



ANNUAL REPORT

For the year ended
31 December 2023

Cornerstone FS plc (trading as Finseta)

2023



Contents

Strategic Report	Strategic Framework	4
	Performance Highlights	6
	Chairman's Statement	7
	Chief Executive Officer's Review	9
	Investment Case	12
	Chief Financial Officer's Review	13
	Principal Risks and Uncertainties	16
<hr/>		
Governance	Board of Directors	19
	Corporate Governance Report	21
	ESG	24
	Section 172 Statement	26
	Audit Committee Report	27
	Directors' Remuneration Report	30
	Directors' Report	34
<hr/>		
Financial Statements	Independent Auditor's Report	39
	Consolidated Financial Statements	46
	Notes to the Financial Statements	52
<hr/>		
Company Information		83

Finseta* is...

A foreign exchange and payments company offering multi-currency accounts to businesses and individuals

With a strategy to grow via...

1.

Expanding our geographic footprint and capabilities

- establishing new counterparty relationships to increase the number of currencies our clients can transact with and countries they can send money to
- expanding our regulatory capabilities on a global scale to benefit from local payment rails and lower transaction costs

2.

Enhancing our product and service offering

- expanding our global payments network to cater for further payment methods as well as broaden our offer to additional jurisdictions and industries
- strengthening our compliance function to be able to serve clients with complex requirements
- continued product innovation to offer clients more functionality and an improved experience

3.

Investing in people

- growing our expert team
- continued professional development of all staff members
- engaging with our team and being a responsible employer
- expanding and strengthening our network of introducers

* As announced on 20 March 2024, the Company (Cornerstone FS plc) intends to change its name to Finseta plc. The Company has been operating as Finseta since 18 April 2024 in anticipation of the name change. As at the close of business on Friday 3 May 2024, being the latest practicable date prior to the publication of this document, the change of name had not been effected by Companies House.

We will achieve success by adhering to our core values

We always put our

 **clients first**

We treat everyone with

 **respect**

In all of our activities,
we are

 **transparent**

We work together as

 **one team**

Our **MISSION** is...

to build a global payments capability with a best-in-class multi-currency account, which will...



allow us to realise our **vision** of being the go-to digital account for businesses and high-net-worth individuals transacting internationally and...

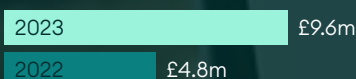


fulfil our **purpose** of making international payments and foreign currency management available to more types of business and enabling them to pay in or pay out, in any currency, via any payment method anywhere in the world.

Performance Highlights

Revenue

£9.6m



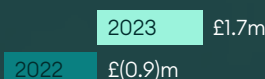
Gross margin

63.4%



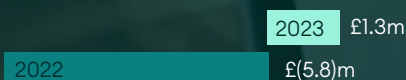
Adjusted* EBITDA

£1.7m



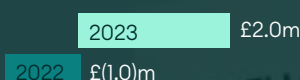
Profit before tax

£1.3m



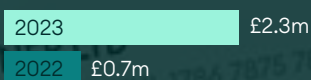
Cash generated from operations

£2.0m



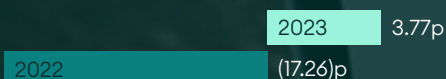
Cash and cash equivalents

£2.3m



Basic earnings per share

3.77p



*Excluding share-based compensation, transaction costs, depreciation & amortisation charges, profit from the disposal of a subsidiary, other operating income related to interest on client balances and non-cash based accounting adjustments in respect of the Group's corporate premises (see the Chief Financial Officer's Review for further detail)

** Defined as customers who traded through Finseta during the 12-month periods to 31 December 2023 and 2022 respectively

- Growth in active customers** to 906 (2022: 803) and average transaction value increased by 33%
- Proportion of revenue accounted for by direct clients increased to 95% (2022: 78%) reflecting the strategic decision to rationalise the majority of the historic white label business
- New counterparty partnerships established to broaden the number of currencies and countries where the Group can transact – now able pay out to over 150 countries in 58 currencies
- Launched Finseta Solutions as a new offering focused on servicing clients with complex requirements, with strong progress made to date
- Received regulatory approval, post year end, to provide payment services in Canada
- Signed agreement with Mastercard, post year end, to launch corporate card scheme
- Selected Finseta as new company name to reflect differentiated offer and as part of strategic growth plan



AS WE LOOK AHEAD IN 2024, WE ARE ON TRACK FOR ANOTHER YEAR OF STRONG FINANCIAL PERFORMANCE AS WELL AS REACHING FURTHER MILESTONES.”

GARETH EDWARDS

Chairman

Chairman’s Statement

2023 was an excellent year for our business. Once again, we delivered record revenue, with growth of 100%, and achieved key milestones with our maiden year of positive EBITDA, profit before tax and positive cashflow. This reflects the continuing strong progress being made under the new management team in implementing our strategy while improving our operations. While we still have further to go, I am proud of what we have achieved to date.

