows us to absorb market shocks without adversely impacting the flow of funds with our clients or banking partners. This was successfully tested during the year where we saw that even in the period of strong market dislocation following the UK 'mini-budget', the Group was able to sustain a sufficient cash buffer.

Outlook

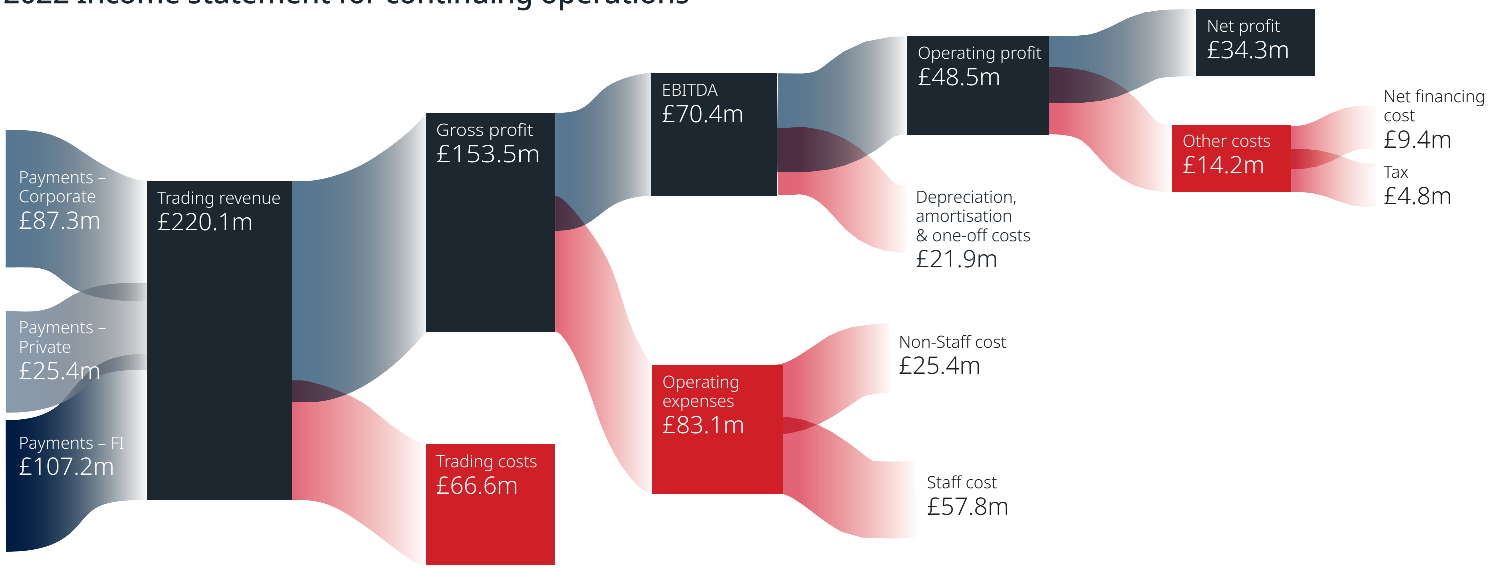
Whilst the economic outlook for 2023 remains uncertain, we are confident for the year ahead as the Group looks to expand its reach in its core markets. Moneycorp's strong and resilient business model, coupled with our diverse client base and geographical footprint gives us a strong foundation to continue to grow.

In this higher interest rate environment, we expect to see some previous headwinds reverse, with positive interest income potential from our funds flow at least in the short term.

We remain focused on targeted geographic expansion and achieving market share gains, including through innovative new product offerings.

Velizar Tarashev
Chief Financial Officer

2022 Income statement for continuing operations



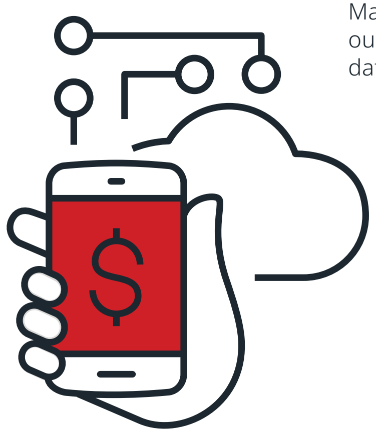
Payments market

The future of XB payments

1.

Protection of client funds and data
Looking ahead, the protection of client held funds will be an increasingly key focus for banks and non-banks, particularly in light of the recent banking turmoil in the US and globally. Clients are seeking reassurance that funds held with third parties are both secure and available on demand.

Furthermore, with growing concerns regarding data leaks and international espionage, we anticipate a greater emphasis on safeguarding, not only of client funds, but also of client data.



Our response
The protection of client funds is paramount. In line with licensing requirements, we hold sufficient cash assets to cover 100% of client liabilities, and we ensure full compliance with all regulatory requirements. We continue to lead the way in regulatory processes including client safeguarding.

From a client data perspective, Moneycorp's RegTech engine blends advanced technology for financial crime and cyber security with highly responsive human expertise. In 2022, Moneycorp earned ISO 27001 certification, globally recognised for Information Security Management Systems, which demonstrates our commitment to keeping our clients' data safe.

2.

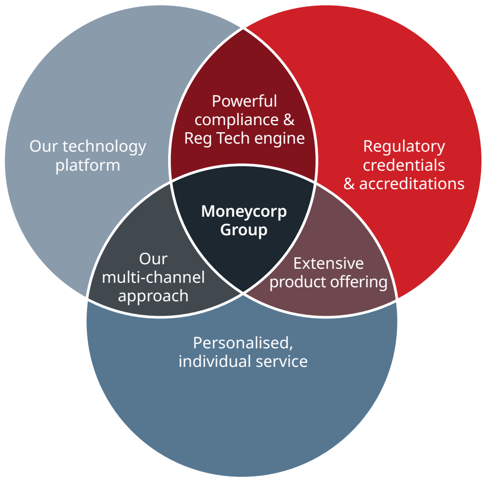
Consumer protection
There will be continued strengthening of consumer protection within the financial services industry. This is most recently demonstrated by the introduction of the Financial Conduct Authority's (FCA's) Consumer Duty, which comes into force in July 2023, requiring firms to 'act to deliver good outcomes for retail customers'. This encompasses firms acting in good faith towards its clients with regard to products, pricing and communication, and supporting clients to pursue their financial objectives.

We anticipate similar consumer protection regulations to be introduced globally in the coming years.

Our response
At Moneycorp, we have a strong culture and demonstrable history of putting our clients first. Whether that be large corporates or one of our many individual, private clients, we ensure that all of our clients have access to clear and transparent information and that the products we are offering are right for their specific needs. This is evidenced by our 4.3/5 Trustpilot rating, based on over 6,000 reviews.

As key stakeholders of the business, our clients are at the centre of our thinking when it comes to strategic decision making. Starting with the Board, and cascading down throughout the organisation, we are undertaking training to ensure all relevant personnel understand their requirements to comply with Consumer Duty.

→ Read more on page 34



3.

Acceleration in advanced technologies
The future of technology is expected to see an acceleration in API integration and fully cloud-native platforms with greater use of artificial intelligence (AI). Furthermore, we are likely to see a broader use-case for blockchain technology in the medium term.

Our response
Moneycorp's continued investment in technology puts us in a strong position to benefit from advancements in XB payments. With real-time pricing and an omni-channel digital platform already in place, we are increasingly implementing complete API integration to allow for more agility in meeting our clients' needs, whether that be cross-border electronic transfers or distribution of liquid currency. We continue to explore the potential of AI and blockchain and its capacity to add value to our product offering and processes in the future.

Payments market continued

4.

Increasing client demand for all-in-one solutions

Client demand for all-in-one XB payment solutions is increasing across all market segments, encompassing intuitive front-end software, risk management expertise, embedded finance, and cross-currency clearing and settlement. Providers must deliver 24/7, automated solutions with personalised service to remain competitive.

Our response

Moneycorp aims to disrupt the market by offering innovative solutions, guiding clients through XB and FX complexities, and utilising our unique infrastructure, including our multi-currency single IBAN accounts and direct access to the Federal Reserve through our Master fedwire account. This positions us well to deliver on new products.

→ Read more on our new products initiatives on page 11

Our expert XB specialists are always on hand to provide guidance on risk management solutions and complex products to ensure clients' needs are met.

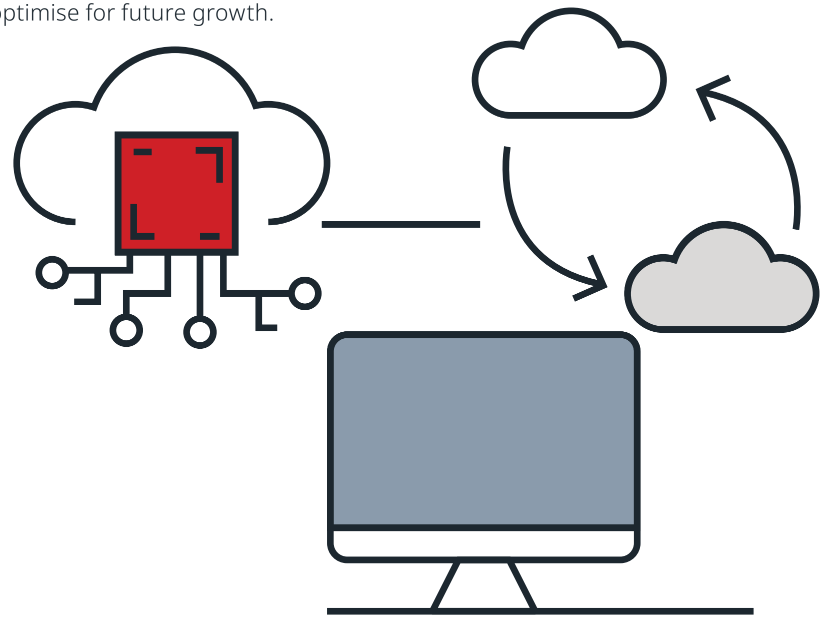
5.

Industry

As the commercial landscape continues to evolve, consolidation among FX providers, fintech, and neobanks is likely in 2023 and beyond due to operational efficiencies, economies of scale, and the unfortunate reality of changing economic conditions.

Our response

As a globally licensed network with almost universal reach, Moneycorp is well-positioned to benefit from consolidation in the industry. Our proven track record of both organic and inorganic growth is testament to this, as seen with the establishment of our France office in 2022, strengthening how we serve EU-based clients. To further expand our global client base, we will continue to assess our structure and optimise for future growth.



6.

A challenging economic outlook

The 2023 global economic outlook is marked by turbulence and uncertainty, with many developed economies grappling with high inflation and persistent supply chain issues. Central banks have responded by raising interest rates to bring inflation under control, but this has led to increased costs for individuals and businesses. Although central banks predict a decrease in inflation over the course of the year, interest rates are projected to reach their peak and stabilise in the medium term.

Our response

As a result of these uncertain times, we understand that our clients are seeking stability and support, and we are committed to providing them with the products, services and guidance they need.

The current interest rate environment generally benefits banks, and Moneycorp Bank has been able to capitalise on the rising rate environment, whilst also passing on improving rates to our clients.

With market sentiment leaning evermore toward a flight-to-safety, we are able to support our clients with reliable delivery of liquid currency, specialising in the US dollar. Concurrently we are focused on developing our products and increasing our front office headcount to better support our clients.

Despite the challenges, there are signs of positive growth in some industries, particularly the gig economy. Moneycorp has recently partnered with 'Shortlist' to provide businesses with seamless XB payments for freelancers using our API technology, both domestically and internationally.

A single platform delivering a tailored approach

Moneycorp operates a multi-jurisdictional business with over 600 staff globally. Utilising our comprehensive regulatory footprint and unique digital payments platform, we provide a range of XB payment products to three main business segments.

Moneycorp Group Limited

Segments	Payments – Corporate → Read more on pages 24 to 26	Payments – Private → Read more on pages 27 to 29	Payments – Financial Institutions → Read more on pages 30 to 33
Clients	Corporate SMEs	HNW Private Clients	Central banks / Commercial banks / FX Bureaux / Others
Regions – operating from	UK: UK / Dubai N. America: US / Canada EU: Ireland / Spain, Romania / France Brazil	UK: UK / Dubai N. America: US / Canada EU: Ireland / Spain, Romania / France Brazil	EMEA*: UK / Gibraltar APAC: Hong Kong Gibraltar

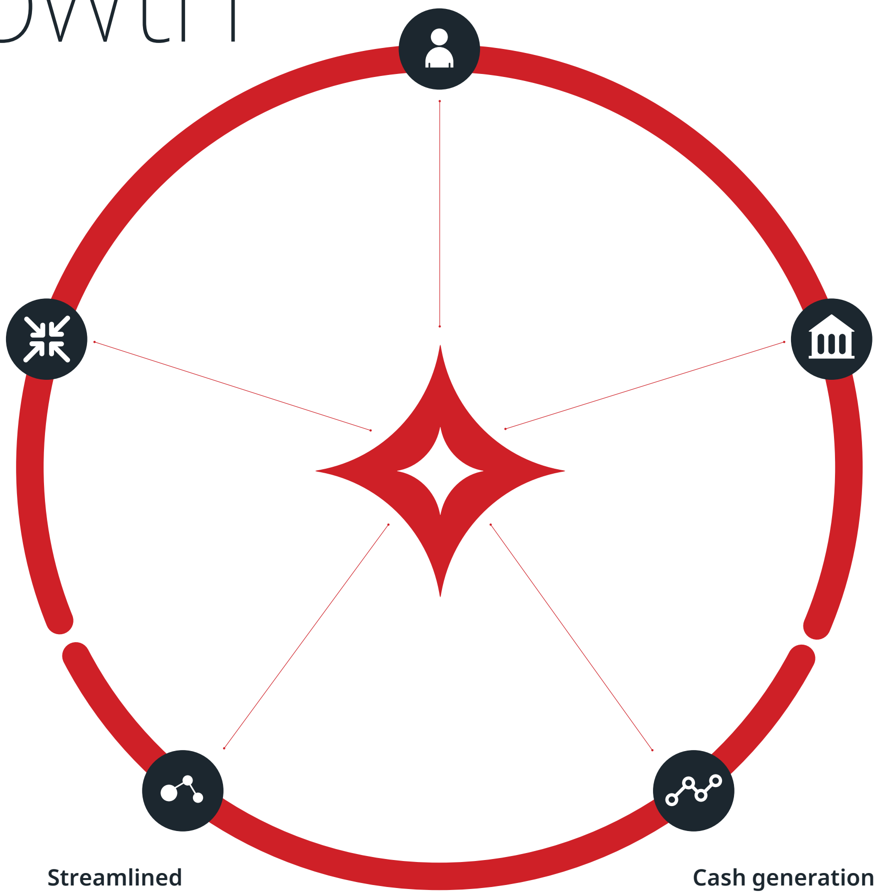
Underpinned by our single platform and network, alongside Group-wide support functions

* FIG EMEA serves a global client base primarily located in EMEA.

Synergies that support our growth ambitions

There are a number of synergies achieved across the Group, with our single platform and network powering a harmonious offering to all clients.

As we operate in three payments segments across various regional hubs, we are able to leverage various operational synergies across our business. By pursuing Group-wide strategies for product development and geographical expansion, we expect continued growth, including potential cross-selling opportunities between our product and client bases.



Connectivity
Our payments network has taken decades to build and is difficult to replicate. These connections, including with liquidity providers and payment rail banking partners, are utilised across Group segments and regions

Scale
Our purpose-built platform has been designed for scalability. This allows us to be well positioned for future growth from new products and cross-sell opportunities

Integrated banking infrastructure
Direct access to central and reserve banks is made possible by holding a banking licence (outside of US for FBICS), which requires a wider product set other than just banknotes (e.g. deposits, credit)

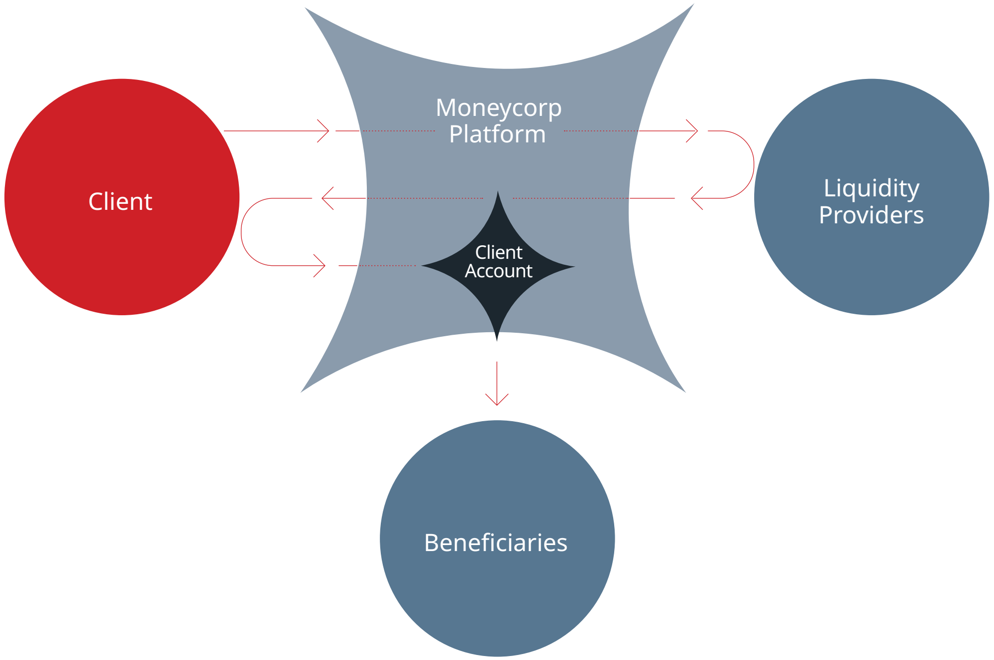
Streamlined
All regions are supported by Group-wide support functions including IT development, Finance (including Treasury), Risk and Compliance, and Strategy to ensure alignment across the Group

Cash generation fuels product development
Highly cash generative business model allows for significant investment in Group-wide product development

Business model and review continued

Payments – Corporate

Moneycorp recognises the importance of instilling confidence in clients when it comes to making large international payments. Our advanced payments technology is augmented by personal relationships, which provide fast delivery, specialised tools, and a dedicated relationship manager. These resources help corporate clients navigate the complex global payments landscape at the best available rates.



Operating Model

After successful onboarding, the sales process for corporate clients commences with them initiating a trade through our multi-channel platform, specifying the currency conversion they need. Moneycorp then leverages our industry-leading panel of 16 liquidity providers for instantaneous pricing bids to secure the best rates for our clients. Clients then receive our competitive quote and confirm the transaction. At this point, Moneycorp will execute the trade and secure a risk-neutral, back-to-back trade with the selected liquidity provider.

Clients fund their Moneycorp account with the originating currency prior to settlement, which is then sent to the liquidity provider, with the target currency credited to the client's account on the same day. All client funds are fully ring-fenced and segregated.

Clients can send funds in over 120 currencies, as a single, repeat or bulk payment, to their verified Moneycorp beneficiary through our established payment rails.

Trading

UK: TTT Moneycorp Limited / Moneycorp Financial Risk Management Limited

EU: Moneycorp Technologies Limited (Ireland)

North America: Moneycorp US Inc / Moneycorp International Payments Canada, Inc.

Brazil: Moneycorp Banco de Cambio S/A

Licences

UK: Payment Services Directive (PSD) / Markets in Financial Instruments Directive (MiFID)

EU: E-money / MiFID**

North America: Money Service Business (MSB) / Money transmitter in all required states

Brazil: FX bank licence

Products

XB payments (spots, market orders, regular payment plans) / Risk management products (forwards, swaps, options)* / Payment solutions

* Not currently available in Brazil.

** Our two licences from the Central Bank of Ireland can be passported across every country in Europe under 'freedom of service'. Furthermore, we have obtained 'freedom of establishment' permissions from local regulators in Spain, Romania and France. These have not been counted separately within the 63 regulatory permissions referred to throughout this report.

Business model and review continued

Where we add value

Payments – Corporate operates in four of the world's largest and most significant markets, serving a wide range of businesses, from large organisations to young SMEs. As a provider of comprehensive services, Moneycorp specialises in XB payments, FX risk management and payment solution products. Our multi-award winning Payment Solutions platform is seamless and scalable, providing easy FX and XB transaction processing through APIs and bulk upload technology that integrates with clients' payment operations. Our team of experts are always available to guide clients through bespoke options for individual requirements – whether it be shielding their business from the impact of FX market fluctuations, managing their global supply chain, or expanding their business internationally.

In 2022, we facilitated seamless transactions for over 11,000 SME clients, removing friction and simplifying XB payments.

Key market drivers

In 2022, market volatility created significant disruption and uncertainty for our clients. In particular, the market dislocation that followed September's 'mini-budget' in the UK led to a swing in the GBP/USD exchange rate from £1:$1.24 to a low of nearly parity, which was unprecedented in recent decades. Our well-defined play-book was deployed during this period, enabling us to closely monitor and manage our liquidity, and resulted in continued smooth funds flow with our clients and liquidity providers.

Additionally, the post-COVID market recovery contributed to a growing demand for companies like Moneycorp, who have both established relationships with clients based on stability and trust, as well as regulatory authorisations to provide a variety of potential solutions.

2022 performance highlights

Market drivers, combined with our organic expansion in new geographies, contributed to a 13% increase in overall client flow to £18.8bn. This resulted in a corporate-wide revenue of £87.3m, with the UK and North America contributing the largest shares at £41.1m and £24.1m, respectively. With the exception of Brazil, all business units saw double-digit EBITDA growth, leading to an overall segment EBITDA contribution of £35.6m, a 22% increase from 2021. EBITDA contribution margin for the year was 41%, one percentage point behind 2021. This slight decrease is an expected result, due to a number of Group support costs which have been reallocated to the trading businesses during the year.

We are particularly proud of the EU's gross revenue growth of 46%, which translated into a 34% increase in EBITDA. This remarkable performance throughout the EU underscores the untapped potential throughout the region, and our decision to continue expansion into the EU. Moneycorp France was launched in September 2022, to further tap in to the robust growth in the EU's underlying markets.

Payments – Corporate by business unit

	2022 £000	2021 Restated* £000	Growth £000	Growth %
Gross revenue				
UK	**41,079**	33,243	**7,836**	**24%**
Europe	**15,831**	10,867	**4,964**	**46%**
North America	**24,067**	18,084	**5,983**	**33%**
Brazil	**6,277**	7,325	**(1,048)**	**(14%)**
Total	**87,254**	69,519	**17,735**	**26%**
EBITDA contribution				
UK	**21,311**	17,173	**4,138**	**24%**
Europe	**6,304**	4,695	**1,609**	**34%**
North America	**7,483**	6,663	**820**	**12%**
Brazil	**491**	604	**(113)**	**(19%)**
Total	**35,589**	29,135	**6,454**	**22%**
EBITDA contribution margin	**41%**	42%		

* 2021 results have been restated following the Group adoption of IFRS for management accounting purposes during the year.

Our Corporate segment witnessed a 9% YOY increase in average transaction value (ATV), supported by a 13% YOY increase in flow.

These figures demonstrate our ability to offer bespoke solutions that are critical to commercial success, particularly in times of volatility such as that experienced throughout much of 2022.

Business model and review continued

Our regions
Moneycorp's origins can be traced back to the UK, where the Group began its operations, and it remains the largest contributor to both revenue and EBITDA. However, North America is an increasingly significant region, with the launch of Canadian operations in Q4 2020 contributing £3m to revenue in 2022. The greatest revenue growth on a percentage basis was seen in Europe, driven by the smaller businesses in Romania (138%) and Spain (100%), both of which were established in 2017 and are in their growth phase.

Although revenue growth in Brazil declined compared to 2021, it should be noted that Moneycorp's presence in this large and underserved market is relatively new. We are confident that following the integration of Brazil onto the Group platform in 2023 and the expansion of products, Brazil will become, in time, one of the top contributors to revenue and EBITDA as Moneycorp gains market share and achieves greater economies of scale.

Our clients
Our client base is diverse and retention is high. In 2022, the majority of Corporate flow (89%) came from established clients who joined us in 2021 or earlier. The growth-phase geographies of Canada and Romania led the way in terms of new client growth. Overall revenue retention for the year from our existing client base was 113%, increasing from 108% in 2021.

Our client base comprises businesses across 60+ industry verticals. In 2022 Food & Drink was the industry with the highest number of clients at 8%, followed by Metals and Retail at 5% and 4% respectively. This diversity ensures the Group is not adversely impacted by market movements within specific industries.

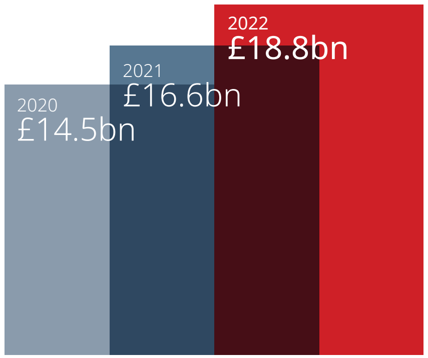
The currency pairs traded by our clients were balanced in the majors, which accounted for 71% of payments, with the remaining 29% covered by the breadth of our currency availability.

Our products
Our Corporate clients have varying product preferences based on geography, which is influenced by the products available in the region and their individual requirements. In 2022, the product mix for our Corporate business was 56% spot, 36% structured products, and 8% payment solutions. Approximately 48% of Payments – Corporate revenue for the year was generated from clients who traded more than one product.

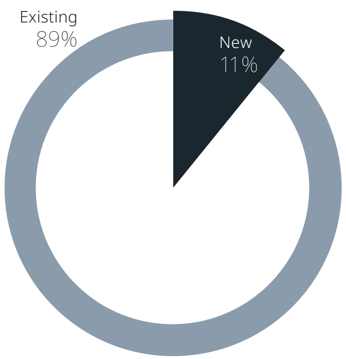
This varies by geography, for example, in the UK the demand for hedging products increased due to the volatility in currency markets, resulting in options growing at a faster rate than spots and forwards. Conversely in Ireland and Brazil we continue to see spots as the primary product being transacted due to either client preferences or restricted by our current product offering.

Outlook
We anticipate an ongoing need for our XB solutions as clients seek stability and reliability amid macroeconomic uncertainties. In FY23, our primary objective is to meet the needs of our current clients, increase our market share, and expand our business in developing regions. Our efforts will involve ongoing investment in our platform to enhance scalability and provide seamless transactions for our clients.

