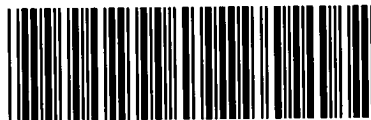


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Patsystems (UK) Limited

**Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 December 2023**

PATSYSTEMS (UK) LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the financial year ended 31 December 2023**

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PATSYSTEMS (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

S. Oliviero (Italian)
M. Rutter (British)

SECRETARY

N. Griffin (British)

REGISTERED OFFICE

10 Queen Street Place
London,
EC4R 1BE,
United Kingdom.

REGISTERED NUMBER OF INCORPORATION 3086310

AUDITOR

Ernst & Young,
Chartered Accountants,
Hibernian House,
45 Eyre Square,
Galway,
Ireland.

BANKER

Barclays Bank Plc,
1 Churchill Place,
London,
E14 5HP,
United Kingdom.

PATSYSTEMS (UK) LIMITED

STRATEGIC REPORT

for the financial year ended 31 December 2023

The directors present herewith their Strategic Report, Directors' Report and audited financial statements ("financial statements") of Patsystems (UK) Limited (the "Company") for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Company is the development, distribution and support of software enabling electronic trading of financial products on global trading exchanges. The Company will continue to be a supplier of computer software and related development and consulting services.

Financial Performance Indicators

The Company's key measures of financial performance are Revenue, Profit after Taxation, and Net Cash Flow.

Revenue

The Company's total revenue was £4.6 million in 2023 and £4.0 million in 2022. The increase in total revenue for 2023 as compared to 2022 is £0.6 million or 15.0%.

Profit after Taxation

Profit after taxation was £4.1 million in 2023, and £6.6 million in 2022. The decrease for 2023 as compared to 2022 is £2.5 million or 37.9%.

Net Cash Flow

The Company's cash balance decreased by £0.02 million in 2023 compared to £0.34 million in 2022.

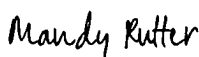
PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which the Company faces are:

- Potential defects in the Company's products or failure to provide services for the Company's customers could cause the Company's revenue to decrease, cause the Company to lose customers and damage the Company's reputation;
- The Company has a limited ability to protect its intellectual property rights, and others could obtain and use the Company's technology without authorisation; and
- The Company may be exposed to significant liability if it infringes the intellectual property or proprietary rights of others.

The Company has insurances, business policies and organisational structures to limit these risks and uncertainties. The Board of Directors and management regularly review, reassess and proactively limit the associated risks.

On behalf of the Directors

DocuSigned by:

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M. RUTTER

Director

Date: 05 July 2024

PATSYSTEMS (UK) LIMITED

DIRECTORS' REPORT for the financial year ended 31 December 2023

The directors present herewith their report and audited financial statements for the financial year ended 31 December 2023.

DIRECTORS AND THEIR INTERESTS

The interests of the directors and Company Secretary at the year end date in shares of the Company or other group companies are set out in note 15 to the financial statements.

A full list of the directors who served during the year is disclosed on page 2.

DIVIDENDS

In 2023, a dividend of £Nil million was declared and paid (2022: £2.14).

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

Principal activities and future developments are provided in the Strategic Report set out on page 3.

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

There have been no significant events since the Statement of Financial Position date.

RESEARCH AND DEVELOPMENT

The Company did not engage in any research and development activities during the year.

GOING CONCERN

The financial statements have been prepared on the going concern basis of accounting. The time period that the directors have considered in evaluating the appropriateness of the going concern basis of accounting is a period of 12 months from the date of approval of the financial statements (the 'period of assessment').

The directors have considered the Company's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance and financial position of the Company.

The directors have considered the expected future cash flows of the Company and have satisfied themselves and consider it appropriate that the Company is a going concern, having adequate resources to continue in operational existence for the foreseeable future and have not identified any material uncertainties that would cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law, and have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

PATSYSTEMS (UK) LIMITED

DIRECTORS' REPORT

for the financial year ended 31 December 2023 (Continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (Continued)

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year.

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 UK accounting standards, including FRS 101, 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 Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements, Strategic Report and Directors' Report comply with the Companies Act 2006 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

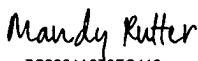
DISCLOSURE OF INFORMATION TO THE AUDITOR

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

AUDITOR

Ernst & Young, Chartered Accountants and Statutory Audit Firm, will continue in office in accordance with Section 487 of the Companies Act 2006.