Our priority for the year was to drive revenue growth through enhancing our products and services, extending our offering and expanding our client base while maintaining control over costs. As discussed by James Hickman, CEO, and Judy Happe, CFO, in their statements, this was successfully delivered, resulting in the impressive financial performance for the year while also strengthening our foundations and our ability to execute in the future.

In particular, we undertook two important initiatives that will contribute to our future growth. Firstly, we began expanding our global payments network methods, including working with Mastercard to sign an agreement shortly after year-end to launch a corporate card scheme. This represents a potential additional revenue stream for Finseta and gives our clients greater choice and flexibility in managing their business expenses.

The second key initiative was to continue to expand our geographical footprint and regulatory capabilities. During the year, we established a wholly-owned subsidiary

registered in Canada and commenced the authorisation process with the Financial Transactions and Reports Analysis Centre of Canada, subsequently being granted a Money Services Business licence in February 2024. This will allow us to operate as a payments company in Canada and provide payments services to Canadian businesses and individuals.

Both of these initiatives mark significant steps towards our goal of offering our clients the ability to pay in or pay out, in any currency, via any payment method anywhere in the world (subject to regulatory restrictions).

Our achievements in 2023 would not have been possible without the great contribution of our employees, whom, on behalf of the Board, I thank. It goes without saying that they are highly valued. It is no exaggeration to say that we could not have achieved these results without them. Nevertheless, we constantly seek to improve our team engagement and ensure that we are a responsible employer, as outlined further in our ESG report on pages 24 to 25.

The well-functioning Board was unchanged through 2023, and to date. The directors bring a range of complementary expertise and experience – both within and outside of payments and FX markets – and the Board is balanced between executive and non-executive roles. This contributes to a strong stewardship.

As part of our strategic growth plan, and reflecting the transition we have made to date, we were pleased to adopt Finseta as our new name. This decision was driven by our desire to better align our brand identity with our mission, values, and the comprehensive range of services we provide, and to better differentiate the business in the marketplace.

We announced our intention to change the name of the Company from Cornerstone FS plc to Finseta plc on 20 March 2024 and as at the close of business on Friday 3 May 2024 (the latest practicable date prior to the issue of this document), the change of name had not been effected by Companies House. Since 18 April 2024, the Company has been operating as ‘Finseta’ in anticipation of the name change. As soon as the name change of the Company

occurs we will, of course, announce it to the market and the Company’s ordinary shares will commence trading on AIM under the new company name and the new TIDM of ‘FIN’.

As we look ahead in 2024, we are on track for another year of strong financial performance as well as reaching further milestones, including the opening of a full-service office in Canada and the launch of our corporate card scheme. On behalf of the Board, I would like to thank our shareholders for their support to date and we look forward to updating them on our progress this year and beyond.

GARETH EDWARDS

Chairman
7 May 2024

Growth in active customers to

906

(2022: 803)

Now able to pay out to over

150 countries in **58** currencies

Proportion of revenue accounted for by direct clients increased to

95%

(2022: 78%)



WE DELIVERED SUBSTANTIAL GROWTH IN REVENUE, WHICH DOUBLED TO £9.6M DRIVEN BY YEAR-ON-YEAR INCREASES IN ACTIVE CUSTOMERS AND AVERAGE TRANSACTION VALUE.”

JAMES HICKMAN

Chief Executive Officer

Chief Executive Officer’s Review

I am pleased to present this annual report for my first full year as CEO. We made substantial strategic and operational progress, culminating in a set of excellent financial results that significantly exceeded the Board’s expectations at the start of the year. Our focus has been on driving direct sales and fully commercialising the platform, while carefully managing our cost base. We continued to realise the value of our non-core assets, with the completion of the sale of Avila House and entering an agreement to sell Capital Currencies. At the same time, we advanced key initiatives that will be drivers of our future growth in the near term.

Performance

We delivered substantial growth in revenue, which doubled to £9.6m (2022: £4.8m), driven by year-on-year increases in active customers and average transaction value. Active customers, calculated as clients who traded during the 12 months ended 31 December 2023, increased to 906 compared with 803 for the 12 months to 31 December 2022 as we continued to expand our sales team and payment capabilities. Average transaction value increased by 33% year-on-year driven by an increased focus on providing an exceptional level of service to our business and high net worth individual (“HNWI”) clients.

There was a significant increase in revenue generated by clients that we serve directly. The proportion of total revenue that was accounted for by direct clients was 95%, being £9.2m (2022: £3.8m), compared with 78% in 2022. Revenue generated through our white label partners was £497k (2022: £1.1m), which

reflects our strategic decision to manage down almost all of our historic white label business – only maintaining a small number of accounts that meet appropriate profitability thresholds.