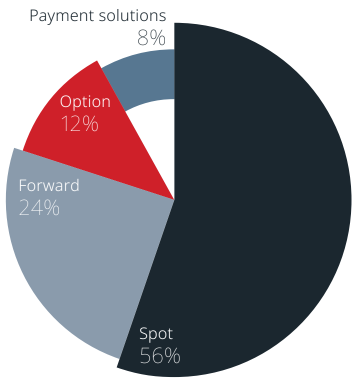
Flow



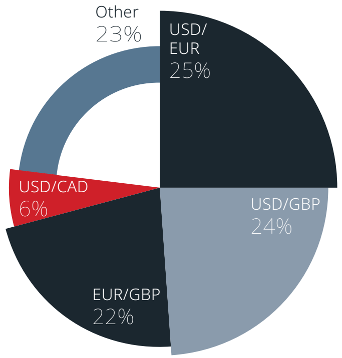
New and existing revenue



Revenue by product type



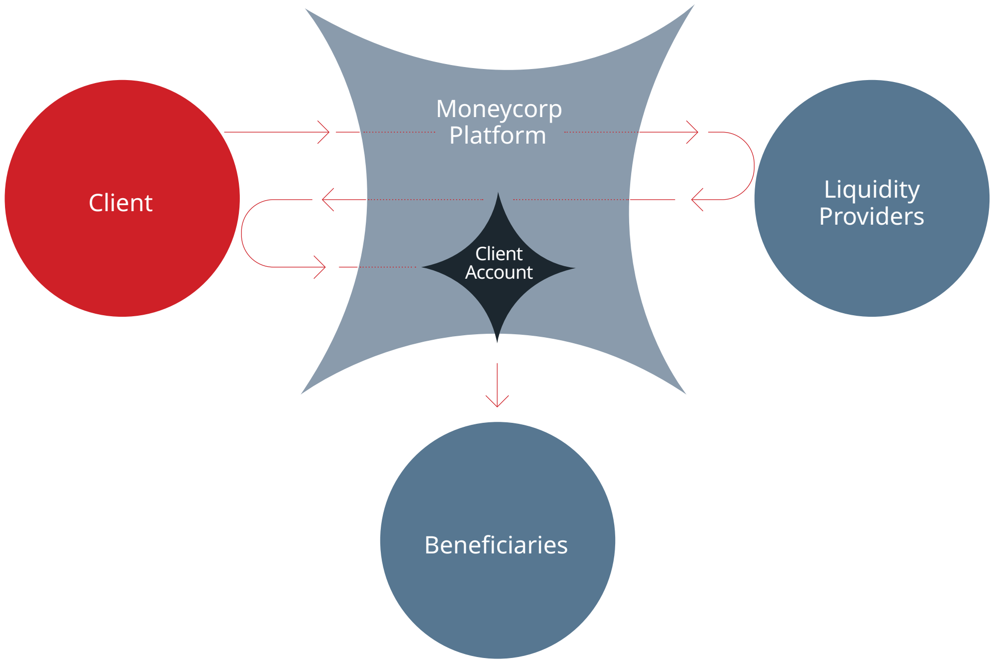
Flow by currency pair



Business model and review continued

Payments – Private

Moneycorp's Private segment serves HNWIs who prefer a personalised approach to their XB payments. Payments – Private continues to make a meaningful contribution to the Group with both revenue and EBITDA growth for the year exceeding 20%.



Operating model

Our XB product offerings for the Private segment are quite similar to those available to our Corporate clients. Additionally, our Private clients can also access prepaid cards through our banks in both Brazil and Moneycorp Bank Gibraltar (within our Payments – FI segment). While there are similarities between the operating models and transaction flows of our Private and Corporate segments, private clients more often access our platform via our referral partner network, such as real estate agents, and generally have different transaction patterns. Despite these slight differences between the two segments, the fundamental operating models remain the same.

Trading

UK: TTT Moneycorp Limited / Moneycorp Financial Risk Management Limited

EU: Moneycorp Technologies Limited (Ireland)

North America: Moneycorp US Inc / Moneycorp International Payments Canada, Inc.

Brazil: Moneycorp Banco de Cambio S/A

Licences

UK: PSD / MiFID

EU: E-money / MiFID

North America: MSB / Money transmitter in all required states

Brazil: FX bank licence

Products

XB payments (spots, market orders, regular payment plans) / Risk management products (forwards)* / Prepaid cards (Brazil only)

* Not currently available in Brazil.

Business model and review continued

North America observed changes in purchasing patterns based on USD fluctuations

The significant fluctuations in the USD's value in the past year led to a situation where US-based HNWIs found significant opportunities to investment in real assets abroad at attractive prices, particularly in Europe. Through our close relationships with our clients, Moneycorp was there to meet these needs.

Where we add value

Payments – Private is dedicated to serving HNWIs who need to carry out sizeable foreign currency transactions and manage associated risks. These transactions typically involve purchasing second homes, funding international education and healthcare, or buying luxury items.

We recognise the significance and personal nature of such transactions. For this reason we offer our Private clients a dedicated relationship manager who will guide them through the intricacies of XB payments, with a focus on providing bespoke solutions that cater to their unique needs.

For clients who prefer self-service, or once they become comfortable managing their XB transactions independently, our user-friendly digital platform, Moneycorp online, is available 24/7. Clients can track payments, secure favourable exchange rates, and set up a Regular Payment Plan to ensure timely and automatic transfers.

Key market drivers

Similar to Payments – Corporate, the Private segment operates in the UK, North America, Europe and Brazil.

In 2022, our Private business experienced steady growth. As international restrictions were gradually lifted following the COVID-19 pandemic and confidence in the global economy was restored, demand for foreign exchange services and international payments increased once again. Unlike our Corporate segment, the market volatility in the year had a lesser effect on our Private segment. We observed a minor shift in our product mix, as our clients increasingly used forwards to counter short-term volatility and take advantage of the favourable USD/GBP rate.

Payments – Private by business unit

	2022 £000	2021 Restated* £000	Growth £000	Growth %
Gross revenue				
UK	**18,194**	15,263	**2,931**	**19%**
Europe	**2,929**	2,864	**65**	**2%**
North America	**2,701**	1,628	**1,073**	**66%**
Brazil	**1,602**	1,015	**587**	**58%**
Total	**25,426**	20,770	**4,656**	**22%**
EBITDA contribution				
UK	**9,678**	7,810	**1,868**	**24%**
Europe	**1,656**	1,657	**(1)**	**0%**
North America	**840**	599	**241**	**40%**
Brazil	**125**	84	**41**	**49%**
Total	**12,299**	10,150	**2,149**	**21%**
EBITDA contribution margin	48%	49%		

* 2021 results have been restated following the Group adoption of IFRS for management accounting purposes during the year.

2022 performance highlights

The Private segment delivered robust results in the UK, North America and Brazil, with double-digit growth in both revenue and EBITDA.

The segment achieved strong growth in both gross revenue and EBITDA (22% and 21% respectively) from the previous year, while also adding around 9,000 new clients worldwide. Although our Private segment's contribution to EBITDA is relatively small compared to our Corporate and FI segments, it continues to be a profitable segment at scale, thereby generating cash which can be invested back into the Group platform for future developments.

Business model and review continued

Our regions
As a result of the Group's history, we have a well-established client base in the UK, and as a business segment, our revenue is predominantly generated from this region. However, we are also focused on expanding our Private business in other countries, and we have achieved significant growth YOY in North America and Brazil (66% and 58% respectively). This expansion of our global footprint aligns with the Group's overall strategy of enhancing our global presence.

Our clients
We tend to see different transaction patterns across our Payments – Private client base. This is because some private clients engage in one-off significant asset purchases such as yachts or second homes only, whilst others also undergo subsequent smaller recurring transactions such as for mortgage payments or maintenance.

As a result, ATV tends to be higher for the first client trade, with subsequent activities at significantly lower amounts. During the year, we recorded a 30% increase in ATV across our private client base, with the average new client ATV being over six times higher than that from existing business.

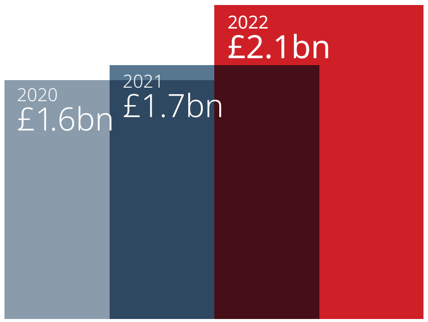
Client revenue retention is a less relevant measure for the business segment given the nature of client trading, with new client business being essential for the segment's continuing success. We are pleased to report that while the business grew by over 20%, over half (52%) of the revenue achieved during the year came from new business. This is clearly visible in the addition of c. 9,000 new private clients. Such growth is a direct result of our personalised service and support provided to our clients, combined with strong performance from our dedicated sales team.

Our products
In our Payments – Private segment, the majority of our clients tend to opt for spot trades as their preferred product (c. 83% of revenue generated from spot transactions). Our business, however, over the course of 2022, saw a slight shift in product mix towards the incorporation of more forwards, as more clients sought to effectively manage the FX turbulence experienced during the year. We anticipate this trend to continue, with spot trades still being the dominant product, but with a growing use of forwards to help offset the FX risk associated with significant private transactions.

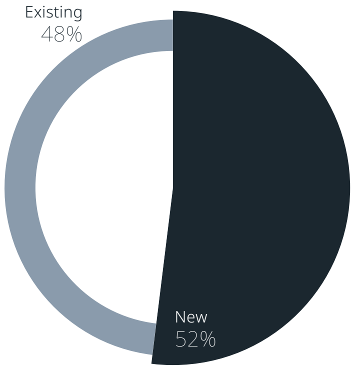
Outlook
Despite the ongoing economic uncertainty worldwide in 2022 and 2023, the market has remained buoyant. However, as inflation and interest rates continue to rise, and banks tighten their appetite for lending, we anticipate some private clients may face headwinds with their overseas investments, at least in the short term.

We strive to introduce new and innovative product offerings while improving the ease of transacting for our private clients, in order to simplify their XB payment needs. Our focus on continuous investment in our UI is a key part of this effort.

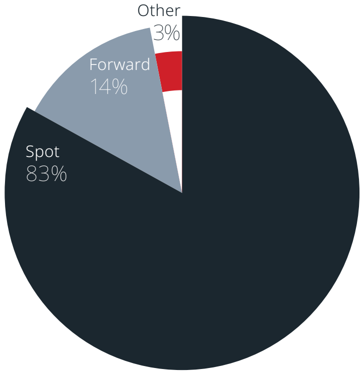
Flow



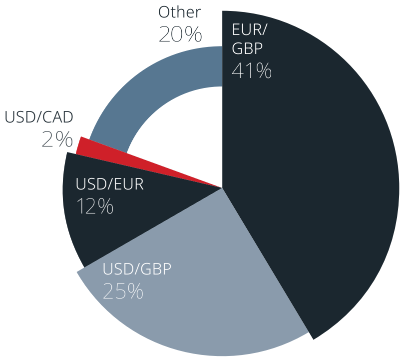
New and existing revenue



Revenue by product type



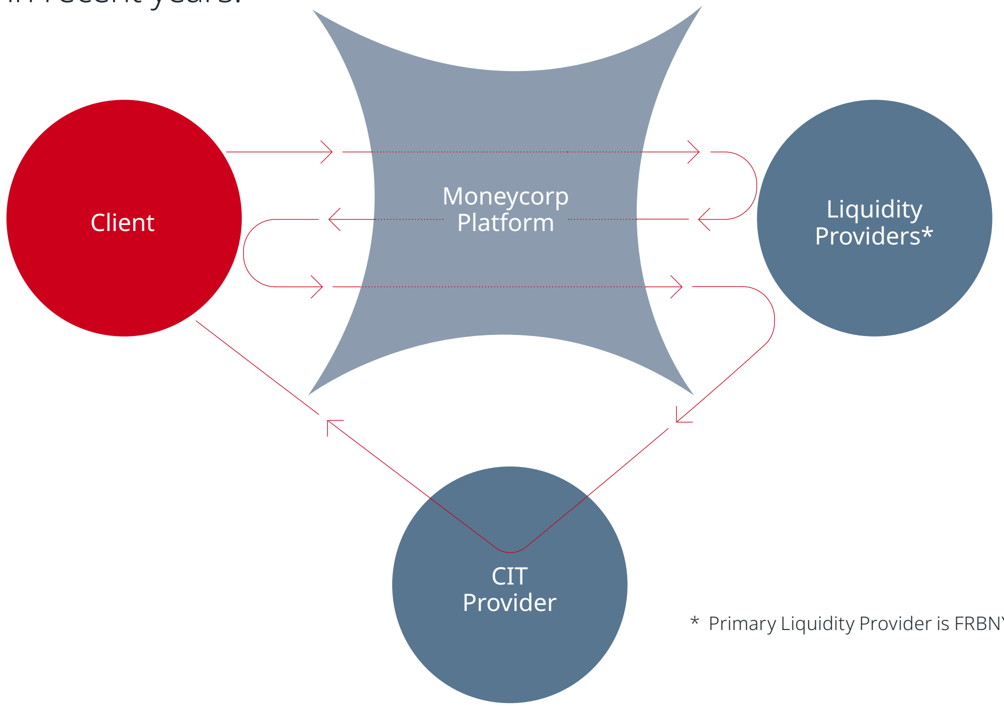
Flow by currency pair



Business model and review continued

Payments – Financial Institutions

We are proud to be part of the FRBNY FBICS program. Via our FIG business, this has enabled us to connect the USD liquidity market globally, resulting in strong growth in recent years.



* Primary Liquidity Provider is FRBNY.

During the year, we made changes to the branding of our business segment previously known as 'Banking Services' and updated it to 'Payments – FI'. This decision was made to better align with the nature of our business and more accurately reflect the cohesion with the other two segments.

Payments – FI comprises of two main components: FIG, which accounts for approximately 95% of the segment, and Moneycorp Bank payments and deposits. FIG operates through two operational business units – EMEA (managed from London) and APAC (managed from Hong Kong).

FIG operating model

Moneycorp's FIG business specialises in providing international liquid currency. We are one of only two non-US banks with direct access to the FRBNY, and one of three primary providers of USD notes globally. Moneycorp has maintained a long-standing relationship with the FRBNY, which allows for the mutual sharing of market knowledge and, via FBICS, for us to source USD notes at parity, enabling the distribution of liquidity globally to various central banks and financial institutions.

In recent years, Moneycorp FIG has become a meaningful secondary distributor of Euro and other liquid currencies. Our platform acts as a liaison between suppliers and institutional consumers, facilitating international liquidity distribution of various currencies through coordination with an array of leading third-party cash-in-transit (CIT) providers.

Trading

FIG: Moneycorp Bank Limited / Moneycorp (Hong Kong) Limited / Moneycorp (Hong Kong) Limited – UK branch

Moneycorp Bank: Moneycorp Bank Limited

Licences

FIG: Bank licence / Member of the FBICS program / EMEA: MSB / APAC: Money Service Operator (MSO)

Moneycorp Bank: Bank licence / E-money & MiFID

Products

FIG: Clearance of liquid currency (client sell) / Supply of liquid currency (client buy)

Moneycorp Bank: XB payments (spots, market orders, regular payment plans) / Risk management products (forwards, swaps, options) / Payment solutions / Prepaid cards / 90 day notice accounts

Business model and review continued

Where we add value

Moneycorp uses strategic partnerships, built on mutual value add with liquidity providers. These partnerships provide Moneycorp with access to buy and sell currencies at attractive pricing tariffs, in particular for USD. This allows us to provide competitive rates to our clients. Our experienced Moneycorp team have the benefit of long-standing relationships with liquidity providers and clients, which enables us to act as the crucial interface in the global physical liquidity market.

Our Payments – FI segment is supported through best-in-class compliance infrastructure, benefiting from the wider Group's network and expertise.

We add value to our liquidity providers by utilising this infrastructure to provide regular reporting on global currency flows.

Key market drivers

Some growth in 2022 can be attributed to the recovery from the COVID-19 pandemic, which has led to an increase in the flow of physical liquidity to support the resumption of trade. While this effect is expected to be short term, the structural demand for physical USD and other key currencies has been growing in the longer term due to increasing intra-regional trade and stringent liquidity requirements.

Furthermore, the USD has gained strength as a global reserve currency and store of value due to inflation rates in other currencies and geopolitical instabilities. As Moneycorp specialises in USD, we have been able to assist clients during this flight to safety.

2022 performance highlights

Our Payments – FI business segment saw remarkable growth in 2022. We realised triple-figure growth in both revenue and EBITDA, while maintaining c. 200% revenue retention, with over 270 clients dealing in 80+ currencies.

This was the culmination of several years of investment and dedication from the team, building long-standing relationships with clients, suppliers and distribution providers, and obtaining direct USD access in 2019. Market tailwinds following the resumption of trade and travel post COVID, coupled with the strong USD, assisted performance in 2022.

The continued development of our client base also significantly contributed to growth with £15m of revenue generated from around 50 new clients' onboarded in FY22.

Similarly, Moneycorp Bank also saw accelerated growth and improved profitability, with gross revenue growing by 66% YOY, benefiting from the rising interest rate environment for our deposit base. Operational EBITDA increased by over 80%, while we made significant investments into both the people and platform of the business to support future growth ambitions.

Payments – Financial Institutions by business unit

	2022 £000	2021 Restated* £000	Growth £000	Growth %
Gross revenue				
FIG EMEA	**92,572**	40,800	**51,772**	**127%**
FIG APAC	**8,959**	5,116	**3,843**	**75%**
Moneycorp Bank	**5,718**	3,436	**2,282**	**66%**
Total	**107,249**	49,352	**57,897**	**117%**
EBITDA contribution				
FIG EMEA	**46,011**	20,695	**25,316**	**122%**
FIG APAC	**3,377**	900	**2,477**	**275%**
Moneycorp Bank	**3,249**	1,794	**1,455**	**81%**
Total	**52,637**	23,389	**29,248**	**125%**
EBITDA contribution margin	**49%**	47%		

* 2021 results have been restated following the Group adoption of IFRS for management accounting purposes during the year.

Business model and review continued

Our regions
The Payments – FI business operates across a wide range of geographic locations, with a specific focus on emerging markets where the USD is an important reserve currency. This diverse mix of clients across the world is considered essential to the continued success of the business and, during 2022, we successfully expanded our operations in the Middle East and Eastern Europe. Going forward, we remain committed to expanding our global footprint, and we have identified several new markets that we plan to enter in 2023 and beyond, building on our previous achievements.

Our clients
In recent years, we have diversified our client base significantly, resulting in almost half of client flow being derived from commercial banks, making it the largest client category we serve. Within this, there is a wide range of client geographies, deal types and reasons for trade. Central banks make up the second largest client category, accounting for 38% of our clients, while the remaining clients are a mix of other liquidity wholesalers, FX bureaux and governmental organisations.

During the year we made the strategic decision to consolidate some of our smaller domestic clients, which were a legacy from our business pre-FBICS. As a result, c. 120 clients were transferred to an external party, allowing us to focus on our core international client base. We have signed a multi-year contract with this party to continue serving these clients, which is expected to keep our flows and revenue broadly in line. However, due to this consolidation, the client count is expected to drop next year by approximately 120.

Our products
Since obtaining FBICS membership and becoming a primary supplier of USD, the majority of client trades are USD related, although foreign exchange trades are also common. In 2022, USD flows accounted for 87% of all flows.

Additionally, the FIG business acts as a secondary provider, supplying and clearing non-USD currencies to our client base that have no direct access to central banks. This made up the remaining 13% of flow for the year.

In 2022, 57% of the total flow came from clients buying liquid currency and the remaining 43% came from clients selling back excess liquidity.

Outlook
In the medium term, ongoing global market uncertainty is expected to drive stable demand for liquid currency, with a particular preference for USD due to its perceived stability and the strength of the US economy. Moneycorp is well-positioned to benefit from this demand, thanks to the unique primary access and platform we have established. We anticipate that this will continue to provide strategic advantages for the business in the future.

In the long term, there is an industry expectation that the velocity of banknote replacement will increase in response to the growing sophistication of fraud. This increase in note replacement frequency is likely to lead to greater market flows in this area and a corresponding expansion in the TAM over the coming years.

Payments - FI flow

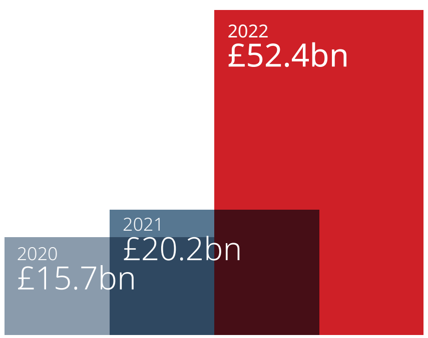


FIG flow by client type

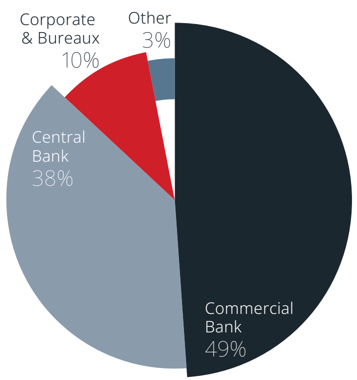


FIG flow by product type

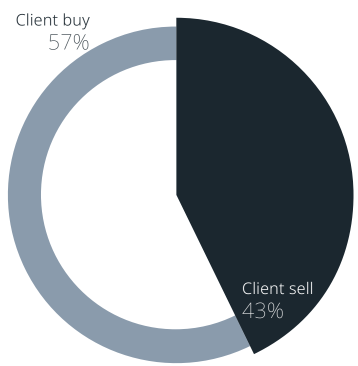
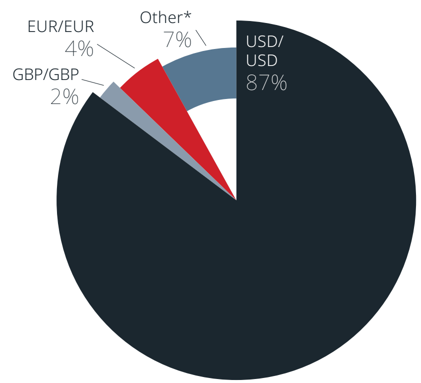


FIG flow by currency pair



*Other – same currency and cross-currency.

Business model and review continued

Q&A

An Interview with FIG Global Head, David Perkins

Q. What do you think really propelled the business forward in 2022?

A. The strong relationships we hold with our clients. The team specialises in tailoring Moneycorp's capabilities to service the specific requirements of our clients which over time forges strong relationships and deep rooted trust. A great example of this is how we worked closely with our clients to continue providing a full service during the COVID-19 pandemic. Whilst other financial institutions were unable to assist in the delivery of liquid foreign currency, we worked tirelessly with our network of logistics partners to ensure the requirements of our clients were met. In many cases this involved chartering aircraft and procuring temporary security services to ensure that liquidity continued to be provided. When other providers were unable to fulfil client requirements in a time of crisis, we continued to deliver a complete service and that won a lot of trust and loyalty in the market.

Q. What is your aim for the FIG unit?

A. Our key objective is to become the gateway to liquid currency for financial institutions globally. We've already had huge success in establishing a diverse client base with regular flows in regions all over the world. Moneycorp's access to the FBICS program enabled us to establish unique relationships, providing preferential rates to clients and delivering a best-in-class service. We must continue to leverage our competitive advantage within the USD market and look to continuously expand our geographical footprint.

Q. How do you envisage the business achieving continued growth in the future?

A. Firstly, I believe it is crucial for us to expand our capabilities and build on the licensing network already established. We continue to explore avenues of expansion through direct access to other currencies in addition to USD. This will enable Moneycorp to advance its competitive advantage across other currencies.

Furthermore, we acknowledge the growth opportunities available by utilising the synergies that are available across our different business segments and platform capabilities. Moneycorp has a world-class compliance infrastructure, as well as a fantastic offering within the digital XB payments space. Pairing this with our ability to provide reliable access to liquid currencies to our established FI client base is a winning combination, enabling us to take the business to new levels.

Revenue

FIG EMEA

+127%

£92.6m

FIG APAC

+75%

£9.0m

EBITDA

FIG EMEA

+122%

£46.0m

FIG APAC

+275%

£3.4m

Our stakeholders

A foundation of strong relationships

Moneycorp's success is built on a foundation of strong relationships with careful consideration of all our stakeholders. The Board take great care to ensure that all decisions are made in reflection of each individual stakeholder, as discussed in this section.

Stakeholder	Why are they important?	How we engage with them	Our actions in 2022
Clients	Moneycorp's clients are at the heart of our business operations. We are committed to prioritising their best interests and establishing ongoing communication with them. To achieve our strategic objectives and establish a sustainable business in the long run, it is crucial for us to understand our clients' priorities and treat them fairly and with transparency.	– Our commitment to treating our clients fairly, including providing transparent and comprehensible information, is an integral part of our corporate culture. – We maintain clear lines of accountability for client relationships and proactively engage with them to ensure their requirements are met. – We communicate with our clients regularly, tailored to their preferred method of contact, be it email, telephone, face-to-face meetings, or senior management visits. – We keep our clients informed about market developments that are relevant to them through a variety of channels.	– We held regular client round tables to receive feedback on the products and services we offer. – Clients received daily and weekly news briefs on important market and macroeconomic updates. – We employ only highly qualified and knowledgeable staff who complete rigorous training and hold appropriate regulatory credentials. For more complex and regulated products, we ensured only staff with these enhanced qualifications liaised with clients in order to ensure they received the best service. – We continued to provide clients with easy-to-understand documentation that outlined key product features and terms before executing any trades. We invested in further automation of our client fund calculations ensuring client funds are fully protected. These funds are segregated within ring-fenced bank accounts, and are not commingled with corporate cash. – To gauge our clients' satisfaction levels, we conducted a refreshed client satisfaction survey which generated a Net Promoter Score (NPS) of +71.

Our stakeholders continued

Stakeholder	Why are they important?	How we engage with them	Our actions in 2022
Colleagues	We recognise that our colleagues are our most valuable asset. We understand the importance of attracting the right people, and continue to develop and motivate them. Our investment in people ensures their wellbeing and protects and strengthens our culture.	– We keep our colleagues informed about important developments that affect our business operations. We do this regularly and openly, encouraging continuous feedback from our colleagues to ensure we communicate with them effectively. – We place great importance on developing our talent pool by investing in our people. Colleague training is offered at all levels, and fostering colleague development is a key priority of the business. – We also provide our colleagues with an Employee Assistance Programme, which is an independent and confidential service that offers support, counsel, and advice to employees on both work-related and non-work-related matters. – To support individual growth, colleagues have regular one-on-one meetings with their managers, and annual performance appraisals are conducted to set and track individual goals.	– The Group CEO hosted interactive town hall meetings for all colleagues to provide information on the business's performance and strategic priorities. Similarly, regional CEOs held regular meetings with their employees to discuss business unit-level matters. – We acknowledge the importance of a diverse workforce and have implemented a comprehensive DE&I policy. In 2022, we created our three 'Pillars of ESG', with a focus on 'empowering women'. → **Read more on page 42** – The Moneycorp Academy offered a well-attended series of online modules on wellbeing training, including mental health awareness, stress management, work-life balance, menopause in the workplace, and emotionally intelligent leadership. – We refreshed our onboarding programme to provide a more comprehensive and enhanced induction into Moneycorp's corporate structure and culture for our colleagues. – To support our existing staff base during uncertain market conditions and in response to the global cost of living crisis, we made an additional cost of living payment to staff. → **Read more on page 45**
Regulators	As a financial services provider, we are subject to regulatory requirements in many of our markets. Maintaining full compliance with these regulations is crucial for the continuity of our business operations and offers a significant competitive advantage.	– We maintain a constructive and transparent dialogue with our regulators and have established a programme of regular meetings with them to ensure they are up to date on the business and our priorities. – Regulators frequently engage with us to discuss their objectives, priorities, and concerns and how they impact our industry and the shape of our business.	– We invested in our RegTech engine including the launch of Soteria. – We engaged proactively with all regulators including the Gibraltar Financial Services Commission (GFSC) on Moneycorp Bank's key initiatives, and provided regular detailed reporting such as to the FRBNY to ensure traceability and transparency of fund flows. – We worked closely with regulators in light of the market volatility experienced during 2022, providing frequent reporting of actual and forecasted impacts on business performance. – We had frequent in-person visits, as well as hosted visits at our Moneycorp offices, with various regulators including in the UK, US, Ireland and Brazil. – We initiated the roll-out of our 'one-team, one-regulator' model to ensure clear regulatory perimeters within our Group structure. → **Read more on page 47** – We performed a refresh of our client due diligence. Clients who did not provide the necessary documentation were suspended from trading until the necessary documents were received. – We brought part of our compliance function in-house enabling us to be more closely connected to what is happening on the ground and removing a layer of separation between the regulators and our clients.

