

Cellpoint Digital Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Company Registration No. 07855692 (England and Wales)

Cellpoint Digital Holdings Limited

Company Information

Directors	K Gjerding P Hill G Kitchen R Seet
Company number	07855692
Registered office	25 Wilton Road London SW1V 1LW
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP

Cellpoint Digital Holdings Limited

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Cellpoint Digital Holdings Limited

Strategic Report

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The primary activity of CellPoint Digital Holdings Limited ("the Company") continued to be that of a holding company.

The group's primary business activity continued to be that of providing powerful digital commerce and payment solutions to travel airlines, travel companies and other verticals via the group's payments platform.

The group remains well positioned to benefit from its major presence in the Payment Orchestration market and is looking to further develop its customer base and product offering. The group plans to further expand its presence during 2023 in travel and other product offerings.

Principal risks and uncertainties

The management of the business and execution of the group's Strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to market competition, technological advancements, exposure to FX risks and exposure to cash flow risks. The group mitigates these risks through the application of internal resource and the appointment of professional advisors. The group invests significant amounts of human and financial capital into research and development with the objective of creating products that are competitive in the marketplace and leading from a technology perspective.

The group's directors take overall responsibility for the oversight of mitigation of these risks.

Key performance indicators

The financial key performance indicators used by management are revenue and operating profit. Revenue for the year ended 31 December 2022 was \$2.6m (2021: \$2.3m). Operating loss for the year ended 31 December 2022 was \$19.4m (2020: \$14.4m).

The non-financial key performance indicator used by management is chargeable transactions. The group saw a 48% increase in chargeable transactions from 2021 to 2022.

On behalf of the board

K Gjerding
Director
30 August 2023

Cellpoint Digital Holdings Limited

Directors' Report

For the year ended 31 December 2022

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

Principal activities

The principal activity of the company and group continued to be that of providing powerful digital commerce and payment solutions to travel airlines, travel companies and other verticals via the group's payments platform.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K Gjerding
P Hill
G Kitchen
R Seet

Results and dividends

The results for the year are set out on page 8.

No ordinary or preference dividends were paid. The directors do not recommend payment of a further dividend.

Research and development

During the year the group continued to appreciably enhance the existing payments platform. The R&D team undertook various unique development projects that foresaw a comprehensive overhaul of existing technologies in order to pave the way for new, more cutting-edge and performant capabilities.

Total expenditure on R&D for the year was \$8.9m (2021: \$2.8m).

Future developments

The group remains well positioned to benefit from its major presence in the Payment Orchestration market and is looking to further develop its customer base and product offering. The group plans to further expand its presence during 2023 in travel and other product offerings.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the group will be put at a General Meeting.

Cellpoint Digital Holdings Limited

Directors' Report (Continued)

For the year ended 31 December 2022

Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to 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 of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

K Gjerding

Director

30 August 2023

Cellpoint Digital Holdings Limited

Independent Auditor's Report

To the Members of Cellpoint Digital Holdings Limited

Opinion

We have audited the financial statements of Cellpoint Digital Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's loss 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 group 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.

Material uncertainty in relation to going concern

We draw attention to note 1.4 in the financial statements, which indicates that while the directors have received written assurances from an investor of an intention to provide additional financial support to the group, this does not represent a firm commitment. As stated in note 1.4, the group has made a loss for the period of £18,666,510 (2021: 13,975,777) these events or conditions, along with the other matters as set forth in note 1.4 indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter – intangible assets, fixed asset investments and recoverability of intercompany balances

We also draw your attention to note 2 in the financial statements which indicates that management assess the carrying value of intangible assets of \$12,414,133 and the recoverability of intercompany balances of \$71,155,733 (net) by reference to discounted cash flow projections. These projections require management to make assessments about the probability of revenue generated from both transactional income and fixed contracts coming to fruition across a range of geographies and at various stages of completion in the sales pipeline. While the group continues to grow its business and develop its payments platform the forecasts rely heavily on a sales pipeline which is highly subjective. The global health pandemic has also fundamentally affected the travel sector in which the group operates, and the resulting impact on the projections and travel merchants' procurement plans cannot be reasonably estimated at this time. Our opinion is not modified in respect of this matter.