On behalf of the Directors

DocuSigned by:

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M. RUTTER
Director

Date: 05 July 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATSYSTEMS (UK) LIMITED

Opinion

We have audited the financial statements of Patsystems (UK) Limited for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Continued.../



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATSYSTEMS (UK) LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATSYSTEMS (UK) LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101, the Companies Act 2006 and the relevant tax compliance regulations in the UK;
- We understood how the Company is complying with those frameworks that are applicable to the Company and determined that the most significant are FRS 101, the Companies Act 2006 and the relevant tax compliance regulations in the UK. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental and bribery and corruption practices;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by inquiry of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. Where this risk was considered higher, we performed audit procedures to address the fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries of management.

Continued.../



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATSYSTEMS (UK) LIMITED

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

Ernst & Young

Leann McDonagh (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Galway
Date: 5th July 2024

PATSYSTEMS (UK) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
for the financial year ended 31 December 2023

	<i>Note</i>	<i>2023</i> £	<i>2022</i> £
Revenue	2	4,627,735	3,993,918
Operating expenses		(1,505,423)	(625,108)
Other income		–	2,523,450
Operating profit	3	3,122,312	5,892,260
Finance income	7	1,057,260	690,284
Finance expenses	8	(12,103)	–
Profit before taxation		4,167,469	6,582,544
Taxation	9	(54,057)	(19,835)
Profit for the financial year		4,113,412	6,562,709
Other comprehensive income		–	–
Total comprehensive income		4,113,412	6,562,709

PATSYSTEMS (UK) LIMITED**STATEMENT OF FINANCIAL POSITION
at 31 December 2023**

	Note	2023 £	2022 £
NON-CURRENT ASSETS			
Deferred tax asset	9	299,111	362,780
		<u>299,111</u>	<u>362,780</u>
CURRENT ASSETS			
Trade and other receivables	10	41,573,424	40,347,414
Cash and cash equivalents		106,345	121,114
		<u>41,679,769</u>	<u>40,468,528</u>
Creditors – amounts falling due within one year	11	(3,497,940)	(6,463,780)
NET CURRENT ASSETS		<u>38,181,829</u>	<u>34,004,748</u>
NET ASSETS		<u>38,480,940</u>	<u>34,367,528</u>
EQUITY			
Called up share capital	12	1,874	1,874
Share premium	12	3,962,223	3,962,223
Capital reserves		53,631	53,631
Retained earnings		34,463,212	30,349,800
TOTAL SHAREHOLDERS' FUNDS		<u>38,480,940</u>	<u>34,367,528</u>

The financial statements were approved by the Board of Directors and authorised for issue on 05 July 2024. They were signed on its behalf by:

DocuSigned by:

Mandy Rutter

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M. RUTTER
Director

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2023

	<i>Note</i>	<i>Share capital £</i>	<i>Share premium £</i>	<i>Other Reserves £</i>	<i>Retained earnings £</i>	<i>Total equity £</i>
Balance at 31 December 2021		1,874	3,961,366	53,631	25,930,975	29,947,846
Profit for the financial year		–	–	–	6,562,709	6,562,709
Other comprehensive income for the financial year		–	–	–	–	–
Total comprehensive income for the financial year		–	–	–	6,562,709	6,562,709
Shares issued	12	–	857	–	–	857
Dividends paid	12	–	–	–	(2,143,884)	(2,143,884)
Balance at 31 December 2022		1,874	3,962,223	53,631	30,349,800	34,367,528
Profit for the financial year		–	–	–	4,113,412	4,113,412
Other comprehensive income for the financial year		–	–	–	–	–
Total comprehensive income for the financial year		–	–	–	4,113,412	4,113,412
Balance at 31 December 2023		1,874	3,962,223	53,631	34,463,212	38,480,940

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 December 2023****1. MATERIAL ACCOUNTING POLICY INFORMATION****(a) General information**

Patsystems (UK) Limited is a private company limited by shares which was incorporated in England and Wales. The registered office address is 10 Queen Street Place, London, EC4R 1BE, United Kingdom. The principal activities of the Company are described in the Strategic Report. The ultimate parent undertaking is disclosed in note 15.