Our stakeholders continued

Stakeholder	Why are they important?	How we engage with them	Our actions in 2022
Business partners and suppliers	Our partners and suppliers (for example, banking counterparties, referral partners and third-party vendors) are integral to our success. We work with best-in-class suppliers and partners, who understand our unique offering and strategic goals, allowing us to amplify our capabilities and efficiencies in delivering a leading service to our clients.	– We build long-term relationships with our key suppliers and partners. We continuously engage with key suppliers to ensure alignment on requirements and expectations. – We undertake appropriate due diligence during the onboarding of third-party service providers. – We foster strong relationships with banking counterparties through high governance standards and clear communication channels.	– We periodically monitored appointed third-party service providers. – We maintained open communication through face-to-face meetings and where appropriate tracked and monitored relationships through KPIs and service level agreements (SLAs). – The Board received regular updates on core performance KPIs. – We continued to enhance our payment rail partners to ensure we have a diverse range of providers and that we are optimising payment methods and fees. – We reviewed our referral partner relationships to strategically pair with those providing the best long-term contributions.
Community	As a global organisation, we value community engagement and strive to make a positive impact.	– The Group's Charity Committee leads charitable giving with colleagues from across departments and subsidiaries. – We offer a Future Frontiers programme – whereby local young people are given face-to-face career coaching by Moneycorp colleagues. – We actively engage in other initiatives to increase financial literacy in our communities.	– We added 'Tackling Street Homeless' as one of our ESG pillars, supporting local communities. → **Read more on page 42** – We made charitable donations to organisations aligned with our ESG pillars totalling £73k across our various geographies. – In partnership with Future Frontiers, 19 of our staff completed training in 2022 to provide career coaching and access to professional role models for young people from disadvantaged backgrounds. Moneycorp staff completed all necessary training in 2022 with the 1:1 coaching programme delivered to students in early Q1 2023. – Moneycorp sponsored the Walpole 'Brands of Tomorrow' programme, mentoring upcoming businesses in currency, international payments and foreign exchange markets and associated risks.
Lenders and shareholders	Our lenders and shareholders provide crucial capital to support our business and its growth.	– Our relationships are transparent and built on mutual understanding. – We adhere to the financial covenants and other obligations set out in the wider Moneycorp Group's Senior Financing Agreement to ensure our lenders remain informed on the relevant aspects of our business. – On a monthly basis we report key financial data to our shareholders to ensure they are informed of our business performance.	– We successfully refinanced our senior debt facility by providing comprehensive business due diligence reports and hosting meetings with our new lenders. – Our Finance Team maintained frequent communication with our lenders and shareholders, providing monthly reporting packs, quarterly covenant reporting, and annual budget presentations. This dialogue increased during Q3 when the market volatility increased. This ensured stakeholders were continuously in the know about the impact of this on our business while reassuring them we had appropriate risk management tools in place. – We collaborated with both lenders and shareholders to develop new bespoke system reports on our monthly financial performance, ensuring all their reporting needs were met.

Our strategic priorities

Our vision is clear

We are focused on delivering growth and adding value for our stakeholders across the payments ecosystem. We help clients navigate the complex global payments market, reducing friction at every step.

Our key strategic priorities are to:

Ensure a client-focused approach
Achieve a leading NPS by focusing on our core client segments, prioritising the tailored service and the range of products required to meet their unique needs.

Enhance our technology platform
Invest in our technology platform to provide the best tech-enabled solutions to our stakeholders via our all-in-one payments ecosystem.

Be a leader in regulatory excellence
Constantly explore options to enhance and expand our regulatory credentials and compliance processes striving for regulatory excellence.

Achieve profitable growth through innovation and targeted expansion
Enhance the breadth of our product offerings and geographic footprint through innovation and targeted expansion to deliver attractive return for our shareholders.

Stakeholders

Clients

Colleagues

Regulators

Business partners and suppliers

Community

Lenders and shareholders

Our strategic priorities continued

Ensure a client-focused approach

We believe in delivering a bespoke service that addresses each of our client's unique needs. Our personalised approach combines cutting-edge technology with a deep understanding of our clients' preferences and requirements. We are committed to maintaining this high standard of service and to offering a full suite of products to help clients reduce friction and manage risk for cross-border trade.

2022 highlights:

- Our front office dealing teams worked tirelessly during the dislocation caused by the UK 'mini-budget' to provide unwavering support to clients.
- Announced a tech-enabled FX liquidity management solution for DAXs. Through API integration, this product provides automation of liquidity flows, allowing clients to settle funds faster and more seamlessly.
- Launched our France business, which enables us to better serve our French clients with dedicated XB specialists on the ground. We also made our platform more accessible by adding French as a language option for our clients.
- Achieved an impressive increase in our NPS score, from +26 to +71, for our Corporate client base.

1st class

We maintained our high standard of service and diverse product offerings

+71

Our NPS score for our Corporate client base

Focus for 2023:

- Expand our offering: Add new products to our service offering to meet greater client needs. We will also be accelerating our development cycle to ensure seamless and timely delivery of enhancements.

  → **Read more on our future growth plans and NPI on page 11**
- Improve accessibility: Continue to expand the languages available on our platform to better serve our clients. We will be rolling out Portuguese alongside the integration of our Brazil business.
- Strengthen our brand: Make Moneycorp top-of-mind when SMEs consider XB payments. We will achieve this through increased investment in media exposure and thought leadership within the industry.

Enhance our technology platform

Our comprehensive payments ecosystem, powered by intelligent technology, provides the foundation for our stakeholder engagement. Through continued investment in our platform, we can further reduce payments friction, delivering a seamless experience to our clients at a lower cost and at scale.

2022 highlights:

- Delivered technology-driven solutions to our clients, resulting in more than 80% of Corporate and Private payment transactions being completed either via our online platform or through our bulk upload payment capabilities.
- Introduced multi-factor authentication, through an authenticator app, to ensure enhanced security for our clients.
- Deployed a new tool that enables clients to import payments from popular accounting systems such as Quickbooks, Xero, or NetSuite, with automatic reconciliation once the payments are completed.
- Launched Soteria, our proprietary RegTech compliance solution.

>80%

Payment transactions completed online

Focus for 2023:

- Integrate Brazil: Begin the first phase of integrating our Brazilian business onto our Group platform. This will enhance our scale efficiencies and offer greater opportunities to our Brazilian clients including access to a wider range of liquidity providers and an expanded range of products.
- Enhance the user experience: Continue to explore new ways to enhance the availability, reliability and user experience of Moneycorp technology.

Our strategic priorities continued

Be a leader in regulatory excellence

We take great pride in our robust regulatory backbone and strong compliance culture. Today we hold 62 licences (including two banking licences) spanning multiple jurisdictions and are a proud member of the FBICS program. We are dedicated to setting the benchmark for regulatory excellence, holding ourselves to the highest standards, and we continue to explore opportunities to expand our regulatory credentials.

2022 highlights:

- Successfully launched Soteria, our proprietary RegTech compliance system that provides real-time transaction monitoring and controls outgoing payment release and interdiction to ensure the safety of our clients' funds.
- Ensured full compliance with all regulatory requirements, including PSD, CASS, CAR, E-money, and Permissible Investments (PI).

100%

Compliance with all regulatory requirements

Focus for 2023:

- One-team, one-regulator: Finalise the transition to realign our compliance and regulatory support functions across markets into dedicated teams that support a specific regulator.
- Expand our regulatory reach: Continue to broaden our licensing credentials, including into new markets.
- Compliance leadership: Further enhance our industry-leading compliance processes such as introducing real-time account balancing to our client safeguarding.

Achieve profitable growth through innovation and targeted expansion

We prioritise investments in both our people and technology for the benefit of our business, clients and the community. This approach ensures consistent and sustainable returns for our investors as well as reinvestment back into the business. Continued investment in new product development, entirely funded by the core business, provides further avenues for targeted expansion.

2022 highlights:

- Achieved impressive results, with strong performance and strategic investments leading to increased revenue and EBITDA growth across our business.

→ **Read more on page 17**

- We made a significant investment in our people during the year, expanding our core staff base to over 600 FTEs to better serve our growing client base and support our internal regulatory goals.
- We began drawing the blueprints for a number of exciting new product initiatives beyond our current core capabilities.
- We invested £12 million in capital expenditure during the year.

Focus for 2023:

- Achieve targeted and profitable core business growth: provide multi-product solutions and a leading service to drive repeat business from new and existing clients.
- New product initiatives: Further develop our well-defined innovation pipeline, including engaging with relevant stakeholders, and investing in the prerequisite technology and regulatory credentials.
- Invest in our people: We will continue to find, develop and retain the right people who thrive under change at pace and are committed to driving growth and innovation throughout the organisation.
- Enter new geographies: To expand our reach, we will roll out into new geographies leveraging processes from past and ongoing expansions as well as platform capabilities. This follows the successful launch of Moneycorp France and, for 2023, we aim to realise our potential for further growth.

Key performance indicators

Setting KPIs in line with our strategy

In order to evaluate how we serve our clients and generate value for stakeholders, KPIs are measured across the Group's main business segments. These KPIs, both financial and non-financial, enable us to track our performance against our priorities.

Each regional business unit has a management team that is responsible for the operations of the business unit and uses KPIs to manage and develop the business in order to achieve the Group's strategic objectives.

You can find more information on these KPIs in the Business review for each client segment.

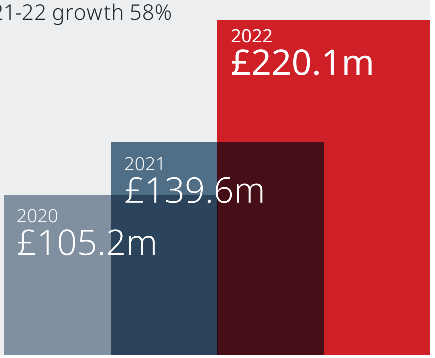
→ **Read more on pages 22 to 33**

In addition to Generally Accepted Accounting Principles (GAAP) measures, the Group also uses a number of alternative performance measures (APMs) as KPIs. More details regarding our APMs can be found in the Other information section of the report.

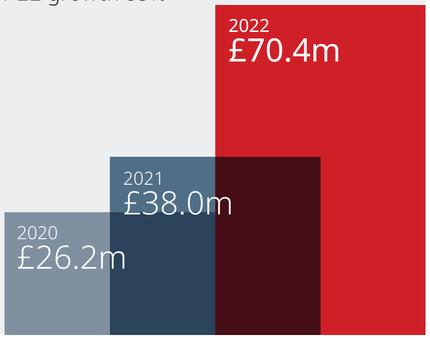
→ **Read more on page 105**

Financial

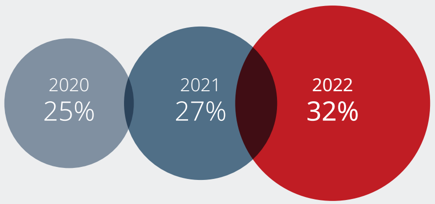
Revenue
FY21-22 growth 58%



EBITDA
FY21-22 growth 85%

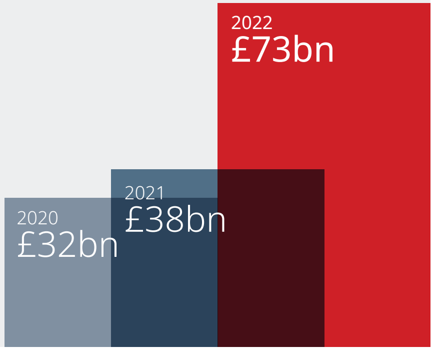


EBITDA margin

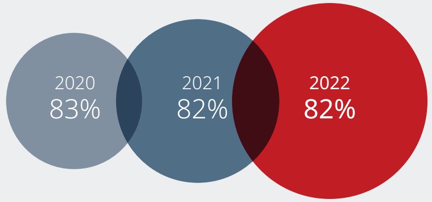


Non-financial

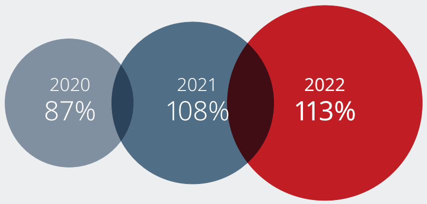
Trading volume (flow)*



Straight-through processing



Payments – Corporate client retention



Net Promoter Score**

+71

2021:+26

* Trading volumes represent flow measured as single leg transaction volume. ** Source: Customer survey.

Contributing positively to society

We acknowledge our responsibilities towards the communities in which we operate in. We have taken steps to implement our 2022 ESG strategy, and established our three 'Pillars of ESG' with measurable progress made against each.

We recognise that as a business, we have a responsibility to contribute positively to society, beyond simply providing products and services. Our goal is to serve as a model of global best practices.

Our guiding beliefs are:

- Businesses have the power to make a positive impact on the world.
- We must invest in our planet.
- The individual has the power to effect change.
- Well-governed businesses outperform and are more resilient.

We strongly believe in the principles of good governance and take personal responsibility for the impact our operations have on the communities where we operate, and on the world at large.

In 2022, our ESG Board Champion (Chief Counsel, and Chief Risk and Compliance Officer (CRCO)) led a successful project team to develop and implement our ESG policy, strategy and programme, with initial implementation beginning in Q4 and now overseen by the newly appointed Head of ESG.

We have extended our UK ESG policies to create unified global ESG policies that align with the expanding global footprint of our business. We are currently developing the formation of committees, groups and similar initiatives for implementation in 2023.

ESG Policy creation, adoption and management

The Group has developed and implemented the following policies as we look to formalise and enhance our ESG position:

- New, standalone Environmental, Social & Governance Policy to reinforce our commitment to ESG
- A Diversity, Equity & Inclusion Policy
- A Human Rights and Modern Slavery Policy
- An Anti-Bribery and Corruption Policy, as well as an Anti-Facilitation of Tax Evasion Policy
- An Anti-Money Laundering Policy for each of Moneycorp's regulated entities
- Greenhouse gas (GHG) Emission Reduction Policy
- A detailed Health & Safety Policy

Q4.

Head of ESG appointed

Our approach to ESG continued

Our 3 strategic Pillars of ESG

1. Tackling street homelessness
2. Empowering women
3. Protecting the environment

1. Tackling street homelessness

Moneycorp has made it a priority to address the issue of street homelessness through its social initiatives. We have established a corporate partnership with The Passage, a charity located in Central London, and are actively seeking to establish similar partnerships in other office locations across our global estate.

We made financial donations to these initiatives in a number of geographies, both in advance of becoming active partners and supporters, and as fundraisers. In London, 28 staff members volunteered to support The Passage by organising a day-long street charity collection and a kitchen takeover event where they prepared lunch and Christmas dinner for the charity's homeless clients.

2. Empowering women

We have organised a learning and development course for women, called 'Presentation Advantage', with the aim of teaching participants how to deliver presentations confidently and effectively. The Group believes that rebalancing skills accessibility is crucial to empowering women and achieving equality. Moneycorp has also facilitated, leveraging independently external partners, group discussions with its female workforce to identify areas for improvement in the Group's culture around female empowerment.

Our São Paulo office has a well-established Women's Network that holds regular events featuring guest speakers addressing issues of interest to women.

Moneycorp decided to establish a 'Women of Moneycorp Empowering Network' (WOMEN) group that will go-live in 2023. The purpose of the group will be inclusive of the following:

- Conducting an annual staff census and regular surveys to better understand people's identities, views, and values, and commit to acting on the results.
- Address gender imbalance through discussion and by tackling inequalities identified in annual gender pay gap reporting.
- Provide developmental opportunities, training, networking, and personal support, such as mentoring, exclusively for women.
- The Group will also appoint a senior woman leader, its existing Chief Operating Officer Emma Alley, as the Women's Champion.

Our approach to ESG continued

3. Protecting the environment

As part of our commitment to sustainability, we are dedicated to achieving net zero emissions ahead of the UK government's 2050 target. We will prioritise initiatives that align with our ethical beliefs and are likely to result in significant social and environmental benefits.

Our first step towards this goal is to conduct a comprehensive emissions report. In 2022, we have voluntarily reported our scope 1 and 2 emissions on a Group-wide basis, in addition to complying with reporting requirements in relevant jurisdictions.

The ambition is to:

- Conduct a full emissions report that will take into consideration scope 1, scope 2 and scope 3 emissions.
- Develop a carbon neutral plan by the end of 2023, which will pave the way for achieving net zero emissions.
- We will also implement Global Reporting Initiative (GRI) sustainability standards to ensure that we are measuring and reporting our environmental impact in a consistent and transparent manner.

Our environmental commitments are set out in our Group policy and strategy. We recognise the risks and opportunities associated with the transition to a low-carbon economy. We are committed to using science-based targets to lower our carbon footprint. To this end, a plan to achieve net zero will be completed by 2025.

In addition, we have implemented several initiatives to reduce our environmental impact, including:

- A salary sacrifice scheme for electric cars and a cycle-to-work programme available to all staff to reduce GHG emissions.
- Waste reduction initiatives were implemented at our HQ. 2,345,859kg of waste was generated of which 94.4% was recycled and the other 5.6% was sent for incineration, with zero waste sent to landfill.

Streamlined energy and carbon reporting (SECR)

The Group follows the SECR requirements for large unquoted companies, as outlined in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 in the UK, as a guideline to undertake GHG reporting.

Scope

Management assessed all fuel and electricity consumption activities across all global sites that contribute to overall energy use, and determined that the following sources of emissions would be recorded in line with SECR guidelines:

- natural gas consumption from buildings where we have operational control over the boilers (scope 1);
- fuel consumption from vehicles that are owned or controlled by the Group (scope 1);
- natural gas consumption from leased buildings where we do not have operational control over the boilers (scope 2); and
- electricity consumption including from leased buildings (scope 2).

Emissions from business travel in rental cars or employee-owned vehicles, where the Group purchases or reimburses for the fuel, is deemed to be Scope 3 and therefore not included in the GHG emissions below.

GHG emissions and energy consumption

The Group's scope 1 and 2 GHG emissions and total energy consumption associated with its global operations for 2022 are outlined below.

	2022	
GHG emissions	**GHG Emissions (tCO_2e)**	**GHG Emissions Intensity (tCO2e/FTE)**
Emissions source		
Scope 1 (direct)	–	–
Scope 2 (energy indirect)	**117.0**	**0.22**
Total	**117.0**	**0.22**

	2022	
Energy consumption	**Energy consumption (kWh)**	**Energy Intensity (kWh/FTE)**
Source of energy consumption		
Natural gas controlled by leased building managers (scope 2)	**99,321**	**190.8**
Purchased electricity (scope 2)	**511,437**	**982.4**
Emissions from business travel in rental cars or employee-owned vehicles (scope 3)	**312,672**	**600.6**
Total	**923,430**	**1,773.8**

The method used for calculating GHG emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard. Energy consumption figures in kWh were obtained from electricity invoices for each relevant site. Consumption through the use of fuel was obtained through spend data which was converted into mileage figures. Energy consumption and mileage figures have been converted into tonnes of carbon dioxide equivalent (tCO_2e) and kWh respectively.

Average Group FTE for the year has been used as the denominator to calculate the associated GHG emission intensity.

Our approach to ESG continued

People

Moneycorp continues to be a globally diverse workplace, employing over 600 people across 17 offices and 11 countries.

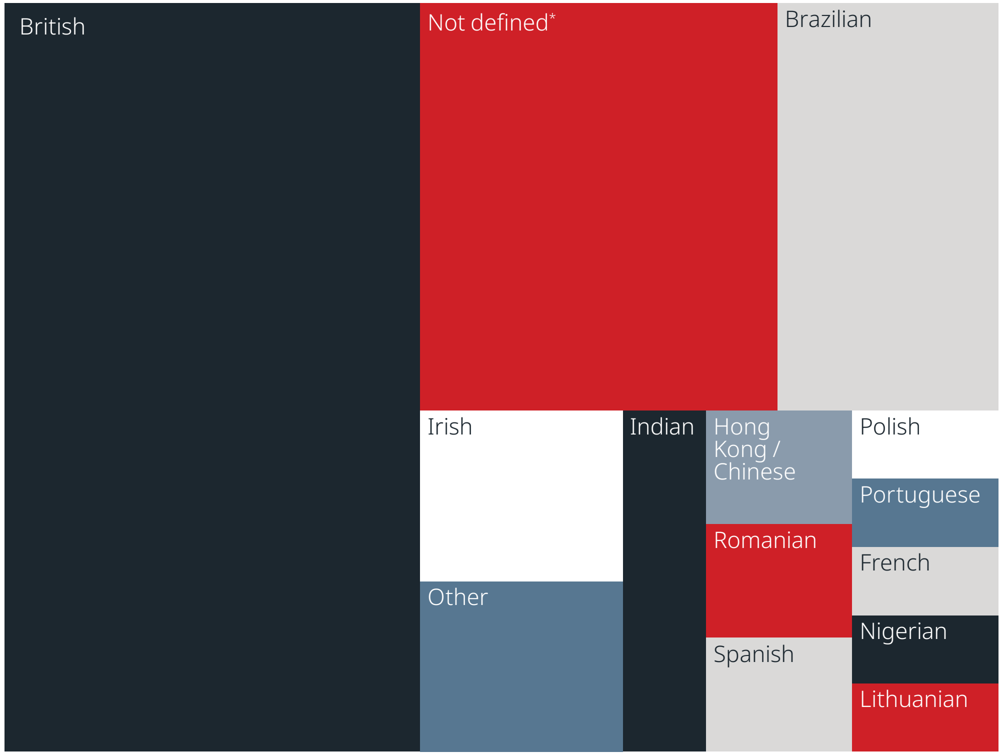
As a result of significant growth in recent years, we have welcomed many new staff members to our three payment segments or the underlying Group support team. This has resulted in a sizeable proportion of our employees having been with Moneycorp for less than a year. We make sure to provide encouragement and mentoring to these new joiners from our experienced staff. Approximately 20% of our workforce has been with us for over five years, and around 10% have been with us for more than a decade – a testament that Moneycorp is an excellent place to work.

Our workforce is diverse in terms of age and nationality, with more than 35 nationalities represented. Although British nationals continue to be our most prominent demographic due to our flagship business unit and the majority of our support functions being based in the UK, this percentage is decreasing every year as we expand globally.

As is often seen in the financial services industry, our workforce is more heavily weighted towards men than women. We are aware of this and continue to undertake initiatives, including investing in technology, to increase the number of female employees and eliminate any potential unconscious bias. We remain committed to empowering the women we currently have in our teams, as highlighted in our second key strategic pillar.

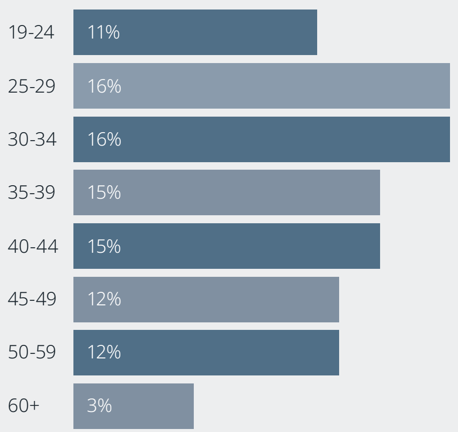
Read more on page 42

Headcount by nationality



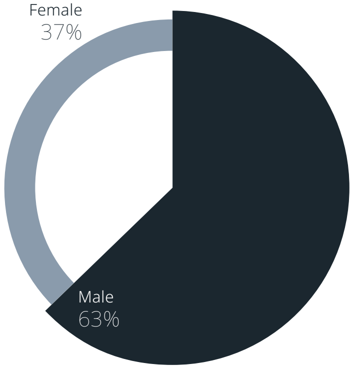
* Not defined represents our North America based colleagues where nationality data is not currently collated.

Breakdown of staff by age



Our approach to ESG continued

Breakdown of staff by gender



Leadership roles by gender

Role	Female	Male	Total
C-suite	1	3	**4**
Executive	2	5	**7**
Head of department	14	54	**68**
Manager	35	76	**111**
Total	**52**	**138**	**190**

Diversity, Equity and Inclusion
We are strongly committed to fair employment practices and do not tolerate discrimination based on age, sex, gender, sexual orientation, race, ethnicity, culture or disability. The Group provides reasonable accommodations for job applicants with disabilities during the recruitment process, and ensures that disabled employees have access to ongoing training, career development and advancement opportunities.

To further support employee development, we continued to enhance the Moneycorp Academy, which provides a framework for individual contribution, management effectiveness, and leadership excellence. In 2022, we added six new courses to the 16 already established, including topics such as Presentation Advantage, Leading Remote Teams, Leading Change, Project Management Essentials, The Six Critical Practices for Leadership and The Four Essential Roles of Leadership.

6

New courses added to Moneycorp Academy during the year

98

Employees undertook Moneycorp Academy training

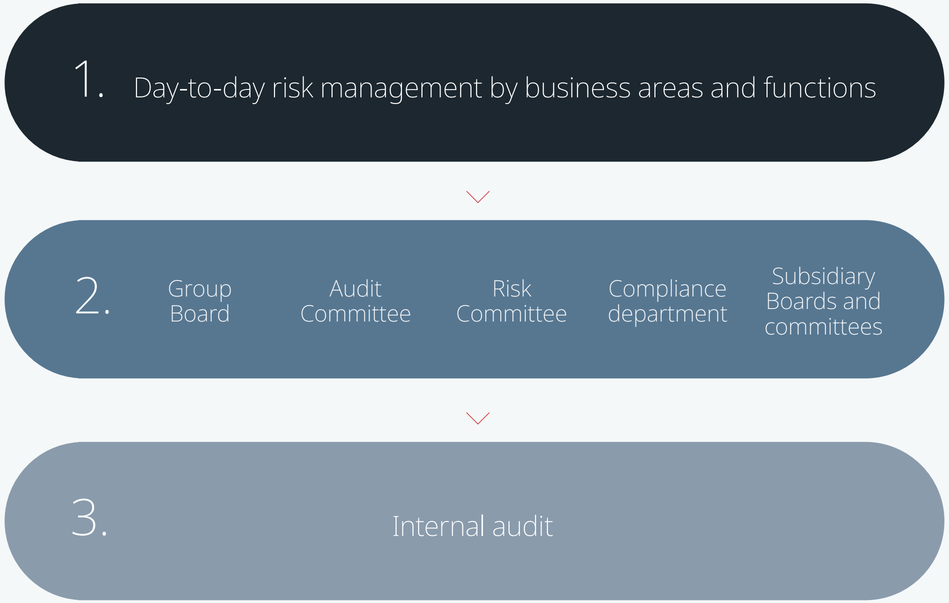
£1m+

Paid to support employees during cost of living crisis

We made a voluntary payment of over £1m, distributed across approximately 80% of our employees with the aim of helping them with the rising cost of living. The payment was weighted to provide the most generous amount to those who earn the least.

An established risk management framework

The Group has established a risk management framework to identify and manage material business risks effectively across the organisation.



The Group's risk management framework follows a three lines of defence model which includes management control, risk and compliance oversight functions, and independent assurance. All levels of the organisation, from the Board and executive committee down, hold responsibility for risk management.

This distribution of responsibilities ensures that decisions regarding risk and return are made at the most suitable level, close to the business, while remaining subject to effective review and challenge. This review and challenge comes from Senior Managers, the Group Audit Committee, internal audit, the independent risk function, the Group Risk Committee, each subsidiary Board and ultimately the Group Board.

Three lines of defence (LOD):
The responsibility for risk management resides at all levels.

First line: Responsible for identifying, assessing, and managing risks in their day-to-day operations. They establish and maintain effective controls to mitigate risks and ensure compliance with internal policies and external regulations. 1LOD includes client-facing staff, managers, and business unit heads, who undertake activities that generate risk.

Second line: Oversees and supports first line by establishing risk management frameworks, policies and procedures. They monitor and report on the effectiveness of controls and risk management activities, and provide guidance on risk-related matters.

Third line: Provides independent assurance to the Board on the effectiveness of 1LOD and 2LOD. They conduct risk-based audits to assess the adequacy and effectiveness of controls, identify areas for improvement, and make recommendations for remedial actions.

Risk management continued

The Group has identified the following key areas of risk:

Operational risk

Operational risk refers to the risk of internal process failures, system malfunctions, inadequate staffing or management, and other related risks within the organisation. Management at all levels of the organisation are responsible for identifying, managing and controlling operational risk exposures. To ensure effective internal controls, the Group has implemented organisational structures, including appointing a Chief Risk & Compliance head for each regulated entity and having Group-wide segregation of duties and delegation of authority. The Group's systems are designed to minimise the risk of failing to achieve business objectives, although they cannot provide absolute assurance against material misstatement or loss.