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.

Cellpoint Digital Holdings Limited

Independent Auditor's Report (Continued)

To the Members of Cellpoint Digital Holdings Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report

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

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

Responsibilities of directors

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

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

Cellpoint Digital Holdings Limited

Independent Auditor's Report (Continued)

To the Members of Cellpoint Digital Holdings Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Cellpoint Digital Holdings Limited

Independent Auditor's Report (Continued)

To the Members of Cellpoint Digital Holdings Limited

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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.

Thomas Moore (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

30 August 2023

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Cellpoint Digital Holdings Limited

Group Profit and Loss Account

For the year ended 31 December 2022

		2022	2021
	Notes	\$	\$
Turnover	3	2,626,300	2,304,328
Administrative expenses		(22,013,832)	(17,024,754)
Other operating income		-	280,183
		<hr/>	<hr/>
Operating loss	4	(19,387,532)	(14,440,243)
Interest payable and similar expenses	8	(51,041)	(272,796)
		<hr/>	<hr/>
Loss before taxation		(19,438,573)	(14,713,039)
Tax on loss	9	772,063	737,262
		<hr/>	<hr/>
Loss for the financial year		<u>(18,666,510)</u>	<u>(13,975,777)</u>

Loss for the financial year is all attributable to the owners of the parent company.

Cellpoint Digital Holdings Limited

Group Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 \$	2021 \$
Loss for the year	(18,666,510)	(13,975,777)
Other comprehensive income		
Currency translation differences	(3,686,075)	(77,025)
Total comprehensive income for the year	<u>(22,352,585)</u>	<u>(14,052,802)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

Cellpoint Digital Holdings Limited

Group Balance Sheet

As at 31 December 2022

	Notes	2022		2021	
		\$	\$	\$	\$
Fixed assets					
Intangible assets	10	12,414,133		9,378,746	
Tangible assets	11	155,235		109,280	
			<u>12,569,368</u>		<u>9,488,026</u>
Current assets					
Debtors	15	2,906,438		2,567,819	
Cash at bank and in hand		1,824,914		9,258,338	
			<u>4,731,352</u>		<u>11,826,157</u>
Creditors: amounts falling due within one year					
	16	(2,235,614)		(2,613,276)	
			<u>2,495,738</u>		<u>9,212,881</u>
Net current assets					
			<u>15,065,106</u>		<u>18,700,907</u>
Total assets less current liabilities					
			<u>15,065,106</u>		<u>18,700,907</u>
Net assets excluding pension liability					
			<u>15,065,106</u>		<u>18,700,907</u>
Defined benefit pension liability					
	19	(181,819)		(81,404)	
			<u>14,883,287</u>		<u>18,619,503</u>
Net assets					
			<u>14,883,287</u>		<u>18,619,503</u>
Capital and reserves					
Called up share capital	21	33,736,609		23,490,757	
Share premium account		51,024,078		42,653,561	
Profit and loss reserves		(69,877,400)		(47,524,815)	
			<u>14,883,287</u>		<u>18,619,503</u>

The financial statements were approved by the board of directors and authorised for issue on 30 August 2023 and are signed on its behalf by:

K Gjerding
Director

Cellpoint Digital Holdings Limited

Company Balance Sheet

As at 31 December 2022

	Notes	2022		2021	
		\$	\$	\$	\$
Fixed assets					
Investments	12	3,685,563		3,685,563	
Current assets					
Debtors	15	71,251,102		47,994,455	
Cash at bank and in hand		1,247,052		8,372,043	
		<u>72,498,154</u>		<u>56,366,498</u>	
Creditors: amounts falling due within one year	16	<u>(4,881,504)</u>		<u>(229,489)</u>	
Net current assets		67,616,650		56,137,009	
Net assets		<u>71,302,213</u>		<u>59,822,572</u>	
Capital and reserves					
Called up share capital	21	33,736,609		23,490,757	
Share premium account		51,024,078		42,653,561	
Profit and loss reserves		<u>(13,458,474)</u>		<u>(6,321,746)</u>	
Total equity		<u>71,302,213</u>		<u>59,822,572</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was \$560,489 (2021 - \$1,978,165 loss).