By client type, there was an increase in revenue generated by both private clients (primarily HNWIs) and corporate accounts. Particularly strong growth was seen from private clients, with the proportion of total revenue accounted for by private clients increasing to 64% (2022: 53%) with corporate accounts contributing 34% (2022: 47%). For the majority of private client revenue, whilst the underlying transaction is with an individual, the relationship is via a corporate that provides services to the individual. In addition, we generated £200k in revenue (2022: £nil), accounting for 2% of total revenue, through licencing our software to the acquirers of Avila House.

Executing on our strategy

Our growth strategy is founded on the three pillars of product, geography and people – and we executed on all three during 2023. This contributed to our growth during the year, but also established drivers for growth in the years to come.

Product

Our aim is to offer our clients the ability to pay in from, and pay out to, any jurisdiction (subject to regulatory restrictions) in any currency and via any payment method. While it is still relatively early days, important steps have been taken in advancing this strategy during the year.

Currencies & countries

We continued to expand our global payments network by establishing new counterparty partnerships. This enables us to broaden the number of currencies and countries where we can transact, as well as expanding the business sectors that we can serve. We can now pay out to over 150 countries in 58 currencies compared with over 70 countries and 49 currencies this time last year.

Payment method

We made significant progress during the year towards expanding our payment method offering, which culminated in the signing of a long-term agreement in January 2024 with Mastercard to launch a corporate card scheme. We expect to launch the scheme during Q3 of the current year, when we will be able to issue commercial cards co-branded and supported by Mastercard for our corporate customers. This additional payment rail will provide our clients with greater choice and flexibility in managing their business expenses.

Service

A key differentiator of our offer is the high level of personalised service that we provide our clients. Through this, along with the experience of our team and the strength of our compliance capabilities, we are able to build solutions tailored to meet our clients' needs, even when those needs are complex. In 2023, we took this a step further by establishing a new offering, Finseta Solutions, that is specifically focused on providing solutions to clients that are harder to service, due to, for example, the sector in which they operate. This gives us access to a further cohort of potential clients and is a higher value service offering while also supporting our goal of enabling clients to transact how, when and where they need. Finseta Solutions has made great progress to date, and is continuing to grow.

One of our core values is that we always put clients first and, as part of that, we are committed to continuously improving the service that we provide. During the year, this included making enhancements to the user interface and user experience of our platform. We also continued our development work to increase the automation in transactional processes to

increase the speed of payments as well as working on enhancements to the onboarding process, which will improve clients' experience when working with Finseta.

Actions such as these meant that we were well prepared for the introduction of the Financial Conduct Authority's Consumer Duty regulation in July 2023. Prior to that, we undertook an in-depth review of our operations to ensure that we were fully compliant with the new regulation, which sets higher and clearer standards for consumer protection across financial services.

To be able to support clients with more of their business needs, during the year we formed strategic partnerships with specialised and alternative lenders to offer a range of funding solutions. In particular, we launched a lending platform in partnership with Swoop Finance, which enables us to seamlessly refer clients to a lending partner that we have pre-vetted to ensure that they can meet the clients' requirements. This service increases our value to clients while also providing commission on referrals. It also enhances our competitive offer to potential clients who want to utilise our FX services (rather than those of their traditional bank), but who are hesitant to move away from their traditional bank where they require their lending facilities.

Geography

A core pillar of our strategy is geography – that is, expanding our capabilities to enable clients to transact to and from anywhere in the world (subject to regulatory restrictions). As noted, through establishing further counterparty relationships during the year, we can now pay out to over 150 countries. At the same time, we also seek to expand our geographical footprint and regulatory capabilities to deliver sustained growth for the years to come. We achieved a significant milestone in this regard by undergoing the authorisation process in Canada, with the receipt of a Money Services Business ("MSB") licence from the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC") post year-end. This allows us to operate a payments company

in Canada and provide payments services to Canadian businesses and individuals.

Having previously received enquiries in Canada for our services through our existing network, the establishment of a regulated business will enable us to fully pursue such opportunities and leverage local payment rails and lower transaction costs. We are now in the process of opening a full-service office in Canada, which will allow us to provide customers with the high-touch service-led approach that is core to the Finseta offer.

We are excited to launch our business in Canada and look forward to continuing our expansion into further markets.

People

A fundamental contribution to our growth during the year was the enhancing of our sales team. We restructured our UK sales team and appointed a seasoned UK Sales Director. To strengthen our offer and drive our future growth, we invested in key personnel to establish our Finseta Solutions offer, as well appointing an experienced Head of Compliance and Money Laundering Reporting Officer and a Card Programme Manager. As a high-touch, service-led business, the strength of our people is crucial. While our business is highly scalable thanks to our platform, as we continue grow, we will look to expand our headcount further.

In addition, with our client acquisition being predominantly introducer-led, we are very much a people business. We continue to expand and deepen our network of introducers, which also drives diversification in payment flows meaning we are not overly reliant on particular currencies. It also lends itself to our Finseta Solutions offer as we are able to address the varied requirements of clients won through different introducers.