The Group's operational budgets include appropriate investment levels to maintain critical systems and processes, protect client data, and train and develop staff.

The Group also maintains insurance to limit exposure to operational risk.

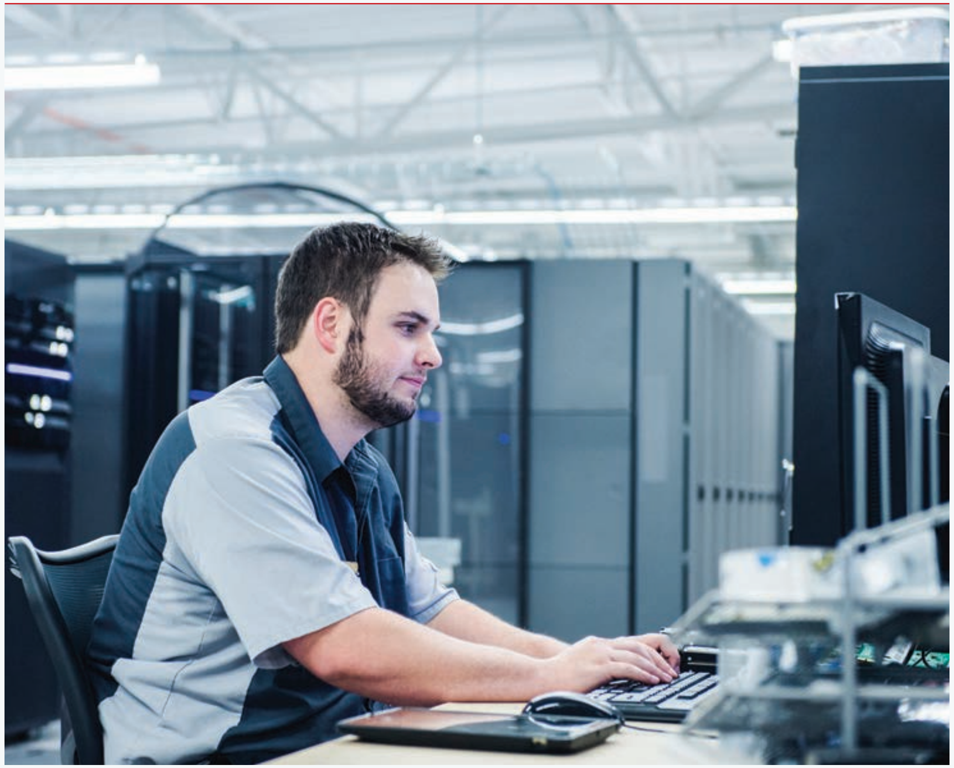
Regulation and compliance risk

Regulatory risk refers to the risk of financial or reputational losses that may arise from failing to comply with the Group's regulatory requirements, while compliance risk refers to the risk of the Group failing to adhere to relevant rules and regulations applicable to its business. The CRCO is responsible for leading the Group's regulatory and compliance policy centrally, and there is a dedicated compliance team within the business that ensures compliance with Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF), sanctions, and other legal, regulatory, and licensing requirements, including all FCA requirements.

The Group is moving towards a 'one-team, one-regulator' model in which each business unit has dedicated local compliance officers responsible for complying with the relevant requirements for that specific market regulator.

The Group's legal team, in collaboration with external legal counsel, advises on the regulatory environments in which the Group operates and provides advice on any measures required to maintain regulatory licences as appropriate.

Cyber and technology risk



The Group uses the three lines of defence model for managing information and cyber security risks. The second line of defence is provided by the Information Security Team, led by the Chief Information Security Officer, and reports to the CRCO.

In December 2022, the Group was awarded the ISO 27001 security accreditation, which has enhanced its overall protection against technology-based risks and its ability to withstand cyber attacks.

Additionally, the Group requires all staff to undergo mandatory security training to increase their awareness of the potential threats and tactics used by cyber criminals.

Risk management continued

People risk

People risk refers to the risk that the Group may not be able to attract and retain qualified professionals necessary to accomplish its goals while complying with relevant regulations.

To mitigate people risk, the Group:

- implements strategic recruitment and retention plans;
- establishes clearly defined roles and responsibilities, including risk management and performance evaluation; and
- utilises reward systems that consider overall performance.

Credit risk

As the Group does not offer conventional forms of credit, credit exposures typically arise from short-term obligations owed by clients and counterparties for funds and services provided, as well as their obligations under foreign exchange contracts.

Credit policies, which are based on the Group's risk appetite, are approved by the Board. These policies require new and material increased client credit exposures to be approved by the independent credit department who assesses creditworthiness using fundamental credit analysis. Credit exposures are overseen by the Group Credit Committee, chaired by individuals who are independent from revenue generation functions.

The credit department monitors credit exposures daily and takes appropriate actions, such as requesting cash margin from clients when predetermined risk limits are reached or in the event of a significant deterioration in a client's credit profile. The Board's Risk Committee periodically reviews and discusses a summary of aggregated and individual credit exposures. There were minimal realised credit losses during the year, and future credit losses are expected to remain within the Group's Board-approved credit risk appetite. For more information, refer to notes 23 and 31 of the consolidated financial statements.

Risk management continued

Currency risk

The Group is exposed to foreign exchange risks due to the translation of financial results and net assets of its overseas subsidiaries and branches into pounds sterling. The major currencies, including USD, GBP and EUR, account for approximately 85% of the Group's revenue. The Group's Treasury function manages foreign exchange exposure through foreign exchange spot deals to convert profits into each entity's functional currency. To minimise volatility in converting USD profit from the FIG business to GBP, Group Treasury utilises USD hedges.

The Group's business activities involve brokering foreign exchange contracts, such as foreign currency spots, forwards, and options, to clients. The Group enters into back-to-back arrangements with liquidity providers, eliminating currency risk on these transactions.

The Group maintains bank balances and physical cash in several currencies and invoices and receives payments in these currencies, which exposes the Group to movements in foreign exchange rates on these balances. However, most of the effects of exchange rate changes on cash and cash equivalents are offset by exchange rate movements on the corresponding liability for client held funds.

Liquidity and financing risk

The Group needs sufficient liquidity to settle cash and derivative financial instrument contracts, and other short-term working capital requirements. This liquidity is generated through retained earnings as well as intra-day settlement and liquidity facilities provided by financial institutions that the Group has a long trading history with.

Clients are generally required to pay prior to making outward payments or receiving banknotes, and foreign exchange contracts entered into with clients are done so on a back-to-back basis.

There is no set liquidity requirement by the FCA for limited licence firms or payment services providers.

Compliance with regulatory liquidity requirements primarily involves maintaining robust systems and controls to manage the Group's liquidity profile and ensure sufficient liquid resources are maintained to meet business needs.

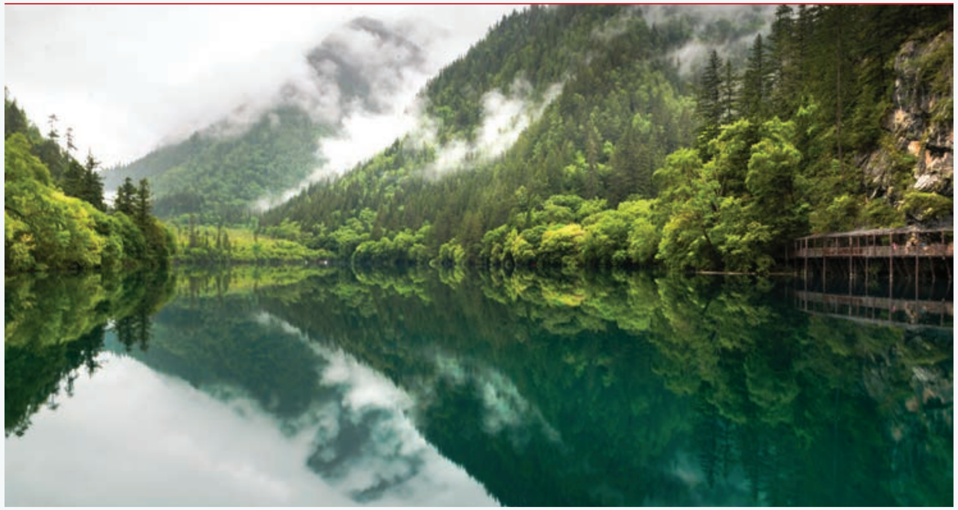
The wider Moneycorp Group has financing facilities in the form of shareholder loan notes and senior debt facilities, with covenants tested on a quarterly basis.

A dedicated team in London exclusively oversees treasury for all geographies and continues to enhance treasury management systems to increase the level of automation for treasury payments, monitoring and bank account management.

The Directors believe that these facilities, combined with other credit facilities and cash at bank, provide sufficient liquidity to meet the Group's funding requirements and to ensure all covenants are met.

Risk management continued

Climate-related risk



As the world focuses more on the impacts of climate change, governments, businesses, and stakeholders alike are increasingly prioritising it.

We understand our responsibility to our community and in 2022 implemented our climate and broader ESG policies. We are now in the process of establishing appropriate committees to gain a better understanding of the potential impact of climate-related risk on our business operations.

We aim to be prepared for any future mandatory reporting requirements.

→ Further details regarding our approach to climate and ESG can be found in Our approach to ESG on page 41.

Impact of the war in Ukraine on the Group's risk management

The Directors continue to monitor the current Ukraine conflict. Following the invasion on 24 February 2022, the Board reviewed all clients and transactions and confirmed full compliance with all applicable international sanctions. The Group ceased, and continues to cease, offering trades for currency pairs with Russian ruble (RUB) or Ukrainian hryvnia (UAH). All payments to parties on sanction lists, in any currency, were suspended indefinitely. The Group has implemented various additional compliance checks to mitigate any potential risk to the business and continue to assess for any potential impacts on the Group including demand for foreign currency products, change in credit risk of clients, and operational resilience. There was no adverse impact of the conflict on the Group's business performance during the year.

In addition to the key risks highlighted, the Directors acknowledge there are various other risks which have been reduced to an acceptable level including:

- Outsourcing risk
- Strategic risk
- Concentration risk

Governance report

Board of Directors

Highly experienced Board of Directors

Senior governance oversight from a board of industry-leading and qualified professionals

Alan Bowkett*
Chair
Appointed: 2020

Career and experience: Alan is an experienced Chair of international publicly listed and private equity backed companies operating in highly regulated markets. He has held previous CEO roles include Berisford plc, RHP Bearings and Boulton and Paul plc and has also held previous Chair roles at Norwich City FC, IDH Holdings, Redrow PLC, and Diaverum. Other current Chair roles include Cambridge Education Group, Ontic, and Evac Group.

Mark Horgan*
Executive Director – CEO
Appointed: 2012

Career and experience: Mark was appointed CEO of Moneycorp in 2012. Mark previously held the role of Managing Director of Travelex's Cards and Mobile Payments Division and European CEO of The Number UK (owner of 118 118 info. service). He served as Executive Director on the Board of MFI Group PLC from 1999 to 2005 and also held various marketing roles with Mars, Nestle and United Biscuits.

Velizar Tarashev*
Executive Director – CFO
Appointed: 2021

Career and experience: Velizar previously held the role of CFO at Barclays Private Bank, after 10 years at Barclays in various roles including Controller at Barclays International, Group Head of Business Performance & Analytics, and CFO of Global Operations & Technology. He has also held the role of Associate Director in the FIG investment banking practice of UBS.

Emma Alley
Executive Director – COO
Appointed: 2021

Career and experience: Emma is the Chief Operating Officer at Moneycorp. She leads a global team of 250 people and oversees Technology, Compliance Operations, Payment Operations, Supply Chain and Procurement. Emma joined Moneycorp in 2013, and her previous role was Head of Strategy & Financial Planning. Emma is a Chartered Accountant and has previously worked in Transaction Services at KPMG and Davy Stockbrokers.

Peter Green
Executive Director – General Counsel & CRCO
Appointed: 2021

Career and experience: Peter is Moneycorp's General Counsel and Chief Risk & Compliance Officer. He brings 30+ years' experience in senior roles in compliance, risk and regulatory. His previous experience includes MoneyGram International, where he served as their Global Head of Regulatory Affairs, as well as serving as General Counsel and Chief Compliance Officer at various blue-chip firms.

Board of Directors continued

David Yates
Vice Chair
Appointed: 2021

Career and experience: David was appointed Vice Chair in 2021. He brings more than 35 years of leadership expertise in the payments industry, with deep experience in successfully building and investing in payments and technology businesses on a global scale, having previously been President of Mastercard's New Payment Platforms. Prior to this David was the CEO and then Executive Chair of VocaLink.

Colin Buchan
Deputy Chair
Appointed: 2014

Career and experience: Colin is Deputy Chair of Moneycorp Group, and Chair of Moneycorp Bank. He previously held the role of Global Head of Equities and member of the UBS AG Management Board. Since retiring from UBS in 2001, he has held the role of Non-Executive Director at various financial institutions such as RBS and Standard Life Group. Colin is also currently Chair of the Scottish Chamber Orchestra.

Adam Jones*
Investor Director – Representative of BEIV Nominees Limited
Appointed: 2020

Career and experience: Adam is a Partner and the COO of Bridgepoint, Moneycorp's ultimate shareholder, and Group CFO of Bridgepoint Group plc. He joined Bridgepoint in 2018 and is a member of the Group Board and its Executive Committee. Prior to Bridgepoint, Adam held a number of CFO roles at various global organisations.

Edward Goble
Investor Director – Representative of BEIV Nominees Limited
Appointed: 2021

Career and experience: Edward is a Director at Bridgepoint. Edward has worked closely with Moneycorp throughout Bridgepoint's investment to date. He joined Bridgepoint's Financial Services and Technology team in 2014, having previously worked in the M&A teams at Goldman Sachs and Deutsche Bank.

Martin Clements
Non-Executive Director
Appointed: 2018

Career and experience: Martin joined Moneycorp as a Non-Executive Director in 2018 where he also chairs the Risk Committee. Originally trained in computer and natural sciences, Martin previously held the position of Director General Technology and Transformation at the UK Foreign and Commonwealth Office. Martin has chaired several Boards and acted as an advisor to global business leaders mainly in the defence technology, cybersecurity and financial services sectors.

David Shedd
Non-Executive Director
Appointed: 2018

Career and experience: David joined Moneycorp as a Non-Executive Director in 2018. He has over 30 years of national security expertise serving as part of the US government in a variety of senior intelligence roles. He previously held the role of Director of the Defense Intelligence Agency. He has also served as the inaugural Deputy Director and as the National Security Council's Special Assistant to the President.

All Directors are on the Board of Moneta Topco Limited, the ultimate Moneycorp Group holding company. Appointment dates reflect the date first appointed to the ultimate Moneycorp Group holding company.

* Are also Directors of Moneycorp Group Limited, the reporting company. These appointment dates are detailed on page 110.

Governance at a glance

Maintaining effective oversight

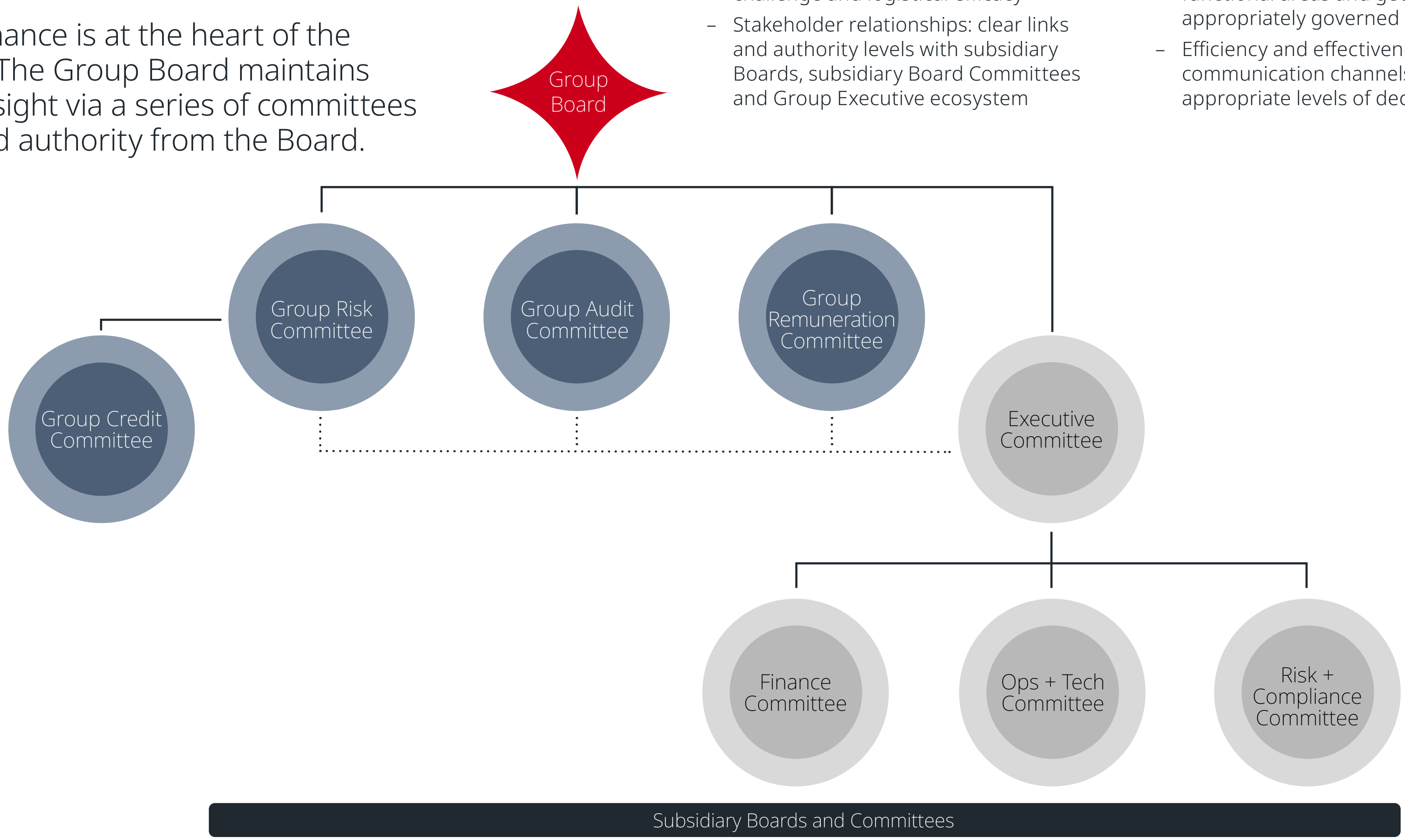
Strong governance is at the heart of the organisation. The Group Board maintains effective oversight via a series of committees with delegated authority from the Board.

Board and Board Committees:

- Corporate control and fiduciary responsibilities oversight: driven by clear, timely, transparent, and data-driven reporting (performance, accounts, audit, legal, regulatory, compliance)
- Strategy: definition, risk appetite, market and competitive landscape, talent and future-proofing
- Effectiveness: clear accountabilities, defined levels of approval, and a process/mechanism for escalation, independent challenge and logistical efficacy
- Stakeholder relationships: clear links and authority levels with subsidiary Boards, subsidiary Board Committees and Group Executive ecosystem

Executive Committee and sub-committees:

- Global decision making: ensure transparency, appropriate involvement and global adoption of strategy, implementation, operational matters and effectiveness
- Commerciality and entrepreneurialism: foster a spirit of commercial value creation and innovation
- Comprehensiveness and risk coverage: ensure all risks, business/product/functional areas and geographies are appropriately governed and monitored
- Efficiency and effectiveness: streamline communication channels, ensure appropriate levels of decision making



Roles of our Governance Committees

Committee	Role is to...	Meetings held in 2022
Group Risk Committee	– Review and monitor the Group's risk and compliance framework and to assess and make recommendations to the Board and the Group Executive Committee on Group-wide risks including financial, operational, IT/cyber and reputational risk. – As part of its responsibilities, the Committee reviews and monitors the Group's compliance with its internal policies as stipulated by the relevant Group policies, such as the Risk Management Policy, Information Security Policy and Compliance Manuals, on an ongoing basis.	4
Group Audit Committee	– Oversee and monitor the integrity of financial and narrative statements and any material financial judgements contained therein, to ensure they provide an accurate representation of the financial position of the Group. – In addition to this oversight role, the Committee monitors the independence and effectiveness of the external auditor and recommends to the Board (for its approval) appropriate terms of engagement. – As part of its responsibilities, the Committee reviews and monitors the Group's internal financial control framework, ensuring it is appropriate for the size and complexity of the business. Risk related to operations, governance, regulations, applicable laws and the Group's compliance with its internal policies is governed by the Risk Committee.	4
Group Remuneration Committee	– Assist the Board of Directors to fulfil its oversight responsibilities by reviewing and monitoring the Group's remuneration policy and strategy, to ensure it is designed to promote long-term sustainable success with a clear link to corporate and individual performance. This is achieved by ensuring that: (a) The remuneration policy and practices are designed to promote long-term success, reward fairly and responsibly and take into consideration corporate and individual performance; and (b) Remuneration is aligned to Moneycorp's purpose and values and linked to delivery of Moneycorp's long-term strategy.	Ad hoc as required; 5 meetings in 2022.
Group Credit Committee	– Review credit proposals that are outside the limits that can be decided by the Credit Department (as determined by Credit Policy). – Approve or decline credit proposals that are within the limits that can be decided by the Group Credit Committee (as determined by Credit Policy) or credit proposals that have been declined by the Credit Department and appealed by the relevant business unit. – Make recommendations to the Group Board for credit proposals that are outside the limits that can be decided by Group Credit Committee. – Discuss credit events or issues that the Credit Department or other business areas wish to present for consideration.	Weekly and ad hoc as required; 79 meetings in 2022.

Directors' report

The Directors present their report and the audited consolidated financial statements for Moneycorp Group Limited (the 'Company') and its subsidiaries (together the 'Group', trading as 'Moneycorp') for the year ended 31 December 2022. The Group financial statements comprise the consolidated financial statements of the Company, including its subsidiaries and associated undertakings as defined by International Financial Reporting Standards (IFRS) and International Accounting Standards.

Controlling interest

The holding company for the Group is Moneta Topco Limited (100% effective holding), a company incorporated and registered in Jersey, Channel Islands. The ultimate controller of Moneta Topco Limited is Bridgepoint Europe IV (Nominees) Limited.

The Group comprises of the Company and its subsidiaries as detailed in note 17 to the consolidated financial statements. Additionally, certain subsidiaries have branches in the UK, Spain, Romania and France.

Principal activities and outlook

The principal activities and outlook for the Group, including subsequent events, are discussed in the Strategic report.

Going concern assessment

The Directors assess the Group's going concern for a period of at least 12 months from the signing of the annual report and consolidated financial statements. The assessment has been undertaken by considering the risk factors and events arising subsequent to year end, outlined in the Strategic report.

In making this assessment the Directors considered:

- whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- whether post-balance sheet trading is in line with expectations;
- if the Group would be able to trade after the impact of a reasonable downside scenario on performance (stress testing);
- the adequacy of insurance cover;
- the continued parental support, including through shareholder loans;
- the continued availability of financing facilities and trading lines;
- complying with, or varying, covenant requirements of financing and facilities;
- the regulatory environment in which the Group operates; and
- the effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks.

Performance subsequent to the reporting date:

The performance for the Group for Quarter 1 2023 has been detailed below. Moneycorp Group has continued to perform well, and is keeping pace with performance from the prior year. This is as a result of the Group's established client base continuing to require a range of cross-border solutions.

For Quarter 1 2023 the Group reported gross income of £59,178k, an increase of 22% against Quarter 1 2022. EBITDA for the Group for Quarter 1 2023 was £19,182k which was up 23% on Quarter 1 2022.

Assessment:

As part of the going concern assessment the Directors have undertaken scenario planning to understand the impact on the EBITDA and cash flows. This assessment included various scenarios such as adverse movements to interest rates, inflation, foreign exchange rates and other macroeconomic factors from the 2023 budget, forecasted out for at least 12 months from the signing date of this report.

Even if these scenarios were to eventuate, they would not result in a material adverse impact and therefore the Directors have concluded that the Group could continue to operate as a going concern.

This is supported by the additional following factors:

- the diversity of the Group's operations, product offerings and client base assists in reducing the overall risk;
- the wider Moneycorp Group's existing senior debt facility was refinanced during the year, extending maturing out to 2029. Management continue to maintain positive ongoing relationships with the wider Moneycorp Group's lenders; and
- the agreed financial support from the ultimate controller to the Moneycorp Group in the form of short-term funding or increased equity funding in order to support operations.

The Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Independent auditors

BDO LLP have indicated their willingness to continue in office, and a resolution for them to be reappointed will be proposed at the next meeting of the Board of Directors.

By order of the Board

Velizar Tarashev

V Tarashev

Director
16 June 2023

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report/ annual report and the financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey law and International Financial Reporting Standards, of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law, 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Financial statements

Independent Auditor's report

to the members of Moneycorp Group Limited

Opinion on the financial statements
In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of the Group's results for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs); and
- have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

We have audited the financial statements of Moneycorp Group Limited ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 December 2022, which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

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

We have nothing to report in this regard.

Independent Auditor's report continued

Other Companies (Jersey) Law 1991 reporting

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which the Group operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies (Jersey) Law 1991 and relevant accounting standards.

We considered compliance with this framework through discussions with management and performed audit procedures on these areas as considered necessary. Our procedures involved enquiries with Management, review of the reporting to the directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

We focused on laws and regulations that could give rise to a material misstatement in the Group financial statements.

Our tests included, but were not limited to:

- We discussed among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. Furthermore, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- Testing of journal postings made during the year to identify potential management override of controls
- Review of minutes of board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kelly Sheppard

For and on behalf of BDO LLP
Chartered Accountants
London, UK
16 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

For the year ended 31 December 2022

	Note	2022 £000	2021 Restated* £000
Continuing operations			
Revenue	7	**219,855**	139,450
Direct expenses	8	**(66,395)**	(37,374)
Administrative expenses	9	**(106,265)**	(82,612)
Other income	10	**76**	75
Net foreign exchange gains/(losses)		**1,204**	(1,862)
Operating profit		**48,475**	17,677
Net finance costs			
Finance income	11	**40**	72
Finance costs	12	**(9,420)**	(8,147)
		(9,380)	(8,075)
Profit before tax		**39,095**	9,602
Tax charge	13	**(4,779)**	(4,376)
Profit for the year from continuing operations		**34,316**	5,226
Profit/(loss) from discontinued operations	19	**57**	(442)
Total profit for the year		**34,373**	4,784
Profit for the year is attributable to:			
Owners of the Company		**34,373**	4,728
Non-controlling interest		**–**	56
Total		**34,373**	4,784

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

The above statement should be read in conjunction with the accompanying notes on pages 65 to 103.

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Profit for the year		**34,373**	4,784
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to the consolidated income statement:			
Exchange gain/(loss) on translation of foreign operations	29	**2,270**	(929)
Other comprehensive income/(expense) for the year, net of tax		**2,270**	(929)
Total comprehensive income for the year		**36,643**	3,855
Total comprehensive income for the year is attributable to:			
Owners of the Company		**36,527**	3,808
Non-controlling interest		**116**	47
Total		**36,643**	3,855

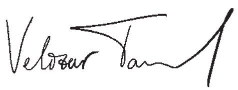
The above statement should be read in conjunction with the accompanying notes on pages 65 to 103.