The financial statements were approved by the board of directors and authorised for issue on 30 August 2023 and are signed on its behalf by:

K Gjerding
Director

Company Registration No. 07855692

Cellpoint Digital Holdings Limited

Group Statement of Changes in Equity For the year ended 31 December 2022

	Share capital	Share premium account	Equity reserves	Profit and loss reserves	Total
Notes	\$	\$	\$	\$	\$
Balance at 1 January 2021	14,408,733	24,198,522	957,070	(33,472,013)	6,092,312
Year ended 31 December 2021:					
Loss for the year	-	-	-	(13,975,777)	(13,975,777)
Other comprehensive income:					
Currency translation differences	-	-	-	(77,025)	(77,025)
Total comprehensive income for the year	-	-	-	(14,052,802)	(14,052,802)
Issue of share capital	21 6,467,220	12,869,817	-	-	19,337,037
Conversion of loan to shares	21 2,614,804	5,585,222	(957,070)	-	7,242,956
Balance at 31 December 2021	23,490,757	42,653,561	-	(47,524,815)	18,619,503
Year ended 31 December 2022:					
Loss for the year	-	-	-	(18,666,510)	(18,666,510)
Other comprehensive income:					
Currency translation differences	-	-	-	(3,686,075)	(3,686,075)
Total comprehensive income for the year	-	-	-	(22,352,585)	(22,352,585)
Issue of share capital	21 10,245,852	8,370,517	-	-	18,616,369
Balance at 31 December 2022	33,736,609	51,024,078	-	(69,877,400)	14,883,287

Cellpoint Digital Holdings Limited

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Notes	Share capital \$	Share premium account \$	Equity reserves \$	Profit and loss reserves \$	Total \$
Balance at 1 January 2021		14,408,733	24,198,522	957,070	(3,255,769)	36,308,556
Year ended 31 December 2021:						
Loss for the year		-	-	-	(1,978,165)	(1,978,165)
Other comprehensive income:						
Currency translation differences		-	-	-	(1,087,812)	(1,087,812)
Total comprehensive income for the year		-	-	-	(3,065,977)	(3,065,977)
Issue of share capital	21	6,467,220	12,869,817	-	-	19,337,037
Conversion of loan to shares	21	2,614,804	5,585,222	(957,070)	-	7,242,956
Balance at 31 December 2021		23,490,757	42,653,561	-	(6,321,746)	59,822,572
Year ended 31 December 2022:						
Profit for the year		-	-	-	560,489	560,489
Other comprehensive income:						
Currency translation differences		-	-	-	(7,697,217)	(7,697,217)
Total comprehensive income for the year		-	-	-	(7,136,728)	(7,136,728)
Issue of share capital	21	10,245,852	8,370,517	-	-	18,616,369
Balance at 31 December 2022		33,736,609	51,024,078	-	(13,458,474)	71,302,213

Cellpoint Digital Holdings Limited

Group Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022		2021	
		\$	\$	\$	\$
Cash flows from operating activities					
Cash absorbed by operations	26	(17,372,572)		(10,144,605)	
Interest paid		(51,041)		(272,796)	
Income taxes refunded		507,202		727,051	
Net cash outflow from operating activities		(16,916,411)		(9,690,350)	
Investing activities					
Purchase of intangible assets		(8,990,560)		(4,940,434)	
Purchase of tangible fixed assets		(142,822)		(103,735)	
Net cash used in investing activities		(9,133,382)		(5,044,169)	
Financing activities					
Proceeds from issue of shares		18,616,369		19,337,037	
Net cash generated from financing activities		18,616,369		19,337,037	
Net (decrease)/increase in cash and cash equivalents		(7,433,424)		4,602,518	
Cash and cash equivalents at beginning of year		9,258,338		4,655,820	
Cash and cash equivalents at end of year		1,824,914		9,258,338	

Cellpoint Digital Holdings Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1 Accounting policies

Company information

Cellpoint Digital Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 25 Wilton Road, London, SW1V 1LW.