Brand identity

In recognition of the substantial strategic progress that we have made and the fundamental expansion of our offer, capabilities and geographic footprint, we decided to adopt a new name. We wanted a name that better aligned our brand identity with our mission,

values and the comprehensive range of services we provide. In particular, we needed a unique name that reflected our differentiated offer. Accordingly, we underwent a renaming process that culminated in the adoption of 'Finseta', and we began operating under the new name in April 2024.

Realising value

This year we also continued to realise value from our non-core assets. The sale of Avila House, for which we entered the agreement in December 2022, completed during the year and we entered an agreement to sell Capital Currencies, which we expect to complete in the current year. Both of these non-core subsidiaries held licences that were more limited than that of Finseta Payment Solutions, which is an authorised electronic money institution, and, therefore, surplus to our requirements. Accordingly, we generated value through their disposal to non-competing entities, which, in the case of Avila House, included licencing revenue as well as the acquisition consideration.

Outlook

The strong trading momentum that was experienced during 2023 has been sustained into the current year, which reflects the continued increase in the number of active clients and expansion of our introducer network. This is being driven, in particular, by the investment that we are making into the UK sales team. Consequently, we are on track to report significant growth for full year 2024, in line with market expectations.

Looking further ahead, with the excellent progress made during the year and to date in executing on our strategic priorities, we have strengthened our operations and established the foundations to deliver long-term, sustainable growth. As a result, the Board continues to look to the future with great confidence.

JAMES HICKMAN

Chief Executive Officer
7 May 2024

Investment Case

Finseta is committed to delivering long-term, sustainable growth and creating value for its shareholders by providing a high level of service coupled with an excellent online platform experience to solve currency and payment challenges for businesses and individuals.



Fast-growing with track record of delivery

Two-year revenue growth of 105% CAGR combined with profitability and positive operating cashflow generation. Continued strategic execution includes expanding currencies, countries and payment methods and transitioning to direct sales.



Targeting large, high-growth market

Operating in the substantial global market for cross-border payments, with an expanding addressable market for payment specialists such as Finseta, through the structural shift away from traditional banks with legacy systems or FX brokers that lack the resources to keep pace with increasing compliance requirements.



Low risk operations

Finseta does not engage in speculative trades or trade from its own balance sheet – thereby operating as a Riskless Principal. It has invested significantly in its regulatory and compliance capabilities, which is maintained as a key priority. Finseta’s diversified business is not reliant on particular currency pairs or payment corridors.



Highly cash generative model

Payments are primarily facilitated through counterparty relationships requiring limited use of Finseta’s balance sheet, with low working capital intensity enabling high cash conversion. In addition, the highly scalable technology platform will be able to drive further operating leverage as Finseta grows.



Differentiated commercial strategy

Focused on facilitating corporate customers and HNWIs with high-value, compliance-intensive transactions, including market niches, with a high-touch service and bespoke solutions offering. Finseta does not compete in the high-volume-low-value retail market



Foundations for long-term, sustainable growth

Finseta’s high-touch, customer centric culture establishes long-term relationships. The proprietary, scalable platform facilitates future growth and product/service innovation. Investing in expanding internationally and into new markets, along with employee development, positions Finseta to deliver sustainable, long-term growth.



WE ACHIEVED SUBSTANTIAL GROWTH IN REVENUE AND PROFIT – INCLUDING GENERATING OUR FIRST ANNUAL PROFIT BEFORE TAX AND POSITIVE ADJUSTED EBITDA.”

JUDY HAPPE

Chief Financial Officer

Chief Financial Officer’s Review

As discussed in the Chief Executive Officer’s Review, we delivered an excellent trading performance in 2023. This, and enhanced by other actions taken, as discussed below, translated into a very strong financial performance. In particular, we achieved substantial growth in revenue and profit – including generating our first annual profit before tax and positive adjusted EBITDA – as well as being cashflow positive for the first time.

Revenue for the 12 months to 31 December 2023 increased by 100% to £9.6m compared with £4.8m for the previous year. This growth reflects the strategic and operational changes that were implemented during the second half of 2022 and in the current year that are focused on driving direct sales and fully commercialising the platform.

Gross margin improved to 63.4% (2022: 60.9%), which reflects a lower proportion of revenue derived from white label partners following our strategic decision to manage down almost all of our historic white label business. We also benefited from a change in commission arrangements agreed with Robert O’Brien, General Manager APAC and Middle East, in the first half of the year, as announced on 8 March 2023.

The improvement in gross margin combined with the increased revenue resulted in a

substantial growth in gross profit to £6.1m (2022: £2.9m).

Operating expenses were reduced to £5.1m in 2023 compared with £8.6m for the previous year. This primarily reflects movements of:

- £4.0m reduction in share-based (non-cash) compensation to £0.3m (2022: £4.3m), which predominantly relates to a variation to the terms of the incentivisation agreement with Mr. O’Brien and the Asia team, which was agreed in H2 2022;
- £0.2m profit recognised from the disposal of Avila House Ltd, a subsidiary (2022: £nil);
- £0.5m increase in other administrative expenses to £4.4m (2022: £3.8m); and
- £0.2m increase in depreciation and amortisation to £0.6m (2022: £0.4m).