(b) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

The following exemptions from the requirements of UK Adopted IASs have been applied in the preparation of the financial statements, in accordance with FRS 101:

- IFRS 7 *Financial Instruments: Disclosures*
- Paragraphs 91 to 99 of IFRS 13 *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The following paragraphs of IAS 1 *Presentation of financial statements*:
 - (i) 10(d) (statement of cash flows),
 - (ii) 16 (statement of compliance with all IFRS),
 - (iii) 38A (requirement for minimum of two primary statements, including statement of cash flows),
 - (iv) 111 (statement of cash flows information), and
 - (v) 134-136 (capital management disclosures).
- IAS 7 *Statement of cash flows*
- Paragraph 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 *Related party disclosures* (key management compensation)
- The requirements in IAS 24 *Related party disclosures* to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of assets*.

The Company has availed of the exemption in Section 408 of the Companies Act 2006 from presenting the Statement of Other Comprehensive Income.

The financial statements are prepared under the historical cost basis. The financial statements are presented in pound sterling, which is also the Company's functional currency. All values are rounded to the nearest pound sterling (£), except where otherwise indicated.

The financial statements have been prepared on the going concern basis of accounting. The time period that the directors have considered in evaluating the appropriateness of the going concern basis of accounting is a period of 12 months from the date of approval of the financial statements (the 'period of assessment').

The directors have considered the Company's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance and financial position of the Company.

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 December 2023 (Continued)****1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****(b) Basis of preparation (continued)**

The directors have considered the expected future cash flows of the Company and have satisfied themselves and consider it appropriate that the Company is a going concern, having adequate resources to continue in operational existence for the foreseeable future and have not identified any material uncertainties that would cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

(c) Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements;

(i) *Development costs:* The Company capitalises development costs for development projects in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, and the expected period of benefits.

(ii) *Percentage of Completion (POC) estimates for Fixed Fee Service Revenue:* Revenue relating to the provision of services, on a fixed fee basis, is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. Estimates are made over the total expected labour hours based on project managers estimated and revised budgets, however circumstances may change which will impact on the hours to complete. Please see note 1(d).

(iii) *Provision for doubtful debts:* The Company uses a provision matrix to calculate the expected credit loss (ECL). The provision matrix is based on days past due, initially based on the Company's historical observed default rates by customer segment. In determining the provision matrix, a significant judgement exists in determining the correlation between historically observed default rates, current and future economic conditions. The Company's historical observed default rates as adjusted by future economic conditions may not be representative of the future actual default rates. Please see note 10 for further details.

(d) Revenue recognition

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 December 2023 (Continued)****1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****(d) *Revenue recognition (continued)******Multi-element arrangements and allocations of the transaction price***

The Company derives revenue from licences and subscriptions of its software and related professional services, which can include; assistance in implementation, customisation and integration, post-contract customer support, and other associated professional services. In the event that an agreement with the Company's customers is executed in close proximity to other agreements with the same customer, the Company evaluates whether the separate agreements have a single commercial objective and should be combined; if so, the agreements together are considered a single multi-element arrangement. The Company accounts for individual elements as distinct performance obligations when an element is separately identifiable from other elements in the agreement and if the customer can benefit from the separate element.

Where such multiple-element arrangements exist, the transaction price is allocated to each performance obligation based on the relative standalone selling prices. The standalone selling price of each performance obligation is determined based on the best estimate of the current market price of each of the performance obligations when sold separately.

In determining the total transaction price, the Company considers the fair value of the consideration, both fixed and variable, to which the Company expects to be entitled and adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer where the period of the financing is over one year.

Sale of and subscription of licences

Licence revenue is recognised over the period of the related sales agreement, where the licence is considered a right to access Intellectual Property or the licence is considered a right to use of the software but it is not distinct from post contractual support ("PCS").

In all other circumstances, where the licence is considered a right to use of the software, licence revenue is recognised when the Company has no further obligations to perform in respect of the licence. Where the licence is distinct and separated from the PCS, the PCS revenue is recognised over the PCS period in the sales agreement.

Rendering of services

Revenue pursuant to time and material professional services contracts are recognised as services are performed. Revenues from fixed-fee professional services contracts are recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known. Any costs incurred in relation to the provision of services which are reimbursable from the customer in accordance with the terms of the contract are recognised as revenue when the right to be reimbursed is established.

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)**1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****(d) Revenue recognition (continued)***Royalty income*

Royalties from the licence of intellectual property is recognised when (or as) the later of the following events occurs:

- a) the subsequent sale or usage occurs; and
- b) the performance obligation to which some or all of the sales or usage based royalty has been allocated and has been satisfied (in full or in part).