Consolidated balance sheet

As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Goodwill and other intangible assets	14	**113,962**	107,091
Property, plant and equipment	15	**3,372**	2,654
Right-of-use assets	16	**6,941**	8,274
Net investment receivable	16	**195**	573
Deferred tax asset	24	**2,266**	–
		126,736	118,592
Current assets			
Cash and cash equivalents	21	**766,807**	774,658
Trade and other receivables	22	**1,245,670**	98,577
Prepayments		**2,031**	1,962
Derivative financial instruments	23	**91,409**	58,297
Net investment receivable	16	**375**	207
Current tax asset		**853**	680
		2,107,145	934,381
Total assets		**2,233,881**	1,052,973

The consolidated financial statements of Moneycorp Group Limited (incorporation number 92479) were approved by the Board of Directors and authorised for issue on 16 June 2023. They were signed on behalf of the Board by:



Velizar Tarashev
Director
16 June 2023

	Note	2022 £000	2021 £000
Non-current liabilities			
Borrowings	27	**(117,944)**	(103,978)
Lease liabilities	16	**(6,865)**	(8,605)
Deferred tax liability	24	**(1,669)**	(1,728)
		(126,478)	(114,311)
Current liabilities			
Trade and other payables	25	**(1,887,987)**	(792,856)
Provisions	26	**(1,296)**	(2,082)
Borrowings	27	**(25,417)**	(23,363)
Lease liabilities	16	**(2,108)**	(2,199)
Derivative financial instruments	23	**(78,013)**	(45,084)
Current tax liabilities		**(5,782)**	(3,076)
		(2,000,603)	(868,660)
Total liabilities		**(2,127,081)**	(982,971)
Net assets		**106,800**	70,002
Equity			
Share capital	29	**46,105**	46,105
Share premium		**17**	17
Capital contribution	27	**50,327**	50,327
Retained earnings/(accumulated losses)		**9,866**	(24,507)
Translation reserve	29	**52**	(2,102)
Share-based payment reserve	29	**433**	–
Non-controlling interest		**–**	162
Total equity		**106,800**	70,002

The above balance sheet should be read in conjunction with the accompanying notes on pages 65 to 103.

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Attributable to owners of the Company								
	Share capital £000	**Share premium £000**	**Capital contribution £000**	**(Accumulated losses)/ retained earnings £000**	**Translation reserve £000**	**Share-based payment reserve £000**	**Total £000**	**Non-controlling interest £000**	**Total equity £000**
Balance at 1 January 2021	46,105	17	50,327	(29,235)	(1,182)	–	66,032	115	66,147
Profit for the year	–	–	–	4,728	–	–	4,728	56	4,784
Other comprehensive expense	–	–	–	–	(920)	–	(920)	(9)	(929)
Total comprehensive income	–	–	–	4,728	(920)	–	3,808	47	3,855
Balance at 31 December 2021	46,105	17	50,327	(24,507)	(2,102)	–	69,840	162	70,002
Balance at 1 January 2022	**46,105**	**17**	**50,327**	**(24,507)**	**(2,102)**	**–**	**69,840**	**162**	**70,002**
Profit for the year	**–**	**–**	**–**	**34,373**	**–**	**–**	**34,373**	**–**	**34,373**
Other comprehensive income	**–**	**–**	**–**	**–**	**2,154**	**–**	**2,154**	**116**	**2,270**
Total comprehensive income	**–**	**–**	**–**	**34,373**	**2,154**	**–**	**36,527**	**116**	**36,643**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**433**	**433**	**–**	**433**
Removal of non-controlling interest on 100% acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(278)**	**(278)**
Balance at 31 December 2022	**46,105**	**17**	**50,327**	**9,866**	**52**	**433**	**106,800**	**–**	**106,800**

The above statement should be read in conjunction with the accompanying notes on pages 65 to 103.

Consolidated cash flow statement

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Net cash (used in)/generated from operations	30	**(42,526)**	143,663
Interest paid		**(68)**	(154)
Income tax refund received		**50**	10
Income tax paid		**(4,489)**	(4,023)
Net cash (outflow)/inflow from operating activities		**(47,033)**	139,496
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		**24**	9
Purchases of property, plant and equipment	15	**(1,500)**	(316)
Purchases of intangible assets		**(10,369)**	(6,718)
Investment in subsidiary	18	**(422)**	–
Disposal of subsidiary		**–**	(95)
Proceeds from net investment receivable		**256**	225
Net cash outflow from investing activities		**(12,011)**	(6,895)
Cash flows from financing activities			
Repayments of obligations under lease liabilities	16	**(2,721)**	(2,861)
Payments for share buy-backs		**(1,730)**	–
Net cash outflow from financing activities		**(4,451)**	(2,861)
Net (decrease)/increase in cash and cash equivalents		**(63,495)**	129,740
Cash and cash equivalents at the beginning of the year		**751,295**	630,844
Effects of exchange rate changes on cash and cash equivalents	30	**53,590**	(9,289)
Cash and cash equivalents at the end of the year	21	**741,390**	751,295

The above statement should be read in conjunction with the accompanying notes on pages 65 to 103.

Notes to the financial statements

For the year ended 31 December 2022

1. GENERAL INFORMATION

Moneycorp Group Limited ('the Company') is a private limited company limited by shares, incorporated in Jersey under the Companies (Jersey) Law 1991. The address of the registered office is given in the contact details on page 110. The nature of operations and the principal activities of the Company and its subsidiaries (together 'the Group', trading as 'Moneycorp') are set out in the Strategic Report on pages 2 to 50 and note 17.

2. BASIS OF PREPARATION

Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

Historical cost convention

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs on the fair value measurement in its entirety. Refer to note 23 for details over each level.

Going concern basis

The Directors assess the Group's going concern for a period of at least 12 months from the signing of the annual report and financial statements. The assessment has been undertaken by considering the risk factors and events arising subsequent to year end, outlined in the Strategic report.

In making this assessment the Directors considered:

- whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- whether post-balance sheet trading is in line with expectations;
- if the Group would be able to trade after the impact of a reasonable downside scenario on performance (stress testing);
- the adequacy of insurance cover;
- the continued parental support, including through shareholder loans;
- the continued availability of financing facilities and trading lines;
- complying with, or varying, covenant requirements of financing and facilities;
- the regulatory environment in which the Group operates; and
- the effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks.

The performance for the Group for Quarter 1 2023 has been detailed in the going concern section of the Directors' Report. The Group has continued to perform well, and ahead of scenario planning detailed below.

As part of the going concern assessment the Directors have undertaken scenario planning to understand the impact on the EBITDA and cash flows. This assessment included various scenarios such as adverse movements to interest rates, inflation, foreign exchange rates and other macroeconomic factors from the 2023 budget, forecasted out for at least 12 months from the signing date of this report.

Even if these scenarios were to eventuate, they would not result in a material adverse impact and therefore the Directors have concluded that the Moneycorp Group could continue to operate as a going concern.

Notes to the financial statements continued

2. BASIS OF PREPARATION continued

This is supported by the following factors:

- the diversity of the Group's operations, product offerings and client base assist in reducing the overall risk;
- the wider Moneycorp Group's existing senior debt facility was refinanced during the year, extending maturing out to 2029. Management continue to maintain positive ongoing relationships with the wider Moneycorp Group's lenders; and
- the agreed financial support from the ultimate controller in the form of short-term funding or increased equity funding in order to support operations.

The Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries are 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the costs of purchase on initial recognition of an investment in an associate or jointly controlled entity.

Comparative numbers

Discontinued operations

As a result of the exit of all remaining retail operations during the year, comparative balances in the consolidated income statement and corresponding notes have been restated to meet the disclosure requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Refer to note 19 for further details.

There have been no changes to the reported profit after tax or overall net asset positions presented within the primary statements as a result of the above presentation changes. Certain other prior year comparatives within the notes to the financial statements have been updated to reflect current year presentation.

3. NEW AND REVISED STANDARDS ADOPTED IN THE CURRENT YEAR

The Group has adopted the following standards and amendments for the first time for the annual reporting year commencing 1 January 2022:

Standard	New standard/ amendment
IAS 16 *Property, Plant and Equipment* – new guidance on proceeds before intended use	Amendment
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – clarification of onerous contract costs definition	Amendment
IFRS 3 *Business Combinations* – updates references to revised 2018 Conceptual Framework	Amendment
Annual Improvements to IFRS Standards 2018-2020: IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IFRS 1 *First time Adoption of IFRS* and IFRS 4 *Agriculture*	Amendment

None of these developments have had a material effect on how the Group's consolidated income statement or consolidated balance sheet for the current or prior period have been prepared or presented.

Notes to the financial statements continued

4. NEW AND REVISED STANDARDS NOT YET ADOPTED

Certain new standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Group.

Standard	New standard/ amendment	Effective for annual reporting periods beginning on or after:
IFRS 17 *Insurance Contracts*	New	1 January 2023
IAS 1 *Presentation of Financial Statements*	Amendment	1 January 2023
IFRS 16 *Leases*	Amendment	1 January 2024
IAS 1 *Presentation of Financial Statements*	Amendment	1 January 2024
IAS 28 *Investments in Associates and Joint Ventures*	Amendment	Yet to be advised
IFRS 10 *Consolidated Financial Statements*	Amendment	Yet to be advised

None of the above standards that are not yet effective are expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below. These policies have been consistently applied to both years presented unless otherwise stated.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date values for the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) regarding facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that does not qualify as a measurement period adjustment, depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments,* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in the consolidated income statement.

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in pounds sterling (GBP), which is the Company's functional and presentation currency, and have been rounded to the nearest thousand pounds, except when otherwise indicated. Foreign operations are consolidated in accordance with the policies set out in note 2 and the below.

Foreign currencies

The individual financial statements of each company within the Group are presented in their functional currency. For the purpose of the consolidated financial statements, the results and financial position of each company are expressed in pounds sterling (GBP), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, trading transactions denominated in currencies other than the entity's functional currency (foreign currencies) are translated at the exchange rates prevailing on the dates of the transactions.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at year end exchange rates. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Notes to the financial statements continued

5. SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currencies continued

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates to the functional currency, are recognised in the income statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to the Group's presentation currency, at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Intangible assets

Goodwill

Goodwill is initially recognised and measured as set out in 'business combinations' above.

Goodwill is not amortised but is tested for impairment. For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units (see note 14). Cash-generating units (CGUs), to which goodwill has been allocated, are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated firstly to reduce the carrying amount of any goodwill allocated to the unit and secondly to the other assets of the unit pro-rated on the basis of the carrying amount of each asset in the unit. An impairment loss recognised on goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Customer relationships

Customer relationships recognised upon business combinations are accounted for at fair value at the acquisition date and amortised on a straight line basis over the term, or expected term, of the relationships.

Computer software

Costs associated with the research phase of internally developed software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products are recognised as intangible assets when they meet the recognition criteria in IAS 38 *Intangible assets*.

Externally acquired computer software and configuration costs are capitalised on the basis of the costs incurred to acquire and bring the assets to use.

Capitalised software costs are recorded as intangible assets and amortised on a straight line basis over their estimated useful lives from the point in which the asset is ready for use. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, such as maintenance of software programmes, is expensed as incurred.

Estimated useful lives of intangible assets are as follows:

Customer relationships	2-19 years
Computer software	4-10 years

Impairment of intangible assets

For intangible assets with finite lives, assets are tested for impairment when there are any indicators that the carrying amount of the assets cannot be recovered. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the consolidated income statement.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use. Depreciation is recognised to write down the cost or valuation, less their residual value, of assets over their useful lives using the straight-line method, on the following bases:

Motor vehicles	4 years
Fixtures and fittings	4-10 years
Computer equipment	4-5 years

Leasehold properties are depreciated over the period of the leases. Improvements to leased properties, including fixtures and fittings and computer equipment, are depreciated over the expected life of those improvements/assets, or period of the lease, whichever is more reflective of the expected economic life of the asset.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the financial statements continued

5. SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment continued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments, and are initially recognised when the Group becomes party to the contractual provisions of the instrument.

Classification:

The Group classifies its financial assets and liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

Recognition and derecognition:

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. All financial instruments are initially measured at fair value adjusted for transaction costs.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or they expire.

The Group classifies its instruments based on the Group's business model for managing the financial assets and liabilities and the contractual terms of the cash flows. The Group's financial assets and liabilities are managed and their performance evaluated on a fair value basis.

Financial assets at amortised cost

Cash and cash equivalents

Cash and cash equivalents comprise of cash, including physical banknotes and cash in transit/allocated to client orders, and funds held in short-term bank deposits with an original maturity of three months or less, including overnight money-market funds. The carrying amount of these assets is approximately equal to their fair value. Any overdrawn bank accounts are presented separately on the consolidated balance sheet within borrowings.

Trade and other receivables

Trade and other receivables relate primarily to unpaid client orders for physical banknotes and payment service receivables, for unsettled client trades and option premiums. They are recognised at original contract value and subsequently measured at amortised cost, using the effective interest method, less loss allowance.

Impairment of financial assets at amortised cost

At the reporting date the Group measures a loss allowance on financial assets other than those at fair value through profit or loss. The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all financial assets at amortised cost regardless of if the credit risk has increased significantly since initial recognition or not. The amount of the loss allowance on financial assets is recognised in the consolidated income statement within direct expenses.

For trade and other receivables, balances are written off against the net impairment loss where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a counterparty to engage in a repayment plan with the Group or the counterparty entering bankruptcy or financial reorganisation. Subsequent recoveries of amounts previously written off are credited against the same line item within direct expenses.

Given the high credit quality and short-term nature of the financial assets measured at amortised cost, the Group does not anticipate any material expected credit losses to be applicable for these assets.

Notes to the financial statements continued

5. SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities at amortised cost

Borrowings

Borrowings are initially measured at fair value less attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, with any interest expense recognised on an effective interest basis.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other payables

Trade and other payables, including accruals, represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the balance sheet date. They are recognised initially at original invoice value, contract value or expected contract value being the best estimate of fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables largely comprise the Group's obligation to businesses (including central banks) in regard to physical banknotes ordered but not yet delivered, or purchased and not yet paid for, at the balance sheet date. They are recognised at the value of the cash consideration to be delivered/paid being the best estimate of fair value.

Also included in trade and other payables is the Group's obligation to individuals and businesses in regard to outstanding client balances. They are recognised at the value of the cash consideration received being the best estimate of fair value.

Financial assets and liabilities at fair value

Derivative financial instruments

The Group enters into a variety of derivative financial instruments for trading purposes acting as a broker in the provision of foreign exchange spot, forward and option contracts to businesses and individuals. In addition, a small number of derivative financial instruments are entered into to manage exposure to the Group's foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the consolidated income statement within revenue. Further details regarding the fair value measurement and valuation process of derivative financial instruments are disclosed in note 23.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Derivative financial instruments are held for trading and as such are presented as a current asset or a current liability, irrespective of the contractual maturity date.

Share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue

A summary of the Group's revenue streams is provided below:

Payments – Corporate and Private

Revenue from the Payments – Corporate and Private businesses primarily consists of the margin earned between the buying and selling price of currencies sold in foreign exchange spot, forward and option contracts. As these contracts are classed as financial instruments, revenue is recognised based on the requirements of IFRS 9 *Financial Instruments*. Revenue is recognised on trade date and presented as a net gain on financial instruments held at fair value through profit or loss.

A fixed fee is charged to clients who trade lower amounts of currency in their international payment transactions. Payment of the fixed fee is due when the client makes the transaction. Payment service transactions generally have only one performance obligation and revenue is recognised at the point in time when control of the foreign currency purchased is transferred to the client, in line with the requirements of IFRS 15 *Revenue from Contracts with Customers*.

Option premium revenue is earned from entering into option contracts with either banks or clients. Revenue is earned regardless of if an option is exercised or not. There is one agreed transaction price and it is wholly allocated to one performance obligation. Revenue is recognised at the point in time when the contract is entered into, with payment received subsequently as outlined on the contract.

Clients are also able to buy currency and load it onto a card. Prepaid card revenue is earned and recognised when the client buys the currency to load onto a card. Revenue is also earned when the client uses the card for POS transactions, ATM withdrawals, cash outs and money transfers or incurs inactivity charges. Fees vary depending on the transaction and are either fixed or a percentage of the transaction amount. Prepaid card revenue has one performance obligation and is recognised at the point in time when the transaction is made, generally when the client spends or withdraws.

Notes to the financial statements continued

5. SIGNIFICANT ACCOUNTING POLICIES continued

Revenue continued

Payments – FI – Moneycorp Bank

Moneycorp Bank offers payment and foreign exchange services to businesses and individuals, prepaid cards and deposit account products. As such, revenue is similar in nature to Payments – Corporate and Private detailed above.

Additionally, fee revenue was earned during the year from providing cash consignment stock facilities; however, this offering has ceased at year end.

Payments – FI – Financial Institutions Group (FIG)

The FIG business is the payments gateway to the Federal Reserve Bank of New York (FRBNY) and provides money services by supplying and purchasing banknotes to/from businesses (including central banks). Revenue represents the commission charges on such services as well as any margin earned between the buying and selling price of foreign currency banknotes. There is only one performance obligation associated with FIG commission revenue which is recognised at the point in time when the currency is delivered to/collected from the client.

Finance income and costs

Interest paid to lenders in relation to the Group's borrowings from related parties is recorded within finance costs. Additionally, the Group classifies interest charged on its operating bank accounts, as well as other costs associated with the management of cash and cash equivalents and debt, such as interest on lease liabilities, as finance costs.

Interest earned and paid on client held funds forms part of the general operations of the Group and hence is presented as part of revenue and direct expenses respectively.

Leases

The Group leases various office spaces. Lease terms are negotiated on an individual basis and can often contain a wide range of different terms and conditions. The Group assesses whether a contract is, or contains, a lease at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Lease payments for these leases are recognised on a straight-line basis as an expense in the consolidated income statement.

For contracts where the supplier has substantive rights to substitute the asset throughout the period of use, these do not meet the definition of a contract that contains a lease under IFRS 16 *Leases* and as such payments are recognised as an expense in the consolidated income statement in the period in which they are incurred.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentives;
- variable lease payments that are based on an index or a rate;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- payments to be made under extension options when it is reasonably certain that the Group will extend the lease.

The lease liability is initially measured at the present value of the above lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used. This is determined to be the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term changes, or there is a change in the assessment of exercising a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a recalculated discount rate; or
- the lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Net investment receivables are recognised in relation to any sublease of property where the Group holds the head lease on the consolidated balance sheet as a lease liability. The net investment receivable is initially measured at the present value of the future lease receipts that are not received at the commencement date, discounted using the same rate used for the head lease. The net investment receivable is subsequently measured by increasing the carrying amount to reflect interest on the asset (using the effective interest method) and by reducing the carrying amount to reflect the lease payments received.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, adjusted for any net investment receivable, plus lease payments made at or before the commencement date and any initial direct costs. They are depreciated over the lease term or useful life of the underlying asset, whichever is shorter. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Notes to the financial statements continued

5. SIGNIFICANT ACCOUNTING POLICIES continued

Employee entitlements

Employee entitlements for salaries and wages, bonuses, annual leave and other similar benefits are recognised in the consolidated income statement when they accrue to employees.

Liabilities for salaries and wages, including non-monetary benefits, which are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured using the amounts expected to be paid. The liabilities are presented as current employee related payables within trade and other payables on the consolidated balance sheet.

Share-based payments

The Group accounts for share-based payments in accordance with the requirements of IFRS2 *Share-based Payment*, taking into consideration the features of each arrangement. The movement in cumulative charges since the previous balance sheet date is recognised in the consolidated income statement, with a corresponding entry in equity for equity-settled schemes.

The Group has three separate share-based payment schemes where employees could receive Company B shares being: Employee Shareholder share (ESS) scheme, Non-ESS and Employee Benefit Trust (EBT).

Pensions defined contribution scheme

The Group operates defined contribution schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

Obligations for contributions to the schemes are recognised as an expense in the consolidated income statement as they fall due. The liability for contributions owing by the Group to the funds at year end are disclosed in note 28 and are included within trade and other payables on the consolidated balance sheet.

Provisions

Provisions are recognised when it is probable that a present obligation will lead to an outflow of economic resources from the business. A present obligation arises from the presence of a legal or constructive commitment as a result of past events. Where possible outflows from the business are considered improbable, that is considered a contingent liability and no liability is recognised.

Taxation

The income tax expense or credit for the year is the tax payable (or receivable) on the current year's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The tax currently payable is based on taxable profit/(loss) for the year. Taxable profit/(loss) differs from net profit/(loss) as reported in the consolidated income statement as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that are enacted, or substantively enacted, in the countries where the Company and its subsidiaries operate and generate taxable income at the balance sheet date.

Deferred tax

Deferred tax assets and liabilities are recognised where temporary differences arise between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit/(loss). Deferred tax assets are recognised only if it is probable that future taxable profit will be available to utilise those temporary differences and losses.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit/(loss) nor the accounting profit/(loss).

The amount of the asset or liability is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred liability is settled.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all, or part of, the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the consolidated income statement, except when they relate to items that are recognised in other comprehensive income, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the financial statements continued

5. SIGNIFICANT ACCOUNTING POLICIES continued

Related parties

Transactions between the Moneycorp Group (see note 36 for definition of the Moneycorp Group) and its subsidiaries, meet the definition of a related party transaction. Transactions between the Company and its subsidiaries also meet the definition of related party transactions. For the Group financial statements these are eliminated on consolidation (see note 2 for further details).

Key management personnel, and persons connected with them, are also considered to be related parties. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

Transactions between the Group and entities who are not members of the Moneycorp Group, but are connected via common control, are also deemed to be related parties.

Related party transactions are disclosed in note 35.

Transfer pricing

Transfer pricing is a global requirement to price transactions between related parties on an arm's length basis. This is now a legal requirement for tax, audit and regulatory reporting in most countries. The aim of transfer pricing is to prevent multinational enterprises from shifting profits between tax jurisdictions in order to artificially reduce the amount of taxes payable. The introduction of a global minimum tax rate (OECD Pillar II) is imminent, which will force all multinationals (including Moneycorp) to implement transfer pricing regardless of company size. The Group has implemented this procedure in 2022 to avoid a rushed adoption at a later stage and to allow time to refine our internal processes accordingly. The performance of the Group includes recharges to and from other entities in the Moneycorp Group for shared costs on an arm's length basis using a recognised cost plus a mark-up methodology with externally reviewed benchmark rates that are standardised across the Group.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 5, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

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

Provisions and contingent liabilities

Provisions can arise from time to time in relation to ongoing litigation and contractual obligations.

In regard to ongoing litigation, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its consolidated financial statements.

Provisions are measured based on management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar legal proceeding, if any. Where the probability of outflow is considered to be remote, or probable but a reliable estimate cannot be made, a contingent liability is disclosed. Significant judgement is required to conclude on these estimates.

Transfer pricing

As outlined in note 5, the Group has implemented a global transfer pricing policy that results in the recharging of shared revenue/costs on an arm's length basis across entities in the Moneycorp Group. Management have applied judgement in the implementation of the Group policy, primarily in relation to the determination of the cost and allocation base. The transfer pricing charges have been determined using a recognised cost plus mark-up methodology, which has been standardised across the Group. These have then been allocated across the Group entities based on an appropriate allocation base of the cost incurred, such as trading flows. Both key judgements have been determined based on engagements with independent expert consultants.

Key sources of estimation uncertainty

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

Capitalisation of intangible assets

Development expenditure represents costs incurred in relation to the internal development of various computer software projects to support the services and products of the Group. Management exercises judgement in determining which development costs meet the IAS 38 *Intangible Assets* criteria for capitalisation and lead to future economic benefits sufficient to recover the costs capitalised.

Notes to the financial statements continued

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY continued

Key sources of estimation uncertainty continued

Capitalisation of intangible assets continued

This includes estimates as to the amount of time spent directly on development of new software or significant improvement of the existing systems. The capitalised assets are amortised over the useful economic lives of these assets.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use and the fair value less cost to sell of the CGUs to which goodwill has been allocated. These calculations require the Group to estimate the future cash flows expected to arise from each CGU as well as a suitable discount rate in order to calculate present value under the value-in-use methodology. In calculating the fair value less costs to sell, identifying suitable comparable companies, when determining an appropriate valuation multiple, involves a level of judgement. Refer to note 14 for details over the goodwill impairment assessment including key judgements and assumptions made.

Fair value measurements and valuation processes

Derivative financial assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available (Level 1). Foreign currency forwards and options are considered to be Level 2 as the fair value measurements are derived from inputs other than quoted prices that are directly or indirectly observable.

The fair value of derivative financial assets and liabilities are stated after adjustments to reflect counterparty credit risk. Information about the valuation techniques and inputs used in determining the fair value, including adjustments for credit risk, are disclosed in notes 23 and 31.

The Group recognises derivative financial assets when counterparty positions are out of the money (from the perspective of the counterparty). Derivative financial liabilities are recognised by the Group when counterparty positions are in the money (from the perspective of the counterparty).

Counterparty credit risk adjustments on derivative financial assets are recorded in the consolidated income statement. To prevent an accounting mismatch, the Group has elected to recognise credit risk adjustments on derivative financial liabilities also in the consolidated income statement, rather than in other comprehensive income.

The key judgements for counterparty credit risk adjustments are the credit ratings which are assigned internally by the Group Credit Department to counterparties and the corresponding default rate assigned to each credit rating. Further judgements are made in regard to the default rate assigned to the Group, which is applied to derivative financial liabilities in order to reflect the possibility of default by the Group. See note 23 for further details.

Impairment of financial assets at amortised cost

Under IFRS 9, a forward-looking impairment model, based on expected credit losses (ECLs), applies to financial assets held at amortised cost. ECLs are probability-weighted estimates of credit losses. In calculating this ECL allowance, the Group considers information about past events and current conditions as well as supportable information about future events and economic conditions. In addition, for loans to which the three-stage general model of impairment is applied, judgement is required to determine which indicators represent a significant increase in credit risk and thereby trigger the recognition of a lifetime ECL allowance. See note 31 for further details.

Taxation and deferred taxation

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest budget forecasts. Forecasts are adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit, and expectations regarding future financing costs. The tax rules in the numerous jurisdictions in which the Group operate are also carefully taken into consideration.

If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances. See note 24 for details of deferred tax balances.

Deferred taxation assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. The Directors have made an assessment of how much is expected to be utilised against future taxable income based on future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

Fair value of equity settled share-based payments

At each measurement date the Group reviews internal and external sources of information to assist in the judgement of various attributes to determine the fair value of the share-based awards granted, including but not limited to the fair value of the underlying shares, expected life and EBITDA multiples. As the ultimate holding company of the Moneycorp Group is a private company, the sources utilised to determine those attributes at the date of measurement are subjective in nature and require judgement in applying such information to the share valuation models. Many factors and assumptions may be used during this assessment. If any of the assumptions used to determine the fair value of the share-based payments awards change significantly, share based payment expense may differ materially in the future from that recorded at the current reporting date.

Notes to the financial statements continued

7. REVENUE

The Group derives revenue primarily from the provision of foreign exchange services at a point in time in the following major revenue streams:

2022	Payments – Corporate & Private £000	Payments – FI: FIG £000	Payments – FI: Moneycorp Bank £000	Total £000
Revenue earned from financial instruments				
Net gain/(loss) on financial instruments held at fair value through profit or loss**	100,117	(1,641)	2,942	101,418
	100,117	(1,641)	2,942	101,418
Revenue from contracts with customers				
Commission and margins	–	103,271	–	103,271
Option premium	10,083	–	122	10,205
Fees and charges	1,511	–	915	2,426
Prepaid cards	355	–	–	355
	11,949	103,271	1,037	116,257
Other				
Operating interest income	817	–	1,363	2,180
	817	–	1,363	2,180
Total revenue	112,883	101,630	5,342	219,855

2021 (Restated)*	Payments – Corporate & Private £000	Payments – FI: FIG £000	Payments – FI: Moneycorp Bank £000	Total £000
Revenue earned from financial instruments				
Net gain/(loss) on financial instruments held at fair value through profit or loss**	80,121	(108)	2,174	82,187
	80,121	(108)	2,174	82,187
Revenue from contracts with customers				
Commission and margins	–	45,971	–	45,971
Option premium	8,330	–	–	8,330
Fees and charges	1,142	–	992	2,134
Prepaid cards	647	–	–	647
	10,119	45,971	992	57,082
Other				
Operating interest income	181	–	–	181
	181	–	–	181
Total revenue	90,421	45,863	3,166	139,450

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

** As outlined in note 5, net gain/(loss) on financial instruments held at fair value through profit or loss represents the margin revenue earned between the buying and selling price of currencies sold in foreign exchange spot, forward and option contracts.