We maintained tight control over operating costs and the increase in other administrative expenses primarily relates to additional sales team hires and increased performance-related bonuses commensurate with the Group’s performance. Amortisation was higher due the cumulative impact of internally developed software additions that have been capitalised since 2020 with an amortisation period of three years, combined with the amortisation of a right-of-use asset related to the Group’s move to new corporate premises in Q4 2023 (with the previous premises being operating leases that did not attract amortisation).

On an adjusted basis, to exclude share-based compensation, profit from the disposal of a subsidiary, depreciation & amortisation charges and after the add-back of the rental cost of the Group's corporate premises, operating expenses were £4.4m compared with £3.8m for 2022. This reflects the increase in other administrative expenses as described above. However, adjusted operating expenses as a proportion of revenue significantly improved to 46% for 2023 compared with 79% for 2022.

Thanks to our strong operating performance, we delivered a substantial improvement in adjusted EBITDA to £1.7m compared with a loss of £0.9m for 2022 (see the Group Statement of Comprehensive Income for further detail on the adjustments).

We generated other operating income of £0.4m (2022: £0.03m) based on interest on client cash balances (see note 3 to the financial statements).

As a result of the increased gross profit and other operating income and reduced operating expenses, we generated a profit from operations of £1.4m compared with a loss from operations of £5.6m for 2022.

Net finance costs were £69k (2022: £164k). This primarily reflects a £165k year-on-year change in the unwinding of discount charges – being a £56k credit in 2023 compared with a £108k cost in 2022 – owing to the remeasurement of the deferred consideration payable in respect of the acquisition of Capital Currencies Ltd in 2022.

As a result of the increased profit from operations and reduced finance costs, we achieved substantial growth in profit before tax to £1.3m in 2023 compared with a loss before tax of £5.8m for 2022.

A tax credit of £843k was recognised in 2023 (2022: £175k), principally reflecting the recognition of a £818k deferred tax asset relating to tax losses, following our transition to profitability during 2023 and therefore visibility in consumption of the carried-forward tax losses as at 31 December 2023 of £3.3m (31 December

2022 carried forward tax losses were £5.0m, with no associated deferred tax asset recognised).

Basic earnings per share were 3.77 pence (2022: loss of 17.26 pence per share), which was achieved despite an increase in the weighted average number of ordinary shares in issue to 56,613,145 (2022: 32,506,335). On a fully diluted basis, earnings per share were 3.76 pence (2022: loss of 17.26 pence).

We were cashflow positive for 2023 compared with a cash outflow for the previous year. Cash generated from operations was £2.0m (2022: £1.0m used in operations) based on the improved trading performance. Cash used in investment activities was £0.2m (2022: £1.0m used in investment activities), reflecting purchases of intangible assets, property, plant and equipment, principally associated with the continued investment in developing our proprietary platform, partly offset by the proceeds from the disposal of Avila House. Cash used in financing activities was £0.1m compared with £2.2m generated from financing activities in 2022, with the difference primarily reflecting a fundraising undertaken in 2022.

As a result, as of 31 December 2023, cash and cash equivalents had significantly increased to £2.3m (31 December 2022: £682k).

Key Performance Indicators

We measure our performance using the following key indicators:

Revenue

- *Why it is a KPI:* This is the main source of income to the business and drives our business model.
- *Performance 2023:* £9.6m (2022: £4.8m)

Gross Margin

- *Why it is a KPI:* An indicator of the quality of our earnings and the amount of profit that could be available.
- *Performance 2023:* 63.4% (2022: 60.9%)

Active Clients*

- *Why it is a KPI:* It represents the size of our client base – the expansion of which is core to our current strategy – and drives revenue growth.
- *Performance 2023:* 906 (2022: 803)

* The number of clients that traded with Finseta during the years to 31 December 2023 and 2022 respectively

Adjusted EBITDA**

- *Why it is a KPI:* Adjusted EBITDA is a lead indicator of underlying financial performance.
- *Performance 2023:* £1.7m (2022: £0.9m loss)

**Adjusted to 1) add back share-based compensation and one-off acquisition-related legal costs and 2) deduct profit from the disposal of a subsidiary, other operating income related to interest on client balances, and the rental cost of the Group's corporate premises

We review our KPIs on an ongoing basis to ensure they remain relevant, which has resulted in an alteration in the selected metrics compared with the previous year to better reflect the current business.