(e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss, if any. An asset's recoverable amount is the higher of an asset's (or cash-generating unit) fair value less costs to sell and its value in use and is determined at the individual asset level, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

(f) Financial assets

Initial recognition and measurement – the Company determines the classification of its financial assets on initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement – for purposes of subsequent measurement, financial assets held by the Company are classified in the following categories:

- Financial assets at amortised cost – these include financial assets at amortised cost if both of the following conditions are met; (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) based on the contractual terms the expected cashflows are solely payments of principal and interest on the outstanding principal. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Impairment of financial assets – The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

PATSYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023 (Continued)

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) *Financial assets (continued)*

For trade receivables and accrued revenue, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivable and the economic environment.

The Company considers default to occur when contractual payments are outstanding greater than 360 days past due based on historical experience, however given the Company applies a simplified approach in calculating ECLs for trade receivables and accrued revenue, the definition of default has no impact on the quantification of the provision. Trade receivables are written off when there is no reasonable expectation of recovering the contractual cashflows, which is based on an assessment of the Company's intention and ability to successfully recover balances through enforcement activities.

Derecognition – a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(g) *Financial liabilities*

Initial recognition and measurement - the Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement – the measurement of financial liabilities depends on their classification, as described below:

- Loans and borrowings – after initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expense in the Statement of Comprehensive Income.

Derecognition of financial liabilities – a liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Statement of Comprehensive Income.

PATSYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2023 (Continued)

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts if any are shown within borrowings in current liabilities.

(j) *Foreign currency translation*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency').

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(k) *Taxation*

The tax expense for the financial year comprises current and deferred tax. Current tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, current tax is charged or credited to equity if it relates to items that are credited or charged directly to equity, otherwise income tax is recognised in profit or loss.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws in effect for the financial year.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for deferred tax assets which are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 December 2023 (Continued)****1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****(i) New standards and interpretations*****New standards and interpretations effective 1 January 2023***

The following amendments to standards were effective in 2023 but did not have a material impact on these financial statements:

Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IAS 12 <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IAS 12 <i>Income taxes: International Tax Reform – Pillar Two Model Rules</i>	1 January 2023

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* – the amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no material impact on the Company's financial statements.

Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies* – the amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

During the year, the Company made a reassessment of the accounting policies and disclosed only those that the Company assessed to have material impact on the financial statements of the Company.

Amendments to IAS 12 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – the amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendments had no impact on the Company's financial statements.

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)**1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****(i) New standards and interpretations (continued)*****New standards and interpretations effective 1 January 2023 (continued)***

Amendments to IAS 12 *Income taxes: International Tax Reform – Pillar Two Model Rules* - In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti Base Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments also require affected companies to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes
- their current tax expense (if any) related to the Pillar Two income taxes, and
- during the period between the legislation being enacted or substantively enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

The amendments must be applied immediately, subject to any local endorsement process, and retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, the disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are only required for annual reporting periods beginning on or after 1 January 2023.

The Company is a member of a Group within the scope of the OECD Pillar Two model rules. The amendment is not expected to have a material impact on the financial statements of the Company. The Company will continue to monitor changes in law and guidance as they apply to the Company.

2. REVENUE

Revenue was wholly derived from the Company's principal activity. It comprises the value of goods and services sold, excluding VAT. The Company has recognised the following amounts in relation to revenue in the Statement of Comprehensive Income. Revenue is derived from customers as follows:

	2023 £	2022 £
Contracts with customers	4,627,735	3,993,918

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)**2. REVENUE (Continued)**

The Company typically invoices clients annually in advance for all contract revenue streams except for professional service revenue, which can be either billed in advance or on satisfaction of milestones. As such, substantially all deferred revenue at the end of an accounting year will be recognised in the following year, with the exception of (i) contracts where revenue recognition is deferred due to uncertainty over payment and (ii) contracts with a significant financing component.

Accrued revenue primarily relates to the Company's rights to consideration for work completed but not billed at the reporting date. Deferred revenue primarily relates to the advance consideration received from customers for contracts, for which revenue will be recognised on satisfaction of performance obligations in subsequent periods.