Notes to the financial statements continued

8. DIRECT EXPENSES

Direct expenses comprise the following:

	2022 £000	2021 Restated* £000
Cash-in-transit security costs	**41,169**	18,036
Third-party commissions	**12,985**	11,788
Bank charges	**7,363**	6,128
Transaction fees	**3,547**	1,222
Impairment loss/(gain) recognised on financial assets (see note 31)	**878**	(2)
Operating interest paid on client held funds	**453**	202
	66,395	37,374

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

The most material expense in 2022 was cash-in-transit security costs. This represents the costs paid to third-party security/courier firms, who are used to transport banknotes to and from clients in relation to the Group's FIG business.

9. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2022 £000	2021 Restated* £000
Staff costs (see note 9a)		
Wages and salaries	**45,002**	37,388
Social security costs	**3,048**	2,717
Pension costs (see note 28)	**1,281**	1,082
Other personnel costs	**5,568**	3,060
Group recharge of staff costs from related parties	**1,717**	–
	56,616	44,247

	2022 £000	2021 Restated* £000
Depreciation, amortisation, impairment and loss on disposal		
Amortisation of intangible assets (see note 14)	**8,205**	7,463
Impairment of intangible assets (see note 14)	**–**	1,080
Loss on disposal of intangible assets (see note 14)	**543**	509
Depreciation of property, plant and equipment (see note 15)	**763**	846
Loss on disposal of property, plant and equipment (see note 15)	**14**	63
Depreciation of right-of-use assets (see note 16)	**1,767**	1,718
Impairment of right-of-use assets (see note 16)	**–**	44
	11,292	11,723
Other expenses		
IT support and maintenance	**6,546**	5,084
Legal and professional fees	**6,240**	4,418
Irrecoverable value-added tax	**3,845**	2,489
Travel and entertainment	**2,469**	668
Advertising and marketing	**2,268**	2,268
Property expenses	**1,556**	1,411
Communications	**1,538**	1,270
Auditors' remuneration (see note 9b)	**1,080**	667
Insurance	**953**	726
Forgiveness of debt with discontinued operations	**420**	–
Operating lease rentals	**246**	200
Other administrative costs	**887**	634
One-off costs (see note 9c)	**10,309**	6,938
Group recharge of costs to discontinued operations	**–**	(131)
	38,357	26,642
Total administrative expenses	**106,265**	82,612

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

Notes to the financial statements continued

9. ADMINISTRATIVE EXPENSES continued

9a. Staff costs

	2022 Number	2021 Restated* Number
The average monthly number of employees (including executive directors) was:		
Management and administration	**147**	157
Operations	**374**	338
Total average number of employees	**521**	495

	2022 £000	2021 Restated* £000
Their aggregate remuneration comprised:		
Wages and salaries	**46,719**	37,388
Social security costs	**3,048**	2,717
Other pension costs (see note 28)	**1,281**	1,082
Share-based payments (see note 9c)	**1,444**	–
Cost of living payment (see note 9c)	**1,014**	–
Total remuneration	**53,506**	41,187

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

As at 31 December 2022, the total number of employees was 609 (2021: 500).

9b. Auditors' remuneration

The analysis of the auditors' remuneration included within administrative expenses is as follows:

	2022 £000	2021 Restated* £000
Fees paid to the Company's auditors and their associates		
Audit of the Company's annual financial statements	**56**	19
Audit of the prior year Company financial statements – incurred in the current year	**38**	–
Audit of the Company's subsidiaries annual financial statements	**641**	361
Audit of the prior year Company's subsidiaries annual financial statements – incurred in the current year	**60**	2
Total audit fees to the Company's auditors	**795**	382
Other non-audit fees		
Other assurance services – client money	**91**	49
Agreed upon procedures – Payment Services Directive reporting	**3**	3
Non-assurance engagement – valuation	**–**	16
Non-assurance services – tax workbook	**14**	–
Total non-audit fees to the Company's auditors	**108**	68
Total fees to the Company's auditors	**903**	450
Audit fees to other auditors of subsidiary companies	**177**	217
Total fees to auditors	**1,080**	667

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

Notes to the financial statements continued

9. ADMINISTRATIVE EXPENSES continued

9c. One-off costs

One-off costs can be categorised as follows:

	2022 £000	2021 Restated* £000
Restructuring of shareholders including share buy-back	**2,308**	–
Department restructuring and related costs	**2,043**	–
Share-based payments (see note 29)	**1,444**	–
One-off provisions and related legal fees	**1,296**	355
Cost of living payment	**1,014**	–
Dual running	**701**	1,182
Business closure costs	**384**	–
Corporate initiatives	**380**	–
Refinancing	**297**	770
Strategic initiatives	**228**	419
Other	**214**	299
Staff costs	**–**	2,206
Loss resulting from external fraud (see note 33)	**–**	1,631
Regulatory set up costs	**–**	64
Business acquisition or set-up, and integration, costs	**–**	12
	10,309	6,938

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

10. OTHER INCOME

	2022 £000	2021 £000
Rental income	**76**	75
	76	75

11. FINANCE INCOME

	2022 £000	2021 £000
Net investment interest (see note 16)	**40**	72
	40	72

12. FINANCE COSTS

	2022 £000	2021 Restated* £000
Bank interest	**68**	8
Related party interest to parent company (see note 27)	**8,801**	7,503
Lease liability interest (see note 16)	**551**	636
	9,420	8,147

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

Notes to the financial statements continued

13. TAX CHARGE

	2022 £000	2021 £000
Corporation tax:		
Current year charge	**7,912**	4,236
(Over)/under provision in respect of prior years	**(724)**	179
	7,188	4,415
Deferred tax (see note 24):		
Current year credit	**(2,409)**	(1,304)
Under provision in respect of prior years	**–**	997
Effect of change in corporation tax rate on deferred tax balances	**–**	268
Total tax charge for the year	**4,779**	4,376

Corporation tax is calculated at 19.00% (2021: 19.00%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. See note 24 for details regarding amendments to the UK corporation tax rate after the balance sheet date.

The total tax charge for the year can be reconciled to the profit in the consolidated income statement as follows:

	2022 £000	2021 Restated* £000
Profit before tax on continuing operations	**39,095**	9,602
Tax at the UK corporation tax rate of 19.00% (2021: 19.00%)	**7,428**	1,824
Tax effect of expenses that are not deductible	**882**	556
(Over)/under provision in respect of prior years	**(724)**	1,176
Utilisation of unrecognised deferred tax brought forward	**(2,456)**	–
Movement in tax losses where no deferred tax is recognised	**(174)**	272
Effect of change in corporation tax rate	**(323)**	268
Tax effect of capital allowances	**–**	(221)
Effect of entities operating in other jurisdictions with different tax rates	**(941)**	15
Group relief from discontinued operations	**–**	(27)
Group relief given	**1,087**	513
Total tax charge for the year	**4,779**	4,376

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

Notes to the financial statements continued

14. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill £000	Customer relation-ships £000	Computer software £000	Total £000
At 1 January 2021				
Cost	81,650	21,768	31,773	135,191
Accumulated depreciation and impairment	–	(7,553)	(18,117)	(25,670)
Carrying amount	81,650	14,215	13,656	109,521
Year ended 31 December 2021				
Opening carrying amount	81,650	14,215	13,656	109,521
Additions	–	–	6,597	6,597
Net disposals	(64)	(90)	(509)	(663)
Amortisation charge	–	(2,295)	(5,168)	(7,463)
Exchange differences	94	90	(5)	179
Impairment charge	(1,080)	–	–	(1,080)
Closing carrying amount	80,600	11,920	14,571	107,091
At 31 December 2021				
Cost	80,600	21,321	37,851	139,772
Accumulated amortisation and impairment	–	(9,401)	(23,280)	(32,681)
Carrying amount	80,600	11,920	14,571	107,091

	Goodwill £000	Customer relation-ships £000	Computer software £000	Total £000
Year ended 31 December 2022				
Opening carrying amount	**80,600**	**11,920**	**14,571**	**107,091**
Additions	**144**	**–**	**11,370**	**11,514**
Net disposals	**–**	**–**	**(543)**	**(543)**
Amortisation charge	**–**	**(2,498)**	**(5,707)**	**(8,205)**
Exchange differences	**2,822**	**1,272**	**11**	**4,105**
Closing carrying amount	**83,566**	**10,694**	**19,702**	**113,962**
At 31 December 2022				
Cost	**83,566**	**23,482**	**47,310**	**154,358**
Accumulated amortisation and impairment	**–**	**(12,788)**	**(27,608)**	**(40,396)**
Carrying amount	**83,566**	**10,694**	**19,702**	**113,962**

The computer software carrying amount of £19,702k (2021: £14,571k) primarily comprises internally generated software.

Cash-generating units (CGUs)

For the year ended 31 December 2022, Management has identified that there are six CGUs:

- *1-4: Payments Corporate and Private:* This business providing a range of products including cross-border payments, spot trades, hedging and derivative solutions to corporate and private clients. The business is split into four CGUs based on geographic regions being UK, Europe, North America and Brazil.
- *5: Payments FI – FIG:* Acts as the payments gateway to the FRBNY by supplying and purchasing banknotes to a range of commercial and central banks internationally.
- *6: Payments FI – Moneycorp Bank:* This business provides a range of cross-border payment services to clients as well as having a small deposit base.

In the prior year there were eight CGUs: Payments – UK, Payments – Europe, Payments – North America, Payments – Brazil, Advisory, FIG, Retail and Moneycorp Bank.

Notes to the financial statements continued

14. GOODWILL AND OTHER INTANGIBLE ASSETS continued

Allocation of goodwill to CGUs

The carrying amount of goodwill held at the balance sheet date is allocated to CGUs as follows:

	2022 £000	2021 £000
Payments – UK	**50,489**	50,489
Payments – Europe	**6,991**	6,991
Payments – North America	**25,064**	22,377
Payments – Brazil	**1,022**	743
Total goodwill	**83,566**	80,600

Goodwill and intangible assets impairment review

The recoverable amounts for each CGU identified above were determined based on the higher of fair value less costs to sell (FVLCS) and value-in-use (VIU) estimations. The valuation is Level 3 in the fair value hierarchy (see note 23 for definitions).

The valuations of the CGUs for both the current and prior year are based on the FVLCS methodology, with cross checks performed against the VIU valuation.

FVLCS

FVLCS is calculated using 2022 results and applying a conservative multiple that reflects the stage of business, product lines and industry in which the CGUs operate. EBITDA multiples were used to value the businesses given they are now established businesses with historical and steady growth.

Key assumptions

£000	UK	Europe	North America	Brazil	FIG
Goodwill and other intangible assets	**70,680**	**6,991**	**35,198**	**1,080**	**13**
Multiple methodology	**EBITDA**	**EBITDA**	**EBITDA**	**EBITDA**	**EBITDA**
Multiple applied	**17.7**	**17.7**	**17.7**	**17.7**	**17.7**

The multiples applied were obtained by referencing those of comparable companies (either via acquisition publications or from listed companies) in the payments industry that are considered similar to the CGUs.

Note Moneycorp Bank is not included in the above as it held no goodwill or intangible assets at the balance sheet date.

Sensitivity analysis

For each CGU, a calculation was made for the level which would result in the carrying amount being equal to the recoverable amount as set out below:

	UK	Europe	North America	Brazil	FIG
Multiple methodology	**EBITDA**	**EBITDA**	**EBITDA**	**EBITDA**	**EBITDA**
Multiple in which the recoverable amount is equal to the carrying amount	**3.8**	**1.4**	**7.2**	**2.9**	**0.1**

Based on the FVLCS assessment and VIU cross check, Management believe there is sufficient headroom for the year ended 31 December 2022 for each of the CGUs. This conclusion is supported by the sensitivity analysis, as the comparable multiples applied in the FVLCS assessment would need to decrease to those shown above before the carrying amount would be equal to the recoverable amount.

2021 Goodwill and intangible assets impairment review

Key assumptions

£000	UK	Europe	North America	Brazil	FIG
Goodwill and other intangible assets	66,073	6,991	33,222	779	26
Multiple methodology	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA
Multiple applied	16.0	16.0	16.0	16.0	16.0

The multiples applied were obtained by referencing those of comparable companies (either via acquisition publications or from listed companies) in the payments industry that are considered similar to the CGUs.

Sensitivity analysis

For each CGU, a calculation was made for the level which would result in the carrying amount being equal to the recoverable amount as set out below:

	UK	Europe	North America	Brazil	FIG
Multiple methodology	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA
Multiple in which the recoverable amount is equal to the carrying amount	7.5	2.8	11.2	1.4	0.1

Notes to the financial statements continued

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Properties £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
At 1 January 2021					
Cost	1,511	39	10,705	10,524	22,779
Accumulated depreciation and impairment	(1,112)	(23)	(8,112)	(9,407)	(18,654)
Carrying amount	399	16	2,593	1,117	4,125
Year ended 31 December 2021					
Opening carrying amount	399	16	2,593	1,117	4,125
Additions	–	16	147	153	316
Net disposals	(28)	–	(577)	(28)	(633)
Depreciation charge	(31)	(8)	(673)	(442)	(1,154)
Exchange differences	1	–	(1)	–	–
Closing carrying amount	341	24	1,489	800	2,654
At 31 December 2021					
Cost	1,423	53	8,264	10,514	20,254
Accumulated depreciation and impairment	(1,082)	(29)	(6,775)	(9,714)	(17,600)
Carrying amount	341	24	1,489	800	2,654

	Leasehold Properties £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Year ended 31 December 2022					
Opening carrying amount	**341**	**24**	**1,489**	**800**	**2,654**
Additions	**9**	**–**	**328**	**1,163**	**1,500**
Net disposals	**–**	**(24)**	**(14)**	**–**	**(38)**
Depreciation charge	**(35)**	**–**	**(359)**	**(369)**	**(763)**
Exchange differences	**7**	**–**	**1**	**11**	**19**
Closing carrying amount	**322**	**–**	**1,445**	**1,605**	**3,372**
At 31 December 2022					
Cost	**1,472**	**–**	**4,217**	**3,696**	**9,385**
Accumulated depreciation and impairment	**(1,150)**	**–**	**(2,772)**	**(2,091)**	**(6,013)**
Carrying amount	**322**	**–**	**1,445**	**1,605**	**3,372**

Depreciation charge for the year of £763k can be allocated as £763k to continuing operations and nil to discontinued operations (2021: £1,154k allocated as £846k continuing operations and £308k to discontinued operations).

Notes to the financial statements continued

16. LEASES

16a. Amount recognised on the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

Right-of-use assets

Right-of-use assets	Buildings £000	ATMs £000	Motor vehicles £000	Total £000
At 1 January 2021				
Cost	11,879	176	48	12,103
Accumulated depreciation	(3,507)	(167)	(24)	(3,698)
Carrying amount	8,372	9	24	8,405
Year ended 31 December 2021				
Opening carrying amount	8,372	9	24	8,405
Additions	1,002	–	–	1,002
Net disposals	(165)	–	(19)	(184)
Net transfer from net investment receivable	1,221	–	–	1,221
Depreciation charge	(1,847)	(9)	(5)	(1,861)
Impairment charge	(273)	–	–	(273)
Exchange differences	(36)	–	–	(36)
Closing carrying amount	8,274	–	–	8,274
At 31 December 2021				
Cost	13,282	–	–	13,282
Accumulated depreciation	(5,008)	–	–	(5,008)
Carrying amount	8,274	–	–	8,274

Right-of-use assets	Buildings £000	ATMs £000	Motor vehicles £000	Total £000
Year ended 31 December 2022				
Opening carrying amount	**8,274**	**–**	**–**	**8,274**
Additions	**316**	**–**	**–**	**316**
Depreciation charge	**(1,767)**	**–**	**–**	**(1,767)**
Exchange differences	**118**	**–**	**–**	**118**
Closing carrying amount	**6,941**	**–**	**–**	**6,941**
At 31 December 2022				
Cost	**13,097**	**–**	**–**	**13,097**
Accumulated depreciation	**(6,156)**	**–**	**–**	**(6,156)**
Carrying amount	**6,941**	**–**	**–**	**6,941**

Depreciation charge for the year of £1,767k can be allocated as £1,767k to continuing operations and nil to discontinued operations (2021: £1,861k allocated as £1,718k continuing operations and £143k to discontinued operations).

Notes to the financial statements continued

16. LEASES continued

16a. Amount recognised on the consolidated balance sheet continued

Net investment receivable

A net investment receivable has been recognised in relation to the sublease of property where the Group holds the head lease on the consolidated balance sheet as a lease liability.

	2022 £000	2021 £000
Non-current	**195**	573
Current	**375**	207
	570	780

Lease liabilities

	2022 £000	2021 £000
Non-current	**6,865**	8,605
Current	**2,108**	2,199
	8,973	10,804
Movement in lease liabilities		
Opening carrying amount	**10,804**	12,244
Additions	**316**	990
Disposals	**–**	(184)
Interest accreted	**551**	645
Payments	**(2,721)**	(2,861)
Exchange differences	**23**	(30)
Closing carrying amount	**8,973**	10,804

The interest charge for the year of £551k can be allocated as £551k to continuing operations and nil to discontinued operations (2021: £645k allocated as £636k continuing operations and £9k to discontinued operations).

16b. Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases from continuing operations:

	2022 £000	2021 Restated* £000
Recognised in administrative expenses:		
Depreciation charge on right-of-use assets	**(1,767)**	(1,718)
Expense relating to short-term leases	**(246)**	(200)
	(2,013)	(1,918)
Recognised in finance income:		
Net investment interest income	**40**	72
	40	72
Recognised in finance costs:		
Lease liability interest expense	**(551)**	(636)
	(551)	(636)

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

Notes to the financial statements continued

17. SUBSIDIARIES

The Group consists of a parent company, Moneycorp Group Limited, incorporated in Jersey and a number of subsidiaries held directly and indirectly by Moneycorp Group Limited, which operate and are incorporated in various locations globally.

Details of the Company's direct subsidiary companies as at 31 December are detailed below. The country of incorporation or registration is also their principal place of business.

			Proportion of ownership interest and voting power held	
Name of entity	**Place of incorporation (or registration)**	**Principal activity**	**2022**	**2021**
TTT Moneycorp Limited	UK	Payment services	**100%**	100%
Moneycorp Financial Risk Management Limited	UK	MiFID regulated derivatives	**100%**	100%
Moneycorp Technologies Limited	UK	Technology	**100%**	100%
Moneycorp CFX Limited	UK	Dormant*	**100%**	100%
Moneycorp Shared Services Limited	UK	Service company	**100%**	100%
Moneycorp Inc	USA	Investment holding	**100%**	100%
Moneycorp Bank Limited	Gibraltar	Banking services	**100%**	100%
Moneycorp Technologies Limited	Ireland	MiFID regulated derivatives & payment services	**100%**	100%
Moneycorp International Payments Canada, Inc	Canada	Introducing broker	**100%**	100%

The Company is also the intermediate parent entity of the following subsidiaries as at 31 December 2022, which form part of the Group consolidated financial statements.

			Proportion of ownership interest and voting power held	
Name of entity	**Place of incorporation (or registration)**	**Principal activity**	**2022**	**2021**
Moneycorp SLU	Spain	Liquidated**	**–**	100%
Moneycorp US, Inc	USA	Payment services	**100%**	100%
TTT Moneycorp Pty Limited	Australia	Dormant	**100%**	100%
Moneycorp Brasil Participacoes Ltda	Brazil	Investment holding	**100%**	100%
Novo Mundo Holding Financeira S/A	Brazil	Investment holding	**100%**	92.3%
Moneycorp Banco de Câmbio S.A.	Brazil	Foreign exchange bank	**100%**	92.3%
Moneycorp (Hong Kong) Limited	Hong Kong	Payment services	**100%**	100%
First Rate FX Limited	UK	Dormant	**100%**	100%

* Moneycorp CFX Limited previously had a principal activity of foreign exchange provider; however, following the strategic decision to cease operations, this company is now dormant.

** Moneycorp SLU had been a dormant entity following the migration of European clients and business to Moneycorp Technologies Limited (Ireland) in Quarter 4 2020 as a result of Brexit. The Company was officially liquidated and wound up with the Commercial Registry in Spain on 10 May 2022.

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities other than restricted cash as detailed in note 21.

Notes to the financial statements continued

18. ACQUISITIONS AND INCORPORATION OF SUBSIDIARIES

There were no acquisitions or incorporation of new subsidiaries in 2021. The below pertains to 2022 only.

18a. Further acquisition of Novo Mundo Holding Financeira S/A

On 28 December 2022, Moneycorp Brasil Participacoes Ltda. acquired the remaining share capital of Novo Mundo Holding Financeira S/A (the holding company which owns 100% of Moneycorp Banco de Câmbio S.A.) from the non-controlling shareholder. As a result the Group's majority shareholding increased from 92.3% to 100%. The purchase was completed for a total cash consideration of R$2,673k (£422k).

Details of the non-controlling interest carrying value acquired and consequential goodwill are as follows:

	2022 £000
Consideration paid	422
Carrying value of non-controlling interest	(278)
Goodwill arising on acquisition	144

The goodwill arising is attributable to licences, market share and access to new clients. Furthermore, the assembled workforce represents an intangible asset that cannot be recognised separately, but is part of goodwill. Goodwill is not deductible for tax purposes.

19. DISPOSAL OF SUBSIDIARY

In early 2021, the Group Board of Directors undertook a business review, including the strategic fit of the Australian based subsidiary companies (both Rochford Capital Pty Limited ('Rochford') and TTT Moneycorp Pty Limited) and Moneycorp CFX Limited (UK based retail business) and whether they were in line with the overall Moneycorp Group strategy. As a result of this review the Directors decided to exit these businesses, either by way of sale or winding down the companies, in order to focus on the growth of other business segments.

Sale of Rochford Capital Pty Limited and the subsequent discontinuation of TTT Moneycorp Pty Limited

On 2 September 2021, TTT Moneycorp Pty Limited signed a Share Sale Agreement to sell 100% of the issued share capital of Rochford, an Australian-based advisory company. The sale aligned with the Group's strategy of focusing on the growth of other business segments. Completion of the sale was finalised on 9 September 2021, with an effective sale date of 31 July 2021.

TTT Moneycorp Pty Limited ceased trading in December 2021 and was officially deregistered as a company with the Australian Securities & Investments Commission (ASIC) on 3 April 2023, subsequent to the balance sheet date.

Discontinuation of Moneycorp CFX Limited

On 4 April 2022, the Group closed its last remaining retail branches at London Gatwick Airport. 45 employees were transferred under TUPE to the new London Gatwick retail operator. As a result, Moneycorp CFX Limited is no longer operating and is in the process of being wound-up.

The operations of Rochford, TTT Moneycorp Pty Limited and Moneycorp CFX Limited have been reclassified into a single line and shown as discontinued operations from 1 January 2021 through to 31 December 2022 in the consolidated income statement.

To calculate continuing and discontinued operations, intra-group eliminations have been allocated or grossed up to be consistent with the way the transactions are accounted for between the businesses after the sale or closure.

19a. Financial performance

The financial performance of the discontinued operations is presented below:

	2022 £000	2021 (Restated)* £000
Revenue	2,707	5,304
Administrative expenses (see note 19b)	(2,520)	(5,515)
Net foreign exchange losses	(167)	(59)
Operating profit/(loss)	20	(270)
Finance costs	–	(16)
Profit/(loss) before tax	20	(286)
Tax credit/(charge)	37	(156)
Profit/(loss) from discontinued operations	57	(442)
Exchange difference on translation of discontinued operations	173	85
Other comprehensive income from discontinued operations	173	85

Notes to the financial statements continued

19. DISPOSAL OF SUBSIDIARY continued

19b. Staff costs continued

Included within administrative expenses is £508k (2021: £1,258k) related to staff costs.

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Restated* Number
Management and administration	**1**	4
Operations	**11**	62
	12	66

* The above headcount has been pro-rated across the full financial year. Operations ceased for the Rochford advisory business from 31 July 2021 and for Moneycorp CFX Limited from 4 April 2022.The average monthly headcount for Rochford for 1 January to 31 July 2021 was 8. The average monthly headcount for Moneycorp CFX Limited for 1 January to 4 April 2022 was 47.

Their aggregate remuneration comprised:

	2022 £000	2021 Restated* £000
Wages and salaries	**458**	1,076
Social security costs	**38**	97
Pension costs	**12**	85
	508	1,258

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

20. FINANCIAL ASSETS AND LIABILITIES

Categories of financial instruments

	2022 £000	2021 £000
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	**766,807**	774,658
Trade and other receivables	**1,245,670**	98,577
Net investment receivable	**570**	780
Financial assets at fair value through profit or loss		
Derivative financial instruments held for trading	**91,409**	58,297
	2,104,456	932,312
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**(1,886,299)**	(792,856)
Borrowings	**(143,361)**	(127,341)
Lease liabilities	**(8,973)**	(10,804)
Financial liabilities at fair value through profit or loss		
Derivative financial instruments held for trading	**(78,013)**	(45,084)
	(2,116,646)	(976,085)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the financial statements continued

21. CASH AND CASH EQUIVALENTS

	2022 £000	2021 £000
Group cash and bank balances	**65,746**	73,491
Physical banknotes	**55,180**	73,091
Banknotes held by third parties on consignment	**–**	5,224
Cash held at retail outlets (including ATMs)	**–**	3,043
Funds held in designated client accounts	**645,881**	619,809
	766,807	774,658

Physical banknotes includes banknotes held within secure vault facilities and as cash in transit/allocated to client orders. Cash in transit/allocated to client orders can either increase or decrease the Group's cash position depending on the transactions outstanding and whether the cash has physically left/been received in, the vault or not. The contra side is recorded in banknote trade receivables or banknote trade payables. At the balance sheet date £68,051k was held within vault facilities and (£12,871k) as cash in transit/allocated to client orders (2021: £14,697k and £58,394k respectively).

Banknotes held by third parties on consignment relates to banknotes physically held at third-party premises as consignment stock, which legally remains the property of the Group at the balance sheet date.

Included in the Group cash and bank balances in the prior year was £29,036k in relation to FIG client pre-funding.

Reconciliation to the consolidated cash flow statement

Bank overdrafts form an integral part of the Group's cash management. As such, bank overdrafts are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.

The above figures reconcile to the amount of cash shown in the consolidated cash flow statement at the end of the financial year as following:

	2022 £000	2021 £000
Cash and cash equivalents (balance as above)	**766,807**	774,658
Bank overdrafts (see note 27)	**(25,417)**	(23,363)
	741,390	751,295

Restricted cash

Restricted cash relates to all funds that are held for a specific purpose and not available for immediate use by the Group.

Client restricted cash

Client restricted cash relates to client funds held within the Group with external banks that are regulated by the different jurisdictions' regulators (see note 32). There are four main differentiators between these funds:

- those which fall into scope of the Markets in Financial Instruments Regulations (the 'MiFID Regulations'), related to options and in-scope forwards, which are subject to the Client Asset Regulations ('CAR') or Client Assets Sourcebook ('CASS');
- those governed by European Communities (Electronic Money) Regulations ('EMI') or Payment Services Directive ('PSD') in relation to spot and forward contracts;
- those held by Moneycorp Bank Limited under its banking licence, which includes those placed in notice deposit accounts with the company, which are regulated by the Gibraltar Financial Services Commission (GFSC); and
- those held by Moneycorp Banco de Câmbio S.A. under its banking licence which are regulated by the Central Bank of Brazil.

Any collateral held in relation to options and in-scope forwards, which are subject to the CAR/CASS, are held in segregated client bank accounts which are off balance sheet and not included in the cash and cash equivalents balance above.

For client funds held under EMI/PSD regulations, the subsidiaries are required to keep these in client safeguarding accounts and are held on balance sheet for financial statement purposes. As these funds are subject to regulatory restrictions and held in segregated accounts for the benefit of clients, they are not available for general use by the Group.