JUDY HAPPE

Chief Financial Officer
7 May 2024

Principal Risks and Uncertainties

The Directors consider the principal risks and uncertainties facing the Group, and the key measures taken to mitigate those risks, are as follows:

	Risk	How the risk is managed	Risk change
Regulation	<p>The Group’s subsidiary, Finseta Payment Solutions Limited, is authorised and regulated by the FCA as an Authorised E-money Institution.</p> <p>The withdrawal of, or any amendment to, a regulatory approval required by the subsidiaries or any of their directors or employees could result in an adverse change to, or the cessation of, the Group’s business or a material part thereof.</p> <p>The FCA continues to increase its activity, having declared that they are paying closer attention to firms’ compliance with specific areas of regulation such as consumer duty, wind down planning, operational resilience and more.</p>	<p>The Group employs an experienced Compliance and Money Laundering Reporting Officer who is responsible for monitoring the Group’s activities, managing the Group’s regulatory and reporting obligations and ensuring that all FCA requirements are adhered to. The Group retains the services of Cosegic, a specialist regulatory and compliance advisory service, to support the Compliance and Money Laundering Officer. In addition, John Burns, a Non-executive Director, has significant experience regarding regulation in the payments industry.</p> <p>The Group monitors all FCA communication and has multiple working groups, consisting of employees from across the business, established to ensure compliance with all regulatory requirements.</p>	—
Macro-economic	<p>International trade is a key driver of demand for foreign exchange services. A slowdown in international trade caused by global macro-economic factors – such as economic and political conditions, natural disasters and epidemics/pandemics – could adversely impact the Group’s business transaction turnover.</p>	<p>The Group’s experienced management team seeks to adapt to adverse conditions. The cost base is closely monitored, and cost saving measures would be implemented to maintain solvency if required.</p> <p>The Group’s strategy is to increase the number of currencies and countries in which it can transact, including niche markets. This diversification reduces the risk of the Group being impacted by a slowdown in a particular market.</p>	—
Counterparty	<p>There is a risk that the Group’s liquidity services provider could terminate its agreement with the Group or that its systems may fail or are not operational for a period of time, which could have a materially adverse impact on the Group’s business and operations.</p>	<p>The Group has a very good working relationship with Velocity Trade International Ltd, its primary liquidity services provider, and has been trading on agreed terms for over ten years. The Group has Banking Circle and Sucden as further liquidity providers to which the Group could transfer its business should Velocity choose to terminate the agreement or should its systems fail.</p>	—

<p>Competition</p>	<p>There is a risk that competitors with greater financial resources may develop software that is superior to the Group’s technology, and they may also adopt more aggressive pricing models or undertake more extensive advertising and marketing campaigns. Such competitors may also attract the Group’s key employees or prospective employees, which could impact the level of service that the Group can give to its clients or the ability to expand its service offering.</p>	<p>The Group has chosen to focus on facilitating corporate clients and HNWI: it does not compete in the volume-driven retail market, which requires substantial investment in direct-to-consumer marketing and where purchase decisions are primarily based on price. It has also differentiated its offer by focusing on high-value, compliance-intensive transactions, including market niches – which are less competitive markets – with a high-touch service and bespoke solutions offering. This leverages the experience of its management team and its payments network.</p> <p>The Group has established a management team with extensive experience in the foreign exchange payments market, including of designing, building and running IT systems and departments in the financial services sector. It has also significantly invested in enhancing its compliance function, which is a point of differentiation.</p> <p>The Group has an employee share incentive scheme and the majority of its senior management are significant shareholders or option holders, aligning their interests with those of the Group. The Group has measures in place to engage employees and be a responsible employer.</p>	<p>—</p>
<p>Cyber</p>	<p>There is a risk that the Group’s technology platform may be compromised or breached by cyber-attacks and that it is unable to prevent or detect unauthorised access to, or disclosure of, clients’ confidential personal and financial information or payment fraud. Such an event could result in breaches of obligations under applicable laws or clients’ agreements and have an adverse impact on the Group’s reputation and financial performance.</p>	<p>The Group’s platform is entirely deployed on Amazon Web Services (AWS), which is trusted by numerous major organisations that require robust, scalable, secure and cost-effective services. AWS has a number of internationally recognised certifications and accreditations demonstrating compliance with third-party assurance frameworks.</p> <p>All systems operate a role-based policy of least privilege to ensure that users do not have access to data not directly required for their day-to-day role. Further, all staff undergo regular training in Information Security, Anti-Money Laundering and Fraud Awareness.</p> <p>Additionally, the Group enforces two factor authentication utilising standard OAuth2 protocol for both client and employee login and periodically commissions penetration testing of its systems.</p>	<p>—</p>