The group consists of Cellpoint Digital Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Cellpoint Digital Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.4 Going concern

During the year the company raised capital of \$18,616,369 from share issues to support the continued international growth of the group and prepared discounted cash flows to support the carrying value of its investments in subsidiaries and the recoverability of its intercompany balances. Following the outbreak of the global coronavirus pandemic and its impact on travel, the group experienced a reduction in transactional revenue generated from payment processing. Further losses are budgeted for 2023, though with pandemic related air travel restrictions now removed and the addition of new clients in travel and other verticals, the group has seen an increase in revenue from 2021 to 2022, with further increases forecast for 2023.

At 31 December 2022 the group had net assets of \$14,883,287 (2021: \$18,619,503). Since the balance sheet date the company has raised further capital of £10,185,519 from existing shareholders, indicating ongoing confidence in the group's business plan. The directors have also received written assurances from an investor that they are supportive of the group and intend to provide additional financial and other support to the group to enable it to continue to trade and meet its liabilities as they fall due for a period of at least one year from the date of signature of the audit report. For the reasons the directors have prepared the accounts on a going concern basis.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from platform implementation work is recognised upon completion of the software installation. Transactional revenue is recognised monthly in arrears, based on the level of transactions processed through the platform during that month. Fixed price contracts delivered over a period of time are deferred over the length of the underlying contract.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5-10 years
Patents & licences	10 years

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	5 years
Computer equipment	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

1.11 Cash and cash equivalents

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

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because 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 tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.17 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Intangible assets impairment review

The group assesses the carrying value of intangible assets by carrying out annual impairment reviews. Amongst other things, the reviews require management to make assessments about the probability of revenue streams from existing and prospective clients, the likelihood of further contracts being won, the scaling of revenue streams, changes to the cost base of the entity, and applying a suitable discount factor in calculating the discounted cash flows over a period.

Carrying value of investments

The directors assess the carrying value of investments in subsidiaries by carrying out annual impairment reviews. Amongst other things, the reviews require management to make assessments about the probability of revenue streams from existing and prospective clients, the likelihood of further contracts being won, the scaling of revenue streams, changes to the cost base of the entity, and applying a suitable discount factor in calculating the discounted cash flows over a period.

Bad debt provisions

Trade debtors are periodically reviewed by management and a judgement is made in determining the provision for doubtful debts. The group has adopted a policy of providing for any trade debtor balances falling greater than six months due unless certain factors suggest otherwise.

Recoverability of intercompany balances

The company assesses the recoverability of intercompany debtors by considering the discounted cash flows the associated entity is expected to generate over a period from existing and prospective clients. The calculation requires the company to make assessments about the probability of revenue streams coming to fruition, changes to the cost base of the entity and applying a suitable discount factor

Research and development tax claim

Research and development expenditure is periodically reviewed by management and a judgement is made in determining the amount of qualifying expenditure applicable for tax reclaim. The company works in tandem with a third party expert to assess the amount of qualifying R&D expenditure, a detailed analysis was undertaken to identify and exclude from the claim, any activities which did not meet the definition of R&D as defined by BEIS Guidelines on the Meaning of Research and Development for Tax Purposes.