Funds held by Moneycorp Bank Limited are maintained in either client designated accounts or in physical banknotes.

Moneycorp Banco de Câmbio S.A. does not generally hold client cash balances, although balances do arise for a short period of time in relation to the settlement of client foreign exchange deals. If funds are received unrelated to a client deal, these funds are required to be returned to the sender.

Group restricted cash

Group restricted cash relates to funds that are held with external banks which are restricted by additional jurisdiction regulations. These specifically extend to share capital and liquidity restrictions.

Notes to the financial statements continued

22. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Amounts falling due within one year:		
Trade receivables	**4,175**	2,425
Margin posted with liquidity providers	**11,612**	–
Banknote trade receivables	**1,182,734**	54,029
Loss allowance (see note 31)	**(2,216)**	(1,598)
	1,196,305	54,856
Related party receivables owed by immediate parent company	**29,663**	38,304
Related party receivables owed by other Moneycorp holding companies	**18,508**	4,829
Other debtors	**1,194**	588
	1,245,670	98,577

The Group both buys and sells banknotes from/to its suppliers depending on the orders placed by clients. Banknote trade receivables relate to unpaid client and supplier orders for banknotes that are settled soon after the balance sheet date.

23. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial assets is calculated as the mark-to-market (MTM) less any credit valuation adjustments (CVA) to reflect counterparty credit risk. The fair value of the derivative financial liabilities is calculated as the MTM less any debit valuation adjustments (DVA).

The MTM of the foreign currency forwards and options are provided by an external valuation company and discussed further under the fair value hierarchy below.

The Group carries out an internal credit assessment of each counterparty prior to entering into a trading relationship, performed by the Group Credit Department. The grading scale that the Group uses ranges from credit grade 1 (investment grade equivalent, being the least risky) to credit grade 7 (in essence an entity which appears failed, being the most risky). In order to calculate the CVA for derivative financial assets a default rate is assigned to each credit rating. Whilst the Group has not carried out an exercise in allocating a credit rating using credit rating agencies, both an expected credit grading and default rate have been estimated based on management experience and judgement. These estimates are used to adjust the derivative asset value in order to take into account the credit risk of the counterparty.

For certain clients, the Group requires collateral to be posted when their positions are out of the money above a certain tolerance level. Where the Group is holding collateral from a client, those funds are deducted from the derivative financial asset exposure before the CVA is calculated.

Similarly, a DVA is applied to the derivative financial liabilities to reflect the risk of the Group defaulting on the balance payable to the counterparty. This default rate has been estimated by management based on an expected credit grading that would be assigned to the Group, and then applying a corresponding default rate to that grading using credit rating agencies as a guide.

Unadjusted forwards MTM (excluding CVA and DVA)	2022 £000	2021 £000
Financial assets		
Foreign currency forward contracts	**67,016**	45,239
Foreign currency option contracts	**26,780**	13,587
	93,796	58,826
Financial liabilities		
Foreign currency forward contracts	**(52,604)**	(32,653)
Foreign currency option contracts	**(26,754)**	(13,587)
	(79,358)	(46,240)

Adjusted fair value (as presented on the consolidated balance sheet)	2022 £000	2021 £000
Financial assets		
Foreign currency forward contracts	**65,605**	44,830
Foreign currency option contracts	**25,804**	13,467
	91,409	58,297
Financial liabilities		
Foreign currency forward contracts	**(51,622)**	(31,836)
Foreign currency option contracts	**(26,391)**	(13,248)
	(78,013)	(45,084)

Notes to the financial statements continued

23. DERIVATIVE FINANCIAL INSTRUMENTS continued

Fair value hierarchy

The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Levels are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The value of foreign currency forward contracts are determined using observable forward exchange rates and contract forward rates, adjusted to take into account the credit risk of the counterparty.

Foreign currency options are valued using a range of market standard valuation models. The model and methodology used is dependent on the type of option product. The key inputs are:

- underlying value of the currency;
- strike price;
- time to expiration;
- volatility of underlying asset; and
- risk free rate.

The foreign currency option valuations are then adjusted to take into account the credit risk of the counterparty.

	2022			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets				
Foreign currency forward contracts	**–**	**65,605**	**–**	**65,605**
Foreign currency option contracts	**–**	**25,804**	**–**	**25,804**
	–	**91,409**	**–**	**91,409**
Financial liabilities				
Foreign currency forward contracts	**–**	**(51,622)**	**–**	**(51,622)**
Foreign currency option contracts	**–**	**(26,391)**	**–**	**(26,391)**
	–	**(78,013)**	**–**	**(78,013)**

	2021			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets				
Foreign currency forward contracts	–	44,830	–	44,830
Foreign currency option contracts	–	13,467	–	13,467
	–	58,297	–	58,297
Financial liabilities				
Foreign currency forward contracts	–	(31,836)	–	(31,836)
Foreign currency option contracts	–	(13,248)	–	(13,248)
	–	(45,084)	–	(45,084)

There were no transfers between levels in the current or prior years.

Notes to the financial statements continued

24. DEFERRED TAX

Deferred tax reflects the net tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following are the deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting year.

	2022 £000	2021 £000
Balance at the beginning of the year	**(1,728)**	(1,558)
Deferred tax asset derecognised on disposals during the year	**37**	(72)
Credit to the consolidated income statement	**2,409**	1,206
Movement through reserves	**68**	–
Over provision in respect of prior years	**–**	(997)
Exchange differences	**(189)**	(39)
Effect of change in tax rate charge	**–**	(268)
Balance at the end of the year	**597**	(1,728)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 £000	2021 £000
Deferred tax liabilities:		
Tax credits carried forward	**–**	(36)
Intangible asset timing differences	**(2,876)**	(3,137)
Fixed asset timing differences	**(351)**	–
Revaluation of financial assets	**(72)**	(60)
	(3,299)	(3,233)
Deferred tax assets:		
Fixed asset timing differences	**906**	211
Share-based payments	**327**	–
Share-based payments through reserves	**68**	–
Revaluation of financial assets	**–**	3
Short-term timing differences	**2,595**	1,291
	3,896	1,505
Net deferred tax asset/(liability)	**597**	(1,728)

Deferred tax assets and liabilities have been presented net on the consolidated balance sheet where gross balances correspond to the same tax jurisdiction, in line with the accounting policy in note 5.

At the balance sheet date, the Group has unused tax losses from its UK subsidiary TTT Moneycorp Limited of nil (2021: £8,082k) available for offset against future profits, which have been recognised on the consolidated balance sheet. The deferred tax asset is expected to be recovered more than 12 months after the reporting period.

Unrecognised deferred tax also includes £640k of losses from Moneycorp Brasil Participacoes Ltda (2021: £1,110k), a Brazilian holding company. These losses have arisen from non-trading activities and the Group does not expect to generate non-trading profits in the future against which these losses could be offset.

On 3 March 2021, it was announced (and received Royal assent on 10 June 2021) that from 1 April 2023, the main rate of UK corporation tax will increase to 25%. The deferred tax balances included within the consolidated financial statements have been calculated with reference to the rate of 25%.

25. TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Amounts falling due within one year:		
Banknote trade payables	**1,182,432**	131,106
Client held funds	**666,541**	629,654
Accruals	**24,238**	15,057
Trade payables	**5,307**	3,855
Other payables	**4,215**	6,135
Employee related payables	**3,566**	2,733
Deferred revenue	**1,688**	–
Related party payables owed to other Moneycorp holding companies	**–**	4,316
	1,887,987	792,856

Banknote trade payables represent the Group's obligation to clients (including central banks) and suppliers in regard to banknotes ordered but not yet delivered, or purchased and not yet paid for, at the balance sheet date.

For most suppliers, no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Notes to the financial statements continued

26. PROVISIONS

	2022 £000	2021 £000
Non-performing contract	**1,296**	–
Onerous contract	**–**	2,013
Make good dilapidation provision	**–**	32
Redundancy provision	**–**	37
	1,296	2,082
Movement in provisions		
Carrying amount at the start of the year	**2,082**	4,286
Charged to the consolidated income statement	**1,296**	511
Amounts used during the year	**(2,082)**	(2,715)
Carrying amount at the end of the year	**1,296**	2,082

Information about individual provisions and significant estimates

Non-performing contract

A provision has been raised during the year in relation to a non-performing contract with a client whereby management have doubts that the client will make good on the contract.

Prior year provisions pertained to the below, and have been fully released in 2022.

Retail closure provision

In August 2017, Moneycorp CFX Limited, a subsidiary of the Group, entered into a retail concession agreement with Gatwick Airport Limited to provide retail bureau and ATM foreign exchange services at the airport. In 2020, the Directors made the strategic decision to exit retail operations. Exacerbated as a result of the COVID-19 pandemic, actual and forecasted revenue from the operations were less than the unavoidable operating costs therefore management deemed the contract to be onerous. A provision was recognised which represented the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received from it. Additionally, the Group recognised dilapidation and redundancy provisions associated with exiting the retail operations. The major assumptions underlying the measurement of the provision included the Group's estimate of future revenue and unavoidable cost to fulfil the contract to its earliest termination date.

IT software contract termination

A provision of £169k was recognised in 2021 in relation to an IT software project with an external vendor which ceased. The provision represented the unavoidable costs of exiting the contract.

27. BORROWINGS

	2022 £000	2021 £000
Non-current		
Related party loans	**117,944**	103,978
Total non-current	**117,944**	103,978
Current		
Group overdrawn bank accounts	**22,203**	17,394
Client overdrawn deposit accounts	**3,214**	5,969
Total current	**25,417**	23,363
Total borrowings	**143,361**	127,341

Related party loans

During 2018, the Group borrowed US$47,351k (GBP equivalent £34,227k) from the Company's parent, Moneta Bidco Limited, in order to fund the acquisition of Commonwealth Foreign Exchange, Inc (now 'Moneycorp US Inc'). At the balance sheet date the balance owing was £50,341k (2021: £42,782k). In June 2022, the wider Group refinanced its senior bank debt. As a result of this, the related party loan terms were amended in line with the new external debt terms. The related party loan is now due to mature on 7 June 2029 and carries an interest rate of 5.25% over SOFR (2021: 4.75% plus LIBOR).

The Company also has a loan owing to its parent company, Moneta Bidco Limited, at year end that matures on 29 August 2024. Upon maturity the Company will owe the contractual par amount of £79,809k, which was discounted at inception to fair value. The difference of £50,327k between the contractual par amount and the inception date fair value was recognised as a capital contribution reserve in equity when the loan was first received. Interest is accreted at an effective interest rate of 10% per annum. This rate has been determined based on other comparable unsecured borrowings held by the Moneycorp Group. At the balance sheet date the balance owing was £67,604k (2021: £61,196k).

Client overdrawn deposit accounts

The Group holds client held funds with external banks. These accounts are usually in funds; however, they may become overdrawn temporarily due to timing differences when funds are transferred between accounts. This generally arises because there are multiple accounts per currency that cannot always be transferred on the same day value. Refer to note 21 for further details.

Notes to the financial statements continued

28. DEFINED CONTRIBUTION PENSION PLAN

The Group has defined contribution pension schemes that cover employees whose length of service is at least three months. Allocations to individual employees are based on the salary level of the employee and employer contribution. At 31 December 2022, the Group had a liability of approximately £303k (31 December 2021: £182k), included in trade and other payables, specifically employee related payables, related to the pension schemes. During the year the Group made £10k contributions to the schemes on behalf of key management personnel (2021: nil).

29. EQUITY

29a. Share capital

	2022 £000	2021 £000
Authorised:		
103,009,000 (2021: 103,009,000) ordinary shares of £1 each	**103,009**	103,009
Issued and fully paid:		
46,105,000 (2021: 46,105,000) ordinary shares of £1 each	**46,105**	46,105

The Company has one class of ordinary shares which carry no rights to fixed income.

29b. Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Group's presentation currency, are recognised directly in the translation reserve.

Nil was transferred from the translation reserve into the consolidated income statement during the year (2021: £11k).

29c. Share-based payments reserve

Employee share scheme

During the year the Group operated an employee incentive share scheme comprising of B Ordinary Shares in the ultimate holding company of the Moneycorp Group, Moneta Topco Limited ('Topco') with the majority of shares (£1,353k) via an Employee Benefit Trust (EBT). Under IFRS 2 *Share-based Payment*, the share-based payments granted must be measured on a fair value basis as at the grant date of the awards and the relevant expense entered in to the consolidated income statement. As at 31 December 2022, 234,622 (2021: 256,122) shares were in issue as detailed below. The EBT is managed and administered by independent trustees.

Valuation

The fair value of the employee share scheme has been measured using an Expected Returns Model to determine an Unrestricted Market Value (UMV). The Expected Return model is driven by the following attribute appropriate trading multiples; estimated exit cash/debt position of the Group; hurdle in each forecast period, where appropriate; entitlement of the shares if the hurdle is achieved on an exit event; present value of the estimated proceeds of the shares; discount rates reflecting the risks associated with the uncertainty around receiving the pay-out; and minority discounts that reflect a lack of control and a relative illiquidity of the shares in question compared to the listed shares.

Movement during the year

Set out below is a summary of the number of B Ordinary Shares issued and held at the beginning and end of the reporting period. Prior year comparatives have not been disclosed on the basis they were immaterial.

Number of shares issued under the plan to participating employees

	2022 Number
As at 1 January	**256,122**
Issued and vested during the year	**39,500**
Sold or forfeited during the year	**(61,000)**
As at 31 December	**234,622**

During the year, 39,500 B shares were issued to employees at a fair market value based on an external valuation. Of the 61,000 sold or forfeited during the year, 45,000 shares were sold back to the trust by employees deemed as good leavers and the prevailing fair market value of shares. These employees were issued their shares at a nominal value in previous years. The remaining shares bought back during the year were done so at a nominal value. In respect of the shares issued as at the balance sheet date, 224,122 pertain to equity settled awards and 10,500 to cash settled awards. The share schemes have an indefinite contractual life and are vested immediately upon issue. B shares are only likely to realise value upon an exit.

Reserves movement schedule

	2022 £000
As at 1 January	**–**
Share-based payment expense	**1,444**
Sold or forfeited during the year	**(1,079)**
Deferred tax	**68**
As at 31 December	**433**

Expense recognised in profit and loss

During the year the Group recognised £1,444k within expenses in relation to the issuance of shares under employee share schemes and £782k in relation to share buy-backs from good leavers.

Notes to the financial statements continued

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

30a. Net cash (used in)/generated from operations

	2022 £000	2021 (Restated)* £000
Operating profit from:		
– Continuing operations	**48,475**	17,677
– Discontinued operations (note 19)	**20**	(270)
	48,495	17,407
Adjustment for non-cash items:		
Amortisation of intangible assets	**8,205**	7,463
Depreciation of property, plant and equipment	**763**	1,154
Depreciation of right-of-use assets	**1,767**	1,861
Loss on disposal of property, plant and equipment	**14**	625
Loss on disposal of intangible assets	**543**	509
Impairment of intangible assets	**–**	1,080
Impairment of right-of-use assets	**–**	273
Net exchange differences	**(48,312)**	9,726
	11,475	40,098
Movements in working capital:		
Decrease in inventories	**–**	46
Increase in trade and other receivables	**(1,147,093)**	(23,194)
(Increase)/decrease in prepayments	**(69)**	141
(Increase)/decrease in derivative financial instrument assets	**(33,112)**	20,013
Increase in trade and other payables	**1,094,130**	134,260
Decrease in provisions	**(786)**	(2,204)
Increase/(decrease) in derivative financial instrument liabilities	**32,929**	(25,497)
Net cash (used in)/generated from operations	**(42,526)**	143,663

* See note 2 for details regarding the restatement as a result of the change in presentation of discontinued operations.

30b. Net (debt)/cash reconciliation

		Liabilities from financing activities		
	Net cash (excluding client cash) £000	Lease liabilities £000	Borrowings £000	Total £000
Opening balance at 1 January 2021	49,726	(12,244)	(96,192)	(58,710)
Cash flows	88,250	2,861	146	91,257
Acquisitions – leases liabilities	–	(990)	–	(990)
Net exchange differences	(521)	30	(429)	(920)
Other changes*	–	(461)	(7,503)	(7,964)
Net cash as at 31 December 2021	137,455	(10,804)	(103,978)	22,673
Opening balance at 1 January 2022	**137,455**	**(10,804)**	**(103,978)**	**22,673**
Cash flows	**(54,103)**	**2,721**	**–**	**(51,382)**
Acquisitions – leases liabilities	**–**	**(316)**	**–**	**(316)**
Net exchange differences	**15,371**	**(23)**	**(5,165)**	**10,183**
Other changes*	**–**	**(551)**	**(8,801)**	**(9,352)**
Net debt as at 31 December 2022	**98,723**	**(8,973)**	**(117,944)**	**(28,194)**

* Other changes include non-cash movements, interest accrued on borrowing balances and interest payments which are presented as operating cash flows in the consolidated statement of cash flows.

Notes to the financial statements continued

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT continued

30c. Effects of exchange rate changes on cash and cash equivalents

The effects of exchange rate changes presented in the consolidated cash flow statement relates to all cash and cash equivalent balances as detailed in note 21, including funds held in designated client bank accounts. A liability is also held on the consolidated balance sheet within trade and other payables for client held funds (see note 25) and as such, a large portion of the effects of exchange rate changes on cash and cash equivalents will be offset by exchange rate movements on the liability balance.

As shown in note 31, the majority of the Group's foreign cash balances relate to USD and EUR. These currencies have moved by -10.7% and -5.1% against GBP respectively during the year, which is the main driver of the 'effects of exchange rate changes on cash and cash equivalents' balance shown in the consolidated cash flow statement.

31. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The main risks arising from the Group's financial instruments are market risk (including foreign currency and interest rate risks), credit risk and liquidity risk. The Board approves prudent treasury policies for managing each of the risks which are summarised below.

Market risk

The Group's business activities primarily involve brokering derivative contracts, specifically foreign currency forwards and foreign currency options to clients, and entering back-to-back arrangements with counterparty banks, as well as the sourcing and distribution of large quantities of banknotes in various currencies. The back-to-back nature of the transactions eliminates exchange rate risk for the Group and means the financial exposure is limited to client credit risk. The Group has considered other risks including market risk (currency risk, interest rate risk and price risk), liquidity risk and cash flow interest rate risk. Any change in foreign currency risk for a given client contract will be mitigated by an offset in the corresponding back-to-back contract arrangement.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The sensitivity to market risk in relation to derivative financial instruments is therefore immaterial.

Foreign currency risk management

The Group undertakes derivative transactions denominated in foreign currencies, however is not consequently exposed to exchange rate fluctuations. All exchange rate fluctuations between the Group and the client are economically hedged through a corresponding movement in the contract entered into with the counterparty banks.

The Group maintains bank balances and banknotes in a number of currencies, including client held funds, and is therefore exposed to movements in foreign exchange rates on these balances. For client held funds however, these are largely offset by movements in the corresponding liability (see note 30c for further details).

Foreign exchange exposure is managed by the Group's Treasury function, with profits converted to each entity's functional currency via foreign exchange spot deals.

Notes to the financial statements continued

31. FINANCIAL RISK MANAGEMENT continued

Foreign currency risk management continued

Cash and cash equivalent balances, including Group bank balances, banknotes and funds held in designated client accounts, held in foreign currencies (in their GBP equivalent) at year end were as follows:

Currency	2022 £000	2021 £000
Euro (EUR)	**285,026**	217,842
United States dollar (USD)	**209,936**	328,937
Canadian dollar (CAD)	**14,977**	6,225
Australian dollar (AUD)	**10,527**	7,782
Brazilian real (BRL)	**6,498**	7,591
Hong Kong dollar (HKD)	**5,754**	450
Swedish krona (SEK)	**5,182**	2,345
Swiss franc (CHF)	**5,092**	5,869
United Arab Emirates dirham (AED)	**4,384**	3,871
Romanian leu (RON)	**3,996**	3,849
South African rand (ZAR)	**3,051**	2,014
Japanese yen (JPY)	**2,949**	1,830
Hungarian forint (HUF)	**2,787**	1,138
New Zealand dollar (NZD)	**2,159**	1,058
Israeli new shekel (ILS)	**1,406**	1,290
Singapore dollar (SGD)	**1,383**	665
Polish zloty (PLN)	**1,352**	8,456
Norwegian krone (NOK)	**1,270**	1,455
Czech koruna (CZK)	**1,067**	369
Saudi riyal (SAR)	**1,042**	991
Qatari riyal (QAR)	**930**	101
Icelandic króna (ISK)	**899**	259
Thai baht (THB)	**802**	228
Turkish lira (TRY)	**763**	538

Currency	2022 £000	2021 £000
Vietnamese dong (VND)	**748**	1,440
Danish krone (DKK)	**660**	1,172
Barbadian dollar (BBD)	**602**	598
Chinese yuan (CNH)	**600**	477
Kenyan shilling (KES)	**473**	278
Moroccan dirham (MAD)	**321**	351
New Taiwan dollar (TWD)	**300**	409
Pakistani rupee (PKR)	**288**	32
Bulgarian lev (BGN)	**256**	211
Indonesian rupiah (IDR)	**236**	49
Jamaican dollar (JMD)	**226**	52
Indian rupee (INR)	**208**	290
Philippine peso (PHP)	**206**	146
Mexican peso (MXN)	**139**	1,071
Bermuda dollar (BMD)	**20**	281
Russian ruble (RUB)	**1**	225
Other foreign currencies (individual balances less than £200k)	**1,086**	1,189
Total foreign currency risk	**579,602**	613,424
Great British pound (GBP)	**161,788**	137,871
Total net cash and cash equivalents	**741,390**	751,295

At 31 December 2022, if the GBP had weakened by 5% against the above currencies with all other variables held constant, the recalculated post-tax profit for the year would have been £30,505k (2021: £32,286k) higher. Conversely, a 5% strengthening of GBP would have resulted in the post-tax profit being £27,600k (2021: £29,211k) lower.

Exchange rate exposures are managed within approved policy parameters utilising hedging.

The results of the foreign subsidiaries exposure to exchange rate fluctuations can be seen in the consolidated statement of comprehensive income.

Notes to the financial statements continued

31. FINANCIAL RISK MANAGEMENT continued

Interest rate risk management

The Group's interest rate risk arises primarily from its borrowings with variable interest rates. The Group borrows at floating rates of interest and utilises interest rate swaps to manage its exposure where appropriate.

At 31 December, with all other variables remaining constant, each 10 basis point increase/decrease in SOFR (2021: LIBOR) would have resulted in the following (decrease)/increase to profit before tax:

	2022 £000	2021 £000
Impact of 10 basis point increase in interest rate	**(39)**	(34)
Impact of 10 basis point decrease in interest rate	**39**	34

The Group recognises a potential for interest rate risk given the small client deposit book; however, has assessed this as being immaterial.

Other price risks

The Group is not exposed to any other material price risks.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group does provide a limited amount of credit to its clients and credit exposures can arise, normally for a short period of time, as the Group depends on its clients to pay for monies and services provided and to honour their contractual obligations on foreign exchange contracts. All material credit exposures require approval by the Group Credit Committee comprising individuals independent of business revenue generation. Credit exposures are monitored regularly against approved risk limits, with client margins called for where appropriate.

For certain clients the Group requires collateral to be posted when their positions are out of the money above a certain tolerance level. For options and in-scope forwards, collateral is held in segregated client bank accounts which are off balance sheet. For all other clients, collateral held is recorded within cash and cash equivalents – funds held in designated client bank accounts (refer to note 21 for further details).

Payments are made in advance by client for large orders of banknotes.

Credit risk for financial assets at amortised cost

The Group has two types of financial assets that are subject to the ECL model:

- cash and cash equivalents; and
- trade and other receivables.

Cash and cash equivalents are held with a number of reputable credit institutions, therefore the ECL is immaterial.

For trade and other receivables, an ECL has been calculated in line with the simplified approach outlined in the accounting policy in note 5, which uses a lifetime expected loss allowance. To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles over a period of 24 months before the balance sheet date and the corresponding historical credit losses experienced over this period.

The historical loss rates are adjusted to reflect current and forward-looking information, which is both reasonable and supportable, taking into account macroeconomic factors affecting the ability of the clients to settle the receivables. After careful consideration it has been determined that no adjustments for forward-looking considerations were required as at 31 December 2022 (2021: nil).

Based on historical recovery rates for payment service receivables, the loss allowance as at 31 December 2022 was determined as 0.93% for anything aged less than 30 days (2021: 0.74%). Anything aged greater than 60 days becomes highly unlikely to be recovered based on the general 2-3 day turnaround cycle between trade maturity and settlement and therefore 100% ECL has been applied to this category. For anything between these aging categories 50% has been applied.

The Group does not generally deliver banknotes to clients until funds are received for the purchase of the banknotes (i.e. until the debtor balance is settled) and as such the probability of default is low. Based on historical recovery rates, the loss allowance as at 31 December 2022 was determined as 0.01% for anything aged less than 30 days (2021: 0.01%).

All related party receivables are deemed fully recoverable.

Notes to the financial statements continued

31. FINANCIAL RISK MANAGEMENT continued

Credit risk management continued

Credit risk for financial assets at amortised cost continued

The loss allowances for trade and other receivables at the balance sheet date can be reconciled to the opening loss allowances as follows:

	2022 £000	2021 £000
Opening ECL provision	**1,598**	1,671
Increase in loss allowance recognised in profit or loss during the year	**878**	12
Receivables written off during the year as uncollectible	**(260)**	(85)
Closing ECL provision	**2,216**	1,598

The above movement in loss allowance during the year can be allocated as £878k from continuing operations and nil from discontinuing (2021: £(2k) and £14k respectively) and can be reconciled to the net impairment losses on financial assets presented within direct expenses (see note 8).

Credit quality

In the absence of external credit ratings, the credit quality of financial assets are assessed by management taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal limits set by the Board. There are no significant concentrations of credit risk, whether through exposure to individual clients, specific industry sectors and/or regions.

The Group carries out a credit assessment of each counterparty prior to entering into a trading relationship. These assessments are carried out internally and each counterparty is given a grading. The grading scale that the Group uses ranges from credit grade 1 (investment grade equivalent, being the least risky) to credit grade 7 (in essence an entity which appears failed, being the most risky).

The majority of the Group's corporate clients fall between credit grades 3 and 5, which reflects the small and medium sized enterprise (SME) nature of the Group's client base.

	2022			2021		
	Forward contracts £000	Option contracts £000	Total £000	Forward contracts £000	Option contracts £000	Total £000
Counterparties internal credit rating:						
Credit grade 6	**2,064**	**–**	**2,064**	1,256	69	1,325
Credit grade 5	**11,841**	**8,175**	**20,016**	8,292	655	8,947
Credit grade 4	**7,674**	**7,058**	**14,732**	2,701	2,848	5,549
Credit grade 3	**917**	**717**	**1,634**	1,206	–	1,206
Credit grade 2	**–**	**–**	**–**	–	–	–
Credit grade 1	**203**	**–**	**203**	10	–	10
Credit grade – other*	**2,735**	**5,509**	**8,244**	1,152	17	1,169
	25,434	**21,459**	**46,893**	14,617	3,589	18,206
Counterparties with external credit ratings	**40,171**	**4,345**	**44,516**	30,213	9,878	40,091
	65,605	**25,804**	**91,409**	44,830	13,467	58,297

* The 'other' grouping contains all smaller counterparties, including private clients and small companies, where an average credit adjustment has been applied.

Notes to the financial statements continued

31. FINANCIAL RISK MANAGEMENT continued

Liquidity risk management

The settlement of spot, forward and option contracts, and other short-term working capital requirements, necessitates adequate liquidity which is generated through retained earnings as well as intra-day settlement and liquidity facilities. These facilities are provided through financial institutions with which the Group has a long trading history. Liquidity and cash is managed on a daily basis by the Group Treasury team. The Group seeks to manage this risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Included in the external financing facility available to the wider Moneycorp Group is a committed revolving facility to provide short-term liquidity as required.