<p>Partners</p>	<p>A key element of the Group’s strategy is to expand its partner network to increase its offering to clients. There is a risk that the Group will be unsuccessful in establishing further partnerships, which would prevent it from delivering on its strategy to accelerate growth.</p>	<p>The Group’s management and Board comprise individuals with substantial networks and experience within the payments industry, including previous experience of successfully establishing and maintaining partnerships or integrations in the market.</p>	<p>—</p>
<p>Liquidity</p>	<p>There is a risk that the Group will not have sufficient capital to meet the regulatory capital requirement for an authorised financial services business and that it is unable to meet its financial obligations when due.</p>	<p>The Group has an experienced finance team that provides effective management of the Group’s operational financial exposures. This includes ensuring sufficient ring fencing of capital to meet its regulatory obligations. In 2023, the Group generated a net cash inflow, and maintains its strong focus on cash control.</p>	<p>—</p>
<p>Credit</p>	<p>The Group is exposed to credit risk if a client fails to deliver currency at maturity of the contract or fails to deposit margin when a margin call is made.</p>	<p>The Group operates a matched-principal brokerage model, meaning it executes a matching trade with its liquidity providers on receipt of a client order. The Group does not enter into speculative trades or trades funded from its own balance sheet and does not fund client margin calls from its own funds. In addition, the Group has an experienced finance team that provides effective management of the Group’s operational financial exposures, with a strong focus on cash control.</p>	<p>—</p>

Board of Directors



Gareth Maitland Edwards

Non-Executive Chairman

Gareth is Chairman of Nightcap plc and a non-executive director on the Board of Various Eateries plc, both of which are quoted on the London Stock Exchange. He is also a strategic consultant and an Executive Director of London Bridge Capital Ltd, an FCA authorised corporate finance boutique. He has significant public markets experience gained from many years in non-executive roles and during his time as a qualified solicitor and a partner at law firm Pinsent Masons LLP, where he held both the positions of Global Head of Corporate and International Development Partner.

Committee Membership

Audit Committee, Remuneration Committee



James Hickman

Chief Executive Officer

James has over 25 years' experience in financial services, primarily in the FX and payments industries. Prior to joining Finseta, James was Chief Revenue Officer at Dublin-based fintech business, Fire Financial Services Ltd. Other roles have included Chief Commercial Officer at AIM-quoted Equals Group plc and Managing Director at Caxton Payments Ltd (formerly Caxton FX Ltd), a provider of foreign exchange, international payments and prepaid cards. In each role, James was responsible for growing sales, operations and managing key relationships. At Equals, his role also included investor relations, fundraising and strategic acquisitions.



Judy Happe, ACA

Chief Financial Officer

Judy is an experienced corporate executive and Chief Financial Officer with a background in fundraising, mergers and acquisitions and post-deal integration. Judy joined Finseta in 2020 from XenZone (now AIM-listed Kooth plc), where she was CFO. Prior to that, Judy was with AVG Technologies for seven years, including a period after its acquisition by Avast Software in October 2016. Starting as finance director, Judy moved through a number of roles giving her responsibility for post-deal integration, management and guidance for AVG's portfolio of acquisitions and acting as joint single point of contact during the \$1.3bn sale of AVG to Avast. Judy commenced her career as a chartered accountant with Saffery Champness.



William Newton

Chief Information Officer

William (“Bill”) has extensive operational experience within financial trading companies having worked in the industry for over 30 years. He co-founded ITI Capital Ltd (formerly ODL Securities Ltd), a derivatives, equities and FX brokerage, where he held a number of senior management roles including IT Director. There, he designed various real-time risk and regulatory reporting systems and was responsible for all back-office development. He was subsequently appointed CIO for London Capital Group Ltd and managed a reorganisation of its core systems and infrastructure. Bill co-founded Finseta Payment Solutions Limited, which was acquired by Finseta in September 2020 when trading as ‘FXPress’.



John Burns

Non-Executive Director

John has over 40 years’ experience in the payments industry and was involved in legislative policy development at the Financial Services Authority (now FCA). Prior to joining the Financial Services Authority, he spent eight years at the Association for Payment Clearing Services and the Payments Council. Other experience includes various positions with Clydesdale Bank Plc and Lloyds Banking Group. John is currently Senior Advisor, Payment Services at Cosegic Ltd.

Committee Membership

Remuneration Committee (Chair), Audit Committee



Simon Bullock, ACMA

Non-Executive Director

Simon has over 30 years’ experience in finance positions at a managerial level in public and private companies operating in the UK and internationally. He has worked in strategic and operational CFO roles across the technology and financial services sectors, including at Caxton FX Ltd, a provider of foreign exchange, international payments and prepaid cards. He has significant experience with AIM-quoted businesses, including Aurasian Minerals plc (now Adriatic Metal Services (UK) Ltd), Merit Group plc, Bonhill Group plc and OnTheMarket plc. Simon is a Chartered Management Accountant.

Committee Membership

Audit Committee (Chair), Remuneration Committee

Corporate Governance Report

The Board recognises the importance of sound corporate governance and the Group has adopted the Quoted Companies Alliance Corporate Governance Code (QCA Code). The Board considers that the Group complies with the QCA Code in all respects, and details of its compliance can be found on the Corporate Governance page of the Company's website.

The Board

The Board is responsible for the management of the business of the Group, setting the strategic direction of the Group and establishing the policies of the Group. It is the Board's responsibility to oversee the financial position of the Group and monitor its business and affairs on behalf of the shareholders, to whom the Directors are accountable. The Board will also address issues relating to internal control and the Group's approach to risk management, and it will monitor and promote a healthy corporate culture. The primary duty of the Board is to act in the best interests of the Group at all times.