3 Turnover and other revenue

	2022	2021
	\$	\$
Turnover analysed by class of business		
Recurring	2,517,247	1,977,094
Non-recurring	109,053	327,234
	<u>2,626,300</u>	<u>2,304,328</u>

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

3 Turnover and other revenue	(Continued)	
	2022	2021
	\$	\$
Turnover analysed by geographical market		
Asia-Pacific	343,158	114,560
Middle East and Africa	95,010	130,092
European Union	488,208	660,630
Americas	1,674,782	1,195,565
United Kingdom	25,142	203,481
	<u>2,626,300</u>	<u>2,304,328</u>
	<u><u>2,626,300</u></u>	<u><u>2,304,328</u></u>
4 Operating loss	2022	2021
	\$	\$
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss		
	(2,118,915)	611,287
Government grants	-	(280,183)
Depreciation of owned tangible fixed assets	96,867	82,675
Amortisation of intangible assets	5,955,173	5,006,666
Operating lease charges	402,358	219,623
	<u>4,337,483</u>	<u>5,440,073</u>
	<u><u>4,337,483</u></u>	<u><u>5,440,073</u></u>
5 Auditor's remuneration	2022	2021
	\$	\$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	72,369	49,569
Audit of the financial statements of the company's subsidiaries	36,185	37,048
	<u>108,554</u>	<u>86,617</u>
	<u><u>108,554</u></u>	<u><u>86,617</u></u>

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administration	24	25	5	5
Sales and delivery	44	31	-	2
Technology and product	100	81	-	-
Total	168	137	5	7

Their aggregate remuneration comprised:

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Wages and salaries	12,041,826	3,774,258	484,713	832,688
Social security costs	474,234	309,865	18,759	21,326
Pension costs	377,883	186,339	9,084	8,334
	12,893,943	4,270,462	512,556	862,348

7 Directors' remuneration

	2022 \$	2021 \$
Remuneration for qualifying services	409,286	593,152

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 \$	2021 \$
Remuneration for qualifying services	409,286	593,152

The directors are considered to be the Key Management Personnel.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

8 Interest payable and similar expenses

	2022	2021
	\$	\$
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13,913	-
Interest on convertible loan notes	-	243,130
	<u>13,913</u>	<u>243,130</u>
Other finance costs:		
Other interest	37,128	29,666
	<u>51,041</u>	<u>272,796</u>

9 Taxation

	2022	2021
	\$	\$
Current tax		
UK corporation tax on profits for the current period	(993,944)	(829,741)
Adjustments in respect of prior periods	-	51,537
	<u>(993,944)</u>	<u>(778,204)</u>
Total UK current tax	(993,944)	(778,204)
Foreign current tax on profits for the current period	276,410	14,672
	<u>(717,534)</u>	<u>(763,532)</u>
Total current tax	(717,534)	(763,532)
Deferred tax		
Origination and reversal of timing differences	(54,529)	44,167
Adjustment in respect of prior periods	-	(17,897)
	<u>(54,529)</u>	<u>26,270</u>
Total deferred tax	(54,529)	26,270
Total tax credit	<u>(772,063)</u>	<u>(737,262)</u>

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

9 Taxation (Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	\$	\$
Loss before taxation	(19,438,573)	(14,713,039)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i>	(3,693,329)	(2,795,477)
Tax effect of expenses that are not deductible in determining taxable profit	31,866	16,278
Unutilised tax losses carried forward	4,321,038	2,873,577
Research and development tax credit	(1,476,551)	(838,807)
Effect of overseas tax rates	43,063	2,788
Deferred tax on gratuity provision	1,850	4,379
Taxation credit	(772,063)	(737,262)

10 Intangible fixed assets

Group	Goodwill	Software	Patents & licences	Total
	\$	\$	\$	\$
Cost				
At 1 January 2022	3,706,643	23,932,457	493	27,639,593
Additions - internally developed	-	8,990,560	-	8,990,560
At 31 December 2022	3,706,643	32,923,017	493	36,630,153
Amortisation and impairment				
At 1 January 2022	3,706,643	14,553,711	493	18,260,847
Amortisation charged for the year	-	5,955,173	-	5,955,173
At 31 December 2022	3,706,643	20,508,884	493	24,216,020
Carrying amount				
At 31 December 2022	-	12,414,133	-	12,414,133
At 31 December 2021	-	9,378,746	-	9,378,746