	2023 £	2022 £
Accrued revenue at the beginning of the year	2,931	10,076
Deferred revenue at the beginning of the year	–	(2,958,913)
Net accrued / (deferred) revenue at the beginning of the year	2,931	(2,948,837)
Invoices raised in the year	(5,006,191)	(1,179,883)
<i>Revenue recognised in the year:</i>		
Included in the deferred revenue at the beginning of the year	–	2,961,765
Relating to performance obligations satisfied in a previous year	–	2,331
Relating to performance obligations satisfied from invoices raised in the current year	4,627,735	1,029,822
Bad debt provision recognised against deferred revenue	263,872	340,877
Foreign exchange	114,758	(203,144)
Accrued revenue at the end of the year	3,105	2,931
Deferred revenue at the end of the year	–	–
Net accrued revenue / (deferred revenue) at the end of the year	3,105	2,931

The Company does not disclose the amount of the transaction price allocated to the remaining performance obligations and when it expects to recognise that amount as revenue, in accordance with paragraph 121 and B16 of IFRS 15.

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)**3. OPERATING PROFIT**

	2023 £	2022 £
<i>Operating profit is stated after charging / (crediting):</i>		
Amortisation of intangible assets	–	141,752
Foreign exchange loss / (gain)	943,532	(1,838,686)
Gain on disposal of investment	–	(684,764)
	<u> </u>	<u> </u>

4. AUDITOR'S REMUNERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company.

	2023 £	2022 £
Audit of company accounts	24,570	22,337
	<u> </u>	<u> </u>

5. DIRECTORS' REMUNERATION

The directors of the Company received no remuneration for services to the Company during the year (2022: £Nil).

6. STAFF COSTS

The Company had no employees during the year (2022: Nil).

7. FINANCE INCOME

	2023 £	2022 £
Interest income on loans to group undertakings	1,056,853	690,284
Other interest income	407	–
	<u>1,057,260</u>	<u>690,284</u>

8. FINANCE EXPENSES

	2023 £	2022 £
Interest expense on loans from group undertaking	12,103	–
	<u> </u>	<u> </u>

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)**9. TAXATION**

	2023 £	2022 £
(a) <i>Tax on profit</i>		
The tax charge is made up as follows:		
Current tax:		
Corporation tax	–	9,612
Over provision in previous years	(9,612)	(8,095)
Total current tax	(9,612)	1,517
Deferred tax:		
Origination and reversal of temporary differences	61,518	58,993
Adjustment in respect of prior years	(1,718)	17,698
Change in deferred tax rate	3,869	(58,373)
Total deferred tax	63,669	18,318
Tax on profit (<i>note 9 (b)</i>)	54,057	19,835

(b) Factors affecting tax credit for the year:

The tax assessed for the year differs from that calculated by applying the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit before taxation	4,167,469	6,582,544
Accounting profit before tax multiplied by the standard rate of corporation tax in the UK of 23.5% (2022: 19%)	980,211	1,250,683
Effects of:		
Items not deductible for tax purposes	–	(130,105)
Difference in effective tax rates	–	14,158
Group relief claimed	(919,432)	(1,067,669)
R&D tax credits	739	1,538
Effect of change in deferred tax rate	3,869	(58,373)
Adjustment in respect of prior years – current tax	(9,612)	(8,095)
Adjustment in respect of prior years – deferred tax	(1,718)	17,698
Tax on profit (<i>note 9 (a)</i>)	54,057	19,835

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)

9. TAXATION (Continued)

(c) *Deferred tax asset*

	2023 £	2022 £
Amounts falling due after more than one year	299,111	362,780
	2023 £	2022 £
Accelerated capital allowances on fixed assets and capitalised development costs	258,167	314,652
Other temporary differences	40,944	48,128
	299,111	362,780
	2023 £	2022 £
At 1 January	362,780	381,098
Deferred tax debit in Statement of Comprehensive Income	(63,669)	(18,318)
At 31 December	299,111	362,780

10. TRADE AND OTHER RECEIVABLES

	2023 £	2022 £
<i>Amounts falling due within one year</i>		
Trade receivables	6,320	28,130
Accrued income	3,105	2,931
Other debtors	467,631	534,601
Amounts owed from group undertakings	41,096,368	39,781,752
	41,573,424	40,347,414

Amounts owed from group undertakings

Amounts owed from group undertakings comprise of trade and loans balances which are unsecured and receivable on demand. The loans carried interest rate of between 3.5% – 6.76% (2022: 3.5% – 6.76%).

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)**10. TRADE AND OTHER RECEIVABLES (Continued)***Expected credit losses on trade receivables*

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored. Trade receivables are non-interest bearing and are generally issued with credit terms of 0 – 30 days.