Liquidity risk tables

The following tables detail the maturity profile of the Group's remaining contractual financial liabilities with agreed repayment periods, excluding derivative financial liabilities assessed separately. The tables have been drawn up based on the undiscounted cash flows of financial liabilities at the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. For interest payments based on floating interest rates, the undiscounted amount is derived from interest rate curves at the balance sheet date. For all financial liabilities the expected maturities are the same as the contractual maturities.

The amounts included in the liquidity risk tables for variable interest rate borrowings are subject to change if variable interest rates differ to those estimates determined at the reporting date.

	Within 1 year £000	1-2 years £000	2-5 years £000	5+ years £000	Total £000
At 31 December 2022					
Borrowing principal and interest payments:					
– Related party loans	**–**	**79,809**	**–**	**73,838**	**153,647**
– Bank overdrafts	**25,417**	**–**	**–**	**–**	**25,417**
Lease liabilities	**2,632**	**2,399**	**4,967**	**–**	**9,998**
Trade and other payables	**1,886,299**	**–**	**–**	**–**	**1,886,299**
	1,914,348	**82,208**	**4,967**	**73,838**	**2,075,361**
At 31 December 2021					
Borrowing principal and interest payments:					
– Related party loans	–	45,195	79,809	–	125,004
– Bank overdrafts	23,363	–	–	–	23,363
Lease liabilities	2,715	2,423	6,296	955	12,389
Trade and other payables	792,856	–	–	–	792,856
	818,934	47,618	86,105	955	953,612

Notes to the financial statements continued

31. FINANCIAL RISK MANAGEMENT continued

Liquidity risk tables continued

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. Brokering derivative contracts, specifically foreign currency forwards and foreign currency options, involves entering back-to-back contracts with the client and counterparty banks. The back-to-back nature of the transactions means that for each trade there is a cash outflow in one currency and a corresponding cash inflow in another currency and as such it would be inappropriate to present only the liability positions. Foreign exchange options are fully back-to-back and therefore there is no net settlement value.

	Within 1 year £000	1-2 years £000	2-5 years £000	5+ years £000	Total £000
Assets					
At 31 December 2022					
Foreign exchange forwards	**58,286**	**5,567**	**1,602**	**150**	**65,605**
Foreign exchange options	**19,900**	**3,322**	**2,557**	**25**	**25,804**
	78,186	**8,889**	**4,159**	**175**	**91,409**
At 31 December 2021					
Foreign exchange forwards	40,952	3,202	636	40	44,830
Foreign exchange options	10,094	2,204	560	609	13,467
	51,046	5,406	1,196	649	58,297
Liabilities					
At 31 December 2022					
Foreign exchange forwards	**(45,967)**	**(4,063)**	**(1,459)**	**(133)**	**(51,622)**
Foreign exchange options	**(20,291)**	**(3,429)**	**(2,645)**	**(26)**	**(26,391)**
	(66,258)	**(7,492)**	**(4,104)**	**(159)**	**(78,013)**
At 31 December 2021					
Foreign exchange forwards	(29,436)	(2,173)	(215)	(12)	(31,836)
Foreign exchange options	(9,955)	(2,153)	(546)	(594)	(13,248)
	(39,391)	(4,326)	(761)	(606)	(45,084)

32. CAPITAL RISK MANAGEMENT

Capital risk is the risk that the Group has an insufficient level or composition of capital to support the Group's business activities and associated risks during both normal economic environments and under stressed conditions. The capital risk management objective for the Group is to maintain sufficient capital after debt servicing to enable it to continue as a going concern while maximising returns to shareholders. The Group's overall capital risk management strategy remains unchanged from the prior year. The debt servicing is applicable to the wider Moneycorp Group's bank loans. Any retained profit is kept in the business with no dividends being paid out.

The capital structure of the Group consists of net (debt)/cash (as disclosed in note 30b) and equity of the Group comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Moneycorp Financial Risk Management Limited, a subsidiary of the Group, is authorised and regulated by the FCA, and as part of the Capital Requirement Directive IV, is required to hold adequate capital which is calculated under the Internal Capital Requirements Regulation.

TTT Moneycorp Limited, a subsidiary of the Group, is regulated by the FCA under the Payment Services Directive and is required to keep an appropriate amount of client funds in a client safeguarding account.

Moneycorp Technologies Limited (MTL), a subsidiary of the Group, is authorised and regulated by the Central Bank of Ireland (CBI). MTL was granted its licence on 24 June 2020 as an E-Money Institution under the European Communities Electronic Regulations 2011. It was also licensed on the same date as an Investment Firm under the European Union MiFID regulations 2017. As part of the Capital Requirements Directive, MTL is required to hold sufficient regulatory capital calculated in accordance with the regulations.

Moneycorp Bank Limited, a subsidiary of the Group, is regulated by the Financial Services Commission in Gibraltar and is required to hold adequate capital under the Capital Requirement Directive IV, which is calculated under the Internal Capital Requirements Regulation.

Moneycorp Banco de Cambio S/A (Brazil), a subsidiary of TTT Moneycorp Limited, is a bank regulated by the Central Bank of Brazil. It is licensed to trade foreign exchange products and required to maintain a minimum capital ratio.

The rest of the Group is not subject to any externally imposed capital requirements.

Notes to the financial statements continued

33. COMMITMENTS AND CONTINGENT LIABILITIES

33a. Operating lease arrangements

The Group leases office space as a lessee under non-cancellable operating leases. The Group assesses whether a contract is, or contains, a lease under IFRS 16 and if so subsequently recognises a right-of-use asset and a corresponding lease liability. See notes 5 and 16 for further details. The below represents the lease expense recognised during the year, and outstanding commitments for future minimum lease payments under non-cancellable operating leases, for leases which do not meet the criteria to be recognised on the consolidated balance sheet in line with IFRS 16, or are short term in nature.

	2022 £000	2021 £000
Lease payments under operating leases recognised as an expense in the year	**2,465**	3,416

Lease payments under operating leases recognised as an expense in the year can be allocated as £246k from continuing operations and £2,219k from discontinued (2021: £200k and £3,216k respectively).

At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, outside of those already recognised on the consolidated balance sheet as a lease liability, which fall due as follows:

	2022 £000	2021 £000
Within one year	**96**	2,725
In the second to fifth years inclusive	**–**	–
After five years	**–**	–
	96	2,725

The above operating lease payments represent rentals payable by the Group for certain office properties, and in the prior year also included retail outlets, primarily at airport locations. For airport retail outlets these were excluded from the lease liability on the basis that the supplier had substantive rights to substitute the asset throughout the period of use, i.e. the Group could be moved to different locations in the airport during the lease term at the discretion of the airport. The arrangements with retail outlets typically included a minimum payable amount, plus a variable element payable based on passenger numbers.

33b. Capital commitments

Significant capital expenditure contracted for at the balance sheet date but not recognised as liabilities is as follows:

	2022 £000	2021 £000
Intangible assets	**460**	205

33c. Other commitments and contingent liabilities

Other than the commitments above, the Group has no other material financial commitments or contingent liabilities outside of liabilities presented on the face of the consolidated balance sheet at the reporting date (2021: nil).

33d. Contingent assets

On 31 December 2021, the Group suffered a loss as a result of an external fraud against a subsidiary company with the loss recognised in the consolidated income statement during 2021 (see note 9c). The Group is pursuing the recovery of the illicitly obtained funds; however, the court proceedings are ongoing. Contingent on the outcome of the court case, the Group is looking to recover all or some of the amount lost either from the court proceedings or via an insurance claim; however, timing and amount are both uncertain.

34. LITIGATION AND CLAIMS

Legal claim – External fraud

The Group entered into litigation during the year regarding an external theft against the Group, which occurred in 2021. Refer to note 33 for further details.

The Group was not part of any other material legal proceeding during the reporting year.

Notes to the financial statements continued

35. RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

35a. Trading transactions

Trade receivable balances held with the immediate parent company and other Moneycorp holding companies, which do not form part of the consolidated Group, at year end are disclosed in note 22.

Related party borrowings owing to the immediate parent company are disclosed in note 27. The corresponding finance costs paid are disclosed in note 12.

35b. Other related parties

During the year, Group companies entered into the transactions noted below with related companies who are not members of the Group but are connected via common control. These transactions were made on an arm's length basis. The gross amount of currencies sold to these entities are shown below:

	2022 £000	2021 £000
Cruise.co.uk	**1,000**	–
Dorna Sports SL	**4,776**	–
Elgin Limited	**2,170**	1,458
Fishawack Health Group	**9,500**	31,972
PEI Media	**224,638**	–
QualiTest Group	**19,636**	19,888
Tunstall Healthcare Group	**88,425**	26,498

The following gross amounts relating to unsettled derivative financial instrument contracts were outstanding as at the balance sheet date:

	2022 £000	2021 £000
Fishawack Health Group	**–**	1,759
Tunstall Healthcare Group	**1,215**	4,327

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

35c. Directors' and management transactions

The following transactions were entered into by directors of Moneycorp Group companies during the year:

- Various directors entered into foreign exchange transactions yielding commission income for the Group of £1,099 (2021: £586) with an average margin of 11 basis points (bps) (2021: 22bps). No transactions were outstanding at the balance sheet date.
- Various directors held total funds of £28,991 (2021: £18,939) within their foreign currency trading accounts at the balance sheet date.
- C Buchan held £10,000 on deposit with Moneycorp Bank Limited during the year (2021: £10,000) earning interest of £111. The balance at year end was £10,610 (2021: £10,499).
- M Azopardi placed a further £34,000 on deposit with Moneycorp Bank Limited during the year, resulting in total deposits held of £175,000 (2021: £138,000 held on deposit). A withdrawal of £150,514 was also made during the year. The balance at year end was £26,288 (2021: £141,010). Interest earned during the year was £1,792 (2021: £875).

Private client transactions carried out on standard terms will earn the Group a margin in the range of 100 to 150bps.

A director's son is employed by Moneycorp (Hong Kong) Limited - UK branch in the role of Head of International Sales – Financial Institutions Group. This employment is on an arm's length basis and his total remuneration for the year was £264,327 (2021: £147,291).

35d. Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2022 £000	2021 £000
Short-term employee benefits	**2,733**	1,956
Post-employment benefits	**47**	–
	2,780	1,956

Three of the key management personnel are members of a money purchase pension scheme (2021: nil).

Notes to the financial statements continued

36. GROUP HOLDING COMPANY AND CONTROLLING ENTITY

At the balance sheet date, the Directors consider that the Company's immediate parent and controlling party to be Moneta Bidco Limited (100% effective holding), incorporated and registered in Jersey, Channel Islands.

The Moneycorp Group holding company is Moneta Topco Limited (100% effective holding), a company incorporated and registered in Jersey, Channel Islands. This company produces consolidated financial statements and this group (referred to within these financial statements as 'the wider Moneycorp Group') represents the largest group of which the Company is a subsidiary.

Consolidated financial statements are also produced for Moneta Midco II Limited, a company incorporated and registered in Jersey, Channel Islands. This group represents the smallest group of which the Company is a subsidiary, for which consolidated financial statements are produced.

The ultimate controller of Moneta Topco Limited at balance sheet date was Bridgepoint Europe IV (Nominees) Limited.

37. EVENTS AFTER THE BALANCE SHEET DATE

Deregistration of Australian business

TTT Moneycorp Pty Limited ceased trading in December 2021 and was officially deregistered as a company with the Australian Securities & Investments Commission (ASIC) on 3 April 2023, subsequent to the balance sheet date.

Banking turmoil

Regarding the recent banking turmoil in the US, and globally, the Group does not have a direct trading or banking relationship with Silicon Valley Bank, Silvergate Bank, Signature Bank, Credit Suisse or any related entity. While there are a very small number of indirect exposures via clients who bank with Silicon Valley Bank, Silvergate Bank, and/or Signature Bank, these are being carefully monitored for both receipt and send payments.

Other information

Alternative performance measures

In addition to Generally Accepted Accounting Principles (GAAP) measures, Moneycorp uses a number of alternative performance measures (APMs) in order to monitor business performance. APMs are non-GAAP measures which have been included within the annual report to supplement the disclosures prepared in accordance with other regulations, such as International Financial Reporting Standards (IFRS) as they are an effective way of communicating important entity specific developments. APMs should be viewed as complementary to, rather than as a substitute for, the amounts determined according to other regulations.

Definitions and other information is provided below on the APMs used by the Group:

EBITDA
EBITDA is defined as earnings before finance costs, tax, depreciation, amortisation and significant one-off items. EBITDA is a core KPI used internally to monitor performance on a monthly basis and is reported to the wider Moneycorp Group's lenders as defined in the Senior Financing Agreement. A detailed reconciliation from EBITDA to the statutory reported result is shown on page 106.

EBITDA margin
EBITDA margin is calculated as EBITDA divided by revenue, and provides an indication of the conversion of revenue to EBITDA profitability.

Trading volume/flow
Trading volume represents the gross notional value of client currency transactions processed in their GBP equivalent and is used by management for all three business segments as it is the basis from which revenue is generated. Trading volume is measured as a single leg transaction volume.

Corporate revenue retention
The Group monitors corporate revenue retention within the Payments – Corporate segment. This metric is defined as the revenue generated from corporate clients who transacted in the prior period and is calculated as the revenue generated from this client base in the current reporting period, divided by the revenue generated from the same client base in the prior period.

Straight-through processing (STP)
STP is a core KPI for Moneycorp as it allows us to monitor the automation of payments processed. STP is calculated as the percentage of Payments – Corporate and Private (excluding Brazil) payments that are sent without human intervention. The benefits of high STP are many – client experience, operational resilience, platform scalability and cost.

Online transactions
The Group serves clients via a number of channels. Online transactions represent the percentage of Payments – Corporate and Private (excluding Brazil) payments initiated either via the Group's online payments platform or through our bulk upload payment capability. Online transactions is a performance measure used, similar to STP, to monitor digitalisation and automation of the Group's business and client servicing efficiency.

EBITDA to statutory results reconciliation

Reconciliation to statutory results

	2022 £000	2021 £000
Total Group revenue reconciliation		
Revenue per Management accounts	220,085	139,608
Statutory adjustments	(230)	(158)
Statutory reported results	219,855	139,450
EBITDA to statutory profit reconciliation		
EBITDA per Management accounts	70,367	37,965
Other statutory adjustments*	(291)	(1,627)
Plus: Significant one-off items	(10,309)	(6,938)
Plus: Depreciation, amortisation, impairment and loss on disposal	(11,292)	(11,723)
Statutory operating profit	48,475	17,677
Plus: Net finance costs	(9,380)	(8,075)
Plus: Tax charge	(4,779)	(4,376)
Statutory profit after tax	34,316	5,226

* Other includes FX gain and losses, holding company costs not part of the trading Group and other statutory year end adjustments after the Management accounts closed.

Glossary

AI – Artificial Intelligence. The capability of a computer system to mimic human-like cognitive functions such as learning and problem-solving.

AML – Anti-Money Laundering. The system of laws, regulations, and procedures aimed at uncovering efforts to disguise illicit funds as legitimate income.

APAC – Asia-Pacific.

API – Application Programming Interface. A way for two or more computer programs to communicate with each other. It is a type of software interface, offering a service to other pieces of software.

APM – Alternative Performance Measures. Non-GAAP measures which have been included within this annual report to supplement the disclosures prepared in accordance with other regulations on page 105.

ATV – Average Transaction Value. The total volume/flow executed, divided by the total number of transactions in any given period. In essence, it is a measure of transaction sizing.

B2B – Business-to-Business. Trading relationship whereby one commercial enterprise transacts with another commercial enterprise.

Bps – Basis Points.

CAGR – Compound Annual Growth Rate. A measure of an investment's annual growth rate over time, with the effect of compounding taken into account.

CAR – Client Asset Regulations. Were introduced by the Central Bank of Ireland in 2007, with the latest revision in June 2022. Applicable to all MiFID regulated firms, the ultimate aim of the regulation is to maintain public confidence, minimise the risk of loss/misuse of client assets and protect investors in the event that an investment firm was to become insolvent.

CASS – Client Assets Sourcebook. As per FCA guidance, CASS provides rules for firms to follow whenever the firm holds or controls client money or safe custody assets in the UK. CASS helps ensure the safety of client money and assets if a firm fails and leaves the market.

CEO – Chief Executive Officer.

CFO – Chief Financial Officer.

CGU – Cash-generating Unit. Used to assess recoverability for accounting purposes, a CGU is the smallest identifiable group of assets that can generate cash flows from continued use, and that are largely independent of the cash flows from other assets/groups of assets.

CIT – Cash-In-Transit. A term used at Moneycorp to refer to third-party service providers who, under the coordination and management of Moneycorp's FIG team, provide security and transportation services in respect to the movement of liquid currency globally.

COO – Chief Operations Officer.

CRCO – Chief Counsel, and Chief Risk and Compliance Officer.

CTF – Counter-Terrorist Funding. Processes and/or systems coincide with the AML process described above, but with the emphasis on specifically ensuring that the financial industry is not complicit (knowing or otherwise) in the financial enablement of terror organisations.

XB – Cross-border. Cross-border or, more specifically cross-border payments, are financial transactions where the payer and the recipient are based in separate countries. They cover both commercial and private payments, including remittances and may (but not exclusively) include a foreign exchange element.

CVA – Credit Valuation Adjustment. A financial concept used in derivatives and risk management, made to reduce the valuation of uncollateralised financial instruments assets to reflect counterparty credit risk.

DAX – Digital Asset Exchange, or digital currency exchange (DCE). An online marketplace that allows customers to trade cryptocurrencies or digital currencies for other assets, such as conventional government-issued fiat money or other digital currencies. In 2022, Moneycorp became an official FX liquidity provider for DAXs around the world.

DE+I – Diversity, Equity, and Inclusion. Three closely linked values that ensure we are inclusive and supportive, and oppose discrimination of different groups of individuals, including people of different races, ethnicities, religions, abilities, genders and sexual orientations.

DVA – Debit Valuation Adjustment. A financial concept used in derivatives and risk management, often thought of as the inverse of CVA. DVA aims to accurately reflect the credit risk associated with a company's liabilities, particularly when valuing financial instruments.

ECL – Expected Credit Loss. The probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument.

EEA – European Economic Area.

EMI – Electronic Money Institution (often referred to as an E-Money institution). A licensed firm governed by the rules for business practice, and supervision of, the e-money directive (EMD). The directive aims to lay the foundations for a single market for e-money services in the European Union (EU). Electronic Money licences issued in EU countries have passporting rights, which services can be offered in the rest of the EU and EEA.

EMEA – Europe, Middle East and Africa.

ESG – Environmental, Social and Governance. A collective term for a business's impact on the environment and society as well as how robust and transparent its governance is in terms of company leadership, executive pay, audits, internal controls, shareholder rights and other company issues.

FBICS – Foreign Bank International Cash Services. The FBICS program is designed to permit certain foreign banks that do not have a presence in the United States to open limited-purpose master accounts on the books of the FRBNY, and to use those accounts to access Federal Reserve Bank currency services in connection with their international banknote operations.

FCA – Financial Conduct Authority. A financial regulatory body in the United Kingdom (UK), operating independently of the UK government, with the aim of protecting consumers, enhancing market integrity, and promoting competition in the interests of consumers.

Glossary continued

FI – Financial Institutions. A collective term for central and commercial banks, FX bureaux, large corporations and governments. At Moneycorp we also use the term FI to refer to our Payments business segment which encompasses both FIG and Moneycorp Bank with the primary client base of FIs.

FIG – Financial Institutions Group. A business unit within our 'Payments – FI' segment, which specialises in global distribution of liquid currency. As one of only three primary suppliers of USD, FIG acting as a gateway to the FRBNY via our FBICS membership, as well as distributing other currencies to meet client needs.

FRBNY – The Federal Reserve Bank of New York. One of the 12 Federal Reserve Banks of the United States. It is uniquely responsible for implementing monetary policy on behalf of the Federal Open Market Committee and acts as the market agent of the entire Federal Reserve System (as it houses the Open Market Trading Desk and manages System Open Market Account).

FTE – Full-Time Equivalent. A standardised measure of total full-time employees, or equivalent, used to ensure comparability.

FV – Fair Value. The price that would be paid when an asset is sold in an orderly transaction between market participants and both the buyer and seller freely agree on the price.

FVLCS – Fair Value Less Costs to Sell. The amount that a market participant would pay/receive to buy/sell an asset based on FV, reduced by the costs associated with executing the sale.

FX – Foreign exchange.

GAAP – Generally Accepted Accounting Principles. A set of commonly followed accounting standards and rules for financial reporting issued by the Financial Accounting Standards Board.

GFSC – Gibraltar Financial Services Commission. A body which regulates the financial services industry in Gibraltar. Moneycorp Bank is authorised by the GFSC to carry out various financial services activities.

GHG – Greenhouse Gas. A gas which absorbs and emits heat in the atmosphere. As GHGs are a leading cause of global warming and climate change, GHG reporting is becoming an area of focus and forms part of SECR reporting.

HNWI – High Net Worth Individuals. HNWIs are the primary client base for Moneycorp's Payments – Private business segment.

IAS – International Accounting Standards. A set of rules for financial statements issued by the IASB (see IFRS for further details).

IASB – International Accounting Standards Board. An independent accounting standard-setting body, responsible for the development and publication of IFRS accounting standards. The aim of the IASB is to develop high-quality, understandable, enforceable and globally accepted accounting standards.

IBAN – International Bank Account Number. An alphanumeric code that can be used by banks in other countries to identify an account when making an overseas payment. Often referred to as an 'IBAN Number', an IBAN contains up to 34 numbers and letters, depending on the country and bank the account belongs to. This code typically includes a two-letter country code, a two-digit check code, a four-character bank identifier code and other routing information.

IFRS – International Financial Reporting Standards. IASs and IFRSs, collectively referred to 'IFRSs' are a set of accounting rules for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world.

ISA – International Standards on Auditing. Professional standards for the auditing of financial information. These standards are issued by the International Auditing and Assurance Standards Board (IAASB).

ISO 27001 – An internationally known standard for information security management systems. Conformity with ISO 27001 means that an organisation or business has put in place a system to manage risks related to the security of data owned or handled by the company, and that this system respects all the best practices and principles enshrined in this International Standard.

KPI – Key Performance Indicators. Quantifiable measures of performance over time for a specific business objective.

KYC – Know-Your-Client. A process and/or standard that ensures service providers can verify a client's identity and know their client's investment knowledge and financial profile. This often includes customer identification and due diligence, which particularly focuses on the source of funds and reason for transaction(s).

LIBOR – London Interbank Offered Rate. Serves as a globally accepted key benchmark interest rate that indicates borrowing costs between banks. This has now been replaced with the SOFR for applicable contracts.

LOD – Lines of Defence. The three LOD model is an accepted regulated framework designed to facility an effective risk management system and includes management control, risk and compliance oversight functions, and independent assurance.

LP – Liquidity Providers. Moneycorp utilises APIs to instantly connect with a global network of 16 liquidity providers. This enables real-time quotation from each provider, which allows for the most optimal pricing for both clients and the business.

M&A – Mergers and Acquisitions.

MiFID – Markets in Financial Instruments Directive. A set of European regulations governing equities market, intended to enhance transparency and reporting requirements to protect European investors. These rules were replaced by the revised MiFID II regulation in 2018.

MSB – Money Service Business. As defined by the FCA, an MSB is a business that engages in the activities of operating a bureau de change, transmitting money or any representation of monetary value, or cashing cheques which are made payable to customers. Moneycorp is thus considered an MSB by the FCA.

Glossary continued

MSO – Money Service Operator. Like 'MSB', 'MSO' is a Hong Kong-based term used to refer to an individual or business that conducts either money changing or remittance services under the AML/CTF Ordinance and therefore must be licensed by the Customs and Excise Department. Moneycorp falls within this definition and has acquired this licensing as part of the Group's regulatory and compliance network.

MTM – Mark-to-Market. A method of adjusting the value of assets and liabilities to reflect their 'fair value' based in current market conditions, often used for instruments that display price volatility over time, such as derivative financial instruments.

Multi-currency IBAN account – A type of account that is set up with one account number and has the ability to send, receive and hold more than one currency. The multi-currency IBANs are designed for a more complex world where more and more businesses are going global but want to manage their cash flow and cash management from one account.

NPI – New Product Initiatives. Represent the expected roll-out of innovative new solutions that are at various stages of development as part of a wider Group strategy.

NPS – Net Promoter Score. A research metric that measures customer experiences and can be interpreted as an indicator of customer loyalty. The survey itself asking respondents to rate the likelihood that they would recommend a company, product, or a service to a friend or colleague.

OMNI-platform – A unifying payments platform that helps companies provide a consistent customer experience across all channels. Our OMNI-platform allows clients to access real-time data and input their required transactions through multiple channels including online portal, API or app. Regardless of channel, these all then flow through to our OMNI-platform which executes the necessary processes to seamlessly complete the transaction.

PI – Permissible Investments. Low-risk and liquid assets deemed as 'permissible' methods to hold client funds until fulfilment, applicable to money transmitters in the US. Money transmitters demonstrate adequate PI by preparing reports showing the amount obligated to clients, or transmission liability, and the corresponding PI to meet or exceed those obligations.

PSD – Payment Services Directive. PSD 2, which replaced the PSD, is an EU Directive, administered by the European Commission to regulate payment services and payment service providers throughout the European Union (EU) and European Economic Area (EEA).

RegTech – Regulatory Technology. Refers to the management and/or automation of regulatory process via the use of technology. The primary functions of RegTech include regulatory monitoring, reporting and compliance.

SECR – Streamlined Energy and Carbon Reporting. UK regulations introduced in 2019 making it mandatory for large businesses, including charitable companies, to annually report on their energy and carbon emissions as well as any efficiency measures, they've taken throughout the year. Moneycorp has voluntarily chosen to participate in this reporting, despite the absence of a legal requirement in line with our global ESG policy.

SLA – Service-Level Agreement. An agreement defining the level of service one party should expect from another, including the metrics by which service is measured, as well as remedies and/or penalties should agreed-upon service levels not be achieved.

SME – Small and/or Medium sized Enterprises. The UK government definition of SMEs encompasses micro (less than 10 employees and an annual turnover under €2m), small (less than 50 employees and an annual turnover under €10m) and medium-sized (less than 250 employees and an annual turnover under €50m) businesses.

SOFR – Secured Overnight Financing Rate. A broad measure of the cost of borrowing cash overnight collateralised by Treasury securities.

Soteria – Moneycorp's proprietary transaction monitoring and compliance system, which launched in June 2022.

TAM – Total Addressable Market (or Total Available Market). A term that is typically used to reference the total market revenue opportunity available for a product or service.

UMV – Unrestricted Market Value. As defined by His Majesty's Revenue & Customs (HMRC), UMV is the value of shares immediately after a chargeable event under the assumption that there are no restrictions.

VIU – Value-In-Use. The present value of the future cash flows expected to be derived from an asset or CGU in its current condition.

YOY – Year-on-Year (or Year-over-Year). A financial analysis metric that compares a Company's performance for one period to the same time period in the previous year; for example, the financial performance of 2022 compared to the financial performance of 2021.

Contact details

Company registration number
92479

Date of incorporation
13 February 2006

Registered office
47 Esplanade
St Helier
Jersey
JE1 0BD

Correspondence address
Floor 5, Zig Zag Building
70 Victoria Street
London
SW1E 6SQ

Independent auditors
BDO LLP
55 Baker Street
London
W1U 7EU

Company secretary
Crestbridge Limited
47 Esplanade
St Helier
Jersey
JE1 0BD

Directors
A Bowkett – appointed June 2022
M Horgan – appointed July 2012
V Tarashev – appointed June 2022
A Jones – appointed November 2020

Designed and produced by
Brunswick Creative

brunswickgroup.com

Moneycorp
Floor 5, Zig Zag Building
70 Victoria Street
London
SW1E 6SQ
United Kingdom

moneycorp.com