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

11 Tangible fixed assets

Group	Office equipment \$	Computer equipment \$	Total \$
Cost			
At 1 January 2022	99,690	350,423	450,113
Additions	30,033	112,789	142,822
Disposals	(18,972)	(39,975)	(58,947)
At 31 December 2022	110,751	423,237	533,988
Depreciation and impairment			
At 1 January 2022	93,382	247,451	340,833
Depreciation charged in the year	10,388	86,479	96,867
Eliminated in respect of disposals	(18,972)	(39,975)	(58,947)
At 31 December 2022	84,798	293,955	378,753
Carrying amount			
At 31 December 2022	25,953	129,282	155,235
At 31 December 2021	6,308	102,972	109,280

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

12 Fixed asset investments

	Notes	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Investments in subsidiaries	13	-	-	3,685,563	3,685,563
Movements in fixed asset investments					
Company					
Shares in subsidiaries					
Cost or valuation					
At 1 January 2022 and 31 December 2022					
3,685,563					
Carrying amount					
At 31 December 2022					
3,685,563					
At 31 December 2021					
3,685,563					

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
CellPoint Digital Limited	Office 3.09, 25 Wilton Road, Pimlico, London, SW1V 1LW, UK	Digital commerce	Ordinary shares	100.00	-
CellPoint Digital Inc	2000 Ponce De Leon Blvd, Miami, FL 33134, USA	Digital commerce	Ordinary shares	100.00	-
CellPoint Digital ApS	Amager Strandvej 390, 1.2770 Kastrup, Denmark	Digital commerce	Ordinary shares	-	100.00
CellPoint Digital (Singapore) Pte Limited	9 Raffles Place #27-00, Republic Plaza, Singapore 048619	Digital commerce	Ordinary shares	100.00	-
CellPoint Mobile India LLP	Office 511 5th floor, World Trade Centre, S.No. 1, Kharadi, Pune-411014, India	Software development	Ordinary shares	99.98	-
CellPoint Digital (HK) Limited	Unit 605-08, 6/F Wing On Centre, 111 Connaught Road, Central Hong Kong	Digital commerce	Ordinary shares	100.00	-

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	\$	\$
CellPoint Digital Limited	(15,083,428)	(35,429,771)
CellPoint Digital Inc	(4,401,716)	(15,186,393)
CellPoint Digital ApS	(12,329)	(267,991)
CellPoint Digital (Singapore) Pte Limited	(203,154)	(1,874,313)
CellPoint Mobile India LLP	135,596	(590,947)
CellPoint Digital (HK) Limited	(81,366)	(149,080)

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

14 Financial instruments

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,159,458	1,144,216	71,157,692	47,944,749
	<u>1,159,458</u>	<u>1,144,216</u>	<u>71,157,692</u>	<u>47,944,749</u>
Carrying amount of financial liabilities				
Measured at amortised cost	2,233,545	2,331,709	4,873,308	210,849
	<u>2,233,545</u>	<u>2,331,709</u>	<u>4,873,308</u>	<u>210,849</u>

15 Debtors

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Amounts falling due within one year:				
Trade debtors	1,008,005	794,895	-	-
Corporation tax recoverable	994,085	829,741	-	-
Amounts owed by group undertakings	-	-	71,155,733	47,942,789
Other debtors	373,801	480,079	27,773	35,493
Prepayments and accrued income	452,971	440,057	67,596	16,173
	<u>2,828,862</u>	<u>2,544,772</u>	<u>71,251,102</u>	<u>47,994,455</u>
Deferred tax asset (note 18)	77,576	23,047	-	-
	<u>2,906,438</u>	<u>2,567,819</u>	<u>71,251,102</u>	<u>47,994,455</u>