An impairment analysis is performed at each reporting date using the provision matrix below to measure the ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation of the ECL reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Loss rates are based on actual credit loss experience over a period of at least 6 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 December 2023 (£):	<i>Current</i>	<i>30-360</i>	<i>Over 360</i>	<i>Total</i>
Expected credit loss rate %	0.1%	99.9%	100.0%	
Gross carrying amount	5,064	316,151	13,102	334,317
ECL	(5)	(314,890)	(13,102)	(327,997)
Net carrying amount	5,059	1,261	–	6,320
Past due but not impaired	–	1,261	–	1,261
As at 31 December 2022 (£):	<i>Current</i>	<i>30-360</i>	<i>Over 360</i>	<i>Total</i>
Expected credit loss rate %	0.1%	96.5%	99.7%	
Gross carrying amount	5,301	501,941	1,647,375	2,154,617
ECL	(6)	(484,399)	(1,642,082)	(2,126,487)
Net carrying amount	5,295	17,542	5,293	28,130
Past due but not impaired	–	17,542	5,293	22,835

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)**10. TRADE AND OTHER RECEIVABLES (Continued)**

Expected credit losses on trade receivables

	2023	2022
	£	£
As at 1 January	2,126,487	1,801,314
Provision for expected credit losses	(1,798,490)	325,173
As at 31 December	327,997	2,126,487

11. CREDITORS

	2023	2022
	£	£
<i>Amounts due within one year</i>		
Trade creditors	6,437	4,715
Accruals	6,470	7,997
VAT payable	–	137,367
Amounts owed to group undertakings	3,461,638	6,299,905
Corporation tax due	–	13,796
Other creditors	23,395	–
	3,497,940	6,463,780

Amounts owed to group undertakings

Amounts owed to group undertakings comprise of trade and loan balances, which are unsecured and repayable on demand. The loan carried an interest rate of 8.19%.

12. SHAREHOLDERS' FUNDS

<i>CALLED UP SHARE CAPITAL</i>	2023	2022
	£	£
<i>Authorised</i>		
10,000,000 Ordinary Shares of £0.01 each	100,000	100,000
	2023	2022
	£	£
<i>Allotted, called up and fully paid</i>		
187,433 / 187,432 Ordinary Shares of £0.01 each	1,874	1,874

RIGHTS OF SHARES

Ordinary Shares have full voting and dividend rights and a right to a return of capital being the surplus of assets after payment of all liabilities upon liquidation, reduction in capital or otherwise.

PATSYSTEMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 December 2023 (Continued)**12. SHAREHOLDERS' FUNDS (Continued)***SHARE PREMIUM ACCOUNT*

This reserve records the consideration for the issuance of shares above the nominal value of the shares issued.

In July 2022, the Company issued 1 ordinary share for a total consideration of £857 in form of an investment in Patsystems Hong Kong Limited. The Company subsequently transferred the investment in Patsystems Hong Kong Limited to a group undertaking and recognised a gain of £684,764 (Note 3).

DIVIDENDS

During the year, the Company declared and paid dividends of nil (2022: £2.14).

13. COMMITMENTS

There is a charge over the assets of the Company in favour of UBS Securities LLC and Lucid Trustee Services Limited in respect of loans repayable by other group companies.

14. RELATED PARTY TRANSACTIONS

During the year, the Company transacted with related parties in the normal course of business.

Transactions with key management personnel

The transactions with directors of the Company are disclosed in note 5.

Transactions with group undertakings

Transactions with group undertakings refer to transactions with the group of undertakings for which consolidated financial statements are prepared by their parent undertaking and of which the Company is a member. The Company has availed the exemption provided in paragraph 8(k) of FRS 101 to disclose transactions with the group undertakings.

15. PARENT UNDERTAKINGS, CONTROLLING PARTIES, DIRECTORS' AND SECRETARY'S INTERESTS

The Company's immediate parent undertaking Patsystems Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent undertaking and controlling party is Bessel Capital S.à.r.l., a company incorporated in Luxembourg.

The parent undertaking of the smallest and largest groups of undertakings for which consolidated financial statements are prepared and of which the Company is a member, is ION Trading Technologies Limited, company incorporated in the Republic of Ireland.

Neither the directors, nor the company secretary, their spouses or minor children, held any interests in the shares of the Company, its parent undertaking or any other group undertaking, except as follows:

At the year end, Mr. A. Pignataro owned directly 100% (2022: 100%) of Bessel Capital S.à.r.l.

PATSYSTEMS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023 (Continued)

16. EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

There have been no significant events since the Statement of Financial Position date.

17. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the financial statements in respect of the financial year ended 31 December 2023 on 05 July 2024.