16 Creditors: amounts falling due within one year

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Notes				
Other borrowings	17 75,795	75,795	-	-
Trade creditors	709,083	957,725	27,606	34,170
Amounts owed to group undertakings	-	-	4,707,763	-
Corporation tax payable	-	100,517	-	-
Other taxation and social security	7,787	181,050	8,196	18,640
Other creditors	353,629	257,688	38,591	55,322
Accruals and deferred income	1,089,320	1,040,501	99,348	121,357
	<u>2,235,614</u>	<u>2,613,276</u>	<u>4,881,504</u>	<u>229,489</u>

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

17 Loans and overdrafts

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Other loans	75,795	75,795	-	-
Payable within one year	75,795	75,795	-	-

Other loans above include an amount of \$75,795 (2021: \$75,795) owed to the three individuals for bridging loans provided in September 2011, which are unsecured and incur interest of 12% per annum. The loans are repayable on demand.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Assets 2022 \$	Assets 2021 \$
Provision for liabilities	77,576	23,047

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2022 \$	Company 2022 \$
Asset at 1 January 2022	(23,047)	-
Credit to profit or loss	(54,529)	-
Asset at 31 December 2022	(77,576)	-

The deferred tax asset set out above is expected to reverse within 12 months and relates to the temporary timing differences arising from the movement in provisions.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

19 Retirement benefit schemes

	2022	2021
	\$	\$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	377,883	186,339
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined benefit schemes

One of the subsidiaries, Cellpoint Mobile India LLP, has recognised an expense of \$138,349 (2021: gain of \$ 37,170) on its contribution to a gratuity fund. Such defined benefits are charged to the Statement of Profit and Loss based on estimations made by the management, as at the Balance Sheet date.

To be eligible for gratuity under the Gratuity Act, an employee needs to have at least five full years of service with the company, except in the event that an employee passes away or is rendered disabled due to accident or illness. In these cases, gratuity must be paid.

Valuation

The full actuarial valuation of the defined benefit scheme was carried out at 31 December 2022 by a qualified independent actuary.

	2022	2021
	%	%
Key assumptions		
Discount rate	7	7
Expected rate of salary increases	5	5
Withdrawal rate	10	5
	<u> </u>	<u> </u>

Mortality assumptions

The actuarial assumptions assume a retirement age of 58, and mortality based on the India Assured Lives Mortality (2012-14).

	2022	2021
	\$	\$
Amounts recognised in the profit and loss account		
Current service cost	35,065	30,063
Net interest on defined benefit liability/(asset)	8,803	10,526
The effect of any curtailment or settlement	94,481	(77,759)
	<u> </u>	<u> </u>
Total costs/(income)	138,349	(37,170)
	<u> </u>	<u> </u>

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

19 Retirement benefit schemes (Continued)

	2022	2021
	\$	\$
Amounts taken to other comprehensive income		
Actuarial changes related to obligations	11,045	(55,707)

The amounts included in the balance sheet arising from obligations in respect of defined benefit plans are as follows:

	2022	2021
	\$	\$
Group		
Present value of defined benefit obligations	181,819	81,404
Deficit in scheme	181,819	81,404

The company had no post employment benefits at 31 December 2022 or 1 January 2022.

	Group 2022 \$
Movements in the present value of defined benefit obligations	
Liabilities at 1 January 2022	81,404
Current service cost	35,065
Plan introductions, changes, curtailments and settlements	94,481
Benefits paid	(48,979)
Actuarial gains and losses	11,045
Interest cost	8,803
At 31 December 2022	181,819

The defined benefit obligations arise from plans which are wholly or partly funded.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

20 Share-based payment transactions

Group and company	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 \$	2021 \$
Outstanding at 1 January 2022	1,781,529	590,262	0.97	2.48
Granted	-	1,191,267	-	0.22
Expired	9,593	-	2.48	-
Outstanding at 31 December 2022	<u>1,791,122</u>	<u>1,781,529</u>	<u>0.97</u>	<u>0.97</u>
Exercisable at 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 December 2022 had an exercise price ranging from £0.22 to £2.48 and a vesting period of three years.

No expense has been recognised in the accounts as the options are only exercisable on sale of the company.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

21 Share capital

	Group and company	
	2022	2021
	\$	\$
Ordinary share capital		
Issued and fully paid		
4,440,479 Ordinary of £1 each	6,416,137	6,416,137
1,021,470 B Ordinary of £1 each	1,312,522	1,312,522
	<u>7,728,659</u>	<u>7,728,659</u>
Preference share capital		
Issued and fully paid		
165,043 Preferred of £1 each	212,069	212,069
5,033,726 A Preferred of £1 each	6,468,005	6,468,005
2,063,813 B Preferred of £1 each	2,877,781	2,877,781
7,094,893 C Preferred of £1 each	9,552,346	6,204,243
5,736,712 Preference of £1 each	6,897,749	-
	<u>26,007,950</u>	<u>15,762,098</u>

The Ordinary and Ordinary A shares have full voting rights and right to dividends subject to the preferential rights of the preferred shares, A preferred shares, B preferred shares, C preferred shares and D preferred shares.

The B Ordinary shares carry no voting rights, and no right to dividends. The shares hold preferential participation on a liquidation or other return of capital only where net proceeds are greater than £75,000,000, as detailed in the Articles.

All preferred shares have full voting rights and the right to preferential participation in dividend distributions.

During the year the company made the following allotments of shares:

- On 26 January 2022, 2,497,280 C Preferred shares of £1 each at a premium of £2.92 per share for cash.
- On 24 November 2022, 4,070,042 Preference shares of £1 each at a premium of £nil per share for cash
- On 28 December 2022, 1,666,670 Preference shares of £1 each at a premium of £nil per share for cash.

Share issue costs of \$896,495 have been written off against share premium.

On 31 December 2022 an agreement was signed to issue 18,500 Preference shares of £1 each, at a premium of £nil per share for cash, to an individual. These shares were not allotted until 19 January 2023, where it was included in a 33,500 preferred share issue (note 25).

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 \$	2021 \$	Company 2022 \$	2021 \$
Within one year	231,069	388,129	-	-
Between two and five years	-	115,740	-	-
	<u>231,069</u>	<u>503,869</u>	<u>-</u>	<u>-</u>

23 Related party transactions

The group has taken the exemption under Section 33 Related Party Disclosures paragraph 33.1A from disclosing transactions with other members of a wholly owned group.

During the year, marketing consultancy services totalling \$124,308 (2021: \$82,950) were provided by a relative of K Gjerding, a director of the company. No amount was outstanding at year end.

During the year, sales of £nil (2021: £147,004) were provided to Acquired Ltd, whose CEO is also a director of the company. An amount of £nil (2021: £107,124) was outstanding at the year end.

24 Controlling party

There is no single controlling party. The company is deemed to be under the control of the board of directors.

25 Post balance sheet events

During 2023 the company has issued 10,185,519 preference shares of £1 at a premium of £nil per share for cash.

Cellpoint Digital Holdings Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

26 Cash absorbed by group operations

	2022	2021
	\$	\$
Loss for the year after tax	(18,666,510)	(13,975,777)
Adjustments for:		
Taxation credited	(772,063)	(722,356)
Finance costs	51,041	272,796
Amortisation and impairment of intangible assets	5,955,173	5,006,666
Depreciation and impairment of tangible fixed assets	96,867	82,675
Currency translation differences	(3,686,075)	(207,401)
Amounts forgiven on PPP loan	-	(295,800)
Movements in working capital:		
Increase in debtors	(119,746)	(824,089)
(Decrease)/increase in creditors	(277,145)	637,256
Decrease in provisions	45,886	(118,575)
Cash absorbed by operations	(17,372,572)	(10,144,605)

27 Analysis of changes in net funds - group

	1 January 2022	Cash flows	31 December 2022
	\$	\$	\$
Cash at bank and in hand	9,258,338	(7,433,424)	1,824,914
Borrowings excluding overdrafts	(75,795)	-	(75,795)
	<u>9,182,543</u>	<u>(7,433,424)</u>	<u>1,749,119</u>

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