The Group holds Board meetings monthly and as required whenever issues arise that require the urgent attention of the Board. Director attendance at the Board meetings held during the year can be found in the table on page 23.

Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary for them to discharge their duties.

The Board has adopted Terms of Reference, which have a clear and specific schedule of matters reserved for the Board, including corporate governance, strategy, major investments, financial reporting and internal controls.

Board Directors

The Board comprises three Executive Directors, a Non-Executive Chairman and two Non-

Executive Directors – both of which are deemed to be independent. The Board considers that Simon Bullock and John Burns are independent in character and judgement and that there are no business or other relationships likely to affect, or which could appear to affect, their judgement. The Board believes that it has an appropriate balance of sector, financial and public markets skills and experience, an appropriate balance of personal qualities and capabilities and an appropriate balance between executive and non-executive directors.

The Non-Executive Directors are expected to devote at least two days per month to the affairs of the Group and such additional time as may be necessary to fulfil their roles. Brief biographical details of each of the Directors are set out in the Board of Directors section on pages 19-20.

Board Committees

The Group has established a remuneration committee (the "Remuneration Committee") and an audit committee (the "Audit Committee") with formally delegated duties and responsibilities. Director attendance at the committee meetings held during the year can be found in the table on page 23.

The Remuneration Committee comprises John Burns as Chairman, Gareth Edwards and Simon Bullock. The committee, which meets not less than twice a year, is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the shareholders and the performance of the Group.

The Audit Committee comprises Simon Bullock as Chairman, Gareth Edwards and John Burns. The committee, which meets not less than twice a year, is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and

for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Group. Further details on the Audit Committee's activities can be found in the Audit Committee Report on pages 27-29.

Board Effectiveness

The Non-Executive Chairman is responsible for ensuring an effective Board and assessing its performance. This assessment includes, but is not limited to, the appropriate level of skill of Board members, the conduct of Board meetings, the decision-making process and the effectiveness of the Board committees. The Board is of the opinion that each of its members has the skills, knowledge, aptitude and experience to perform the functions required of a director of a listed company. The Board comprises Executive and Non-Executive Directors who are all of a high calibre and who enable a well-functioning Board.

Stakeholders

The Board believes that its key stakeholders are its employees, customers, investors and partners, and it takes its corporate responsibilities seriously with regards to maintaining effective working relationships with these groups. The Executive Directors, in particular, maintain an ongoing dialogue with stakeholders to inform strategy and the day-to-day running of the business in order to achieve long-term success. Further detail on the Group's stakeholder engagement can be found in the ESG section on pages 24-25.

Share Dealing Code

The Group has adopted and operates a share dealing code governing the share dealings of the Directors and applicable employees with a view to ensuring compliance with the AIM Rules. The Directors consider that this share dealing code is appropriate for a company whose shares

are admitted to trading on AIM. The Group takes proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of the AIM Rules.

Annual General Meeting

The next Annual General Meeting of the Group will be held at 11.00am on 20 June 2024 at the office of Gracechurch Group, 48 Gracechurch Street, London, EC3V 0EJ.

Meeting Attendance

The table below details Director attendance at the Board and committee meetings held during the year.

Director	Board	Audit Committee	Rem. Committee
Gareth Edwards, Chairman	18/19*	1/2*	4/4
James Hickman, CEO	18/19	2**	2**
Judy Happe, CFO	18/19	2**	2**
William Newton, CIO	18/19	-	-
Simon Bullock, Non-Executive Director	19/19	2/2	4/4
John Burns, Non-Executive Director	19/19	2/2	4/4

* Absence due to ill health, with the Board meeting being chaired by Simon Bullock.

** Attended by invitation.

ESG

Finseta has an established environmental, social and governance (“ESG”) policy, which is published on the Group’s website, and the Chief Operating Officer is responsible for overseeing its implementation while the Chief Executive Officer has overall responsibility for its effective operation. As described further below, a number of initiatives have been introduced to improve the Group’s ESG credentials and the Board and management are committed to continuing to enhance these activities.

The Group’s governance is reported on in the Corporate Governance Report on pages 21-23. This ESG section focuses on environmental and social aspects.

Environmental

The Group’s operations have inherently low emissions with its environmental impact being largely limited to its offices. The Group is in the process of introducing a corporate card scheme, supported by Mastercard, and has chosen for the physical cards to be manufactured from recycled plastic. The Group expects two-thirds of its card users will elect to use virtual cards, which will eliminate the need for physical card creation and further enhance the sustainable credentials of its card scheme.

The Group believes in minimising its impact where possible, such as encouraging all employees to reduce their paper usage and providing waste recycling options. In addition, the Board took the decision to conduct half of its scheduled meetings remotely and half in person to reduce the Company’s carbon footprint. The Group seeks to encourage energy-saving practices, such as asking employees to turn off their monitors when they leave and avoid placing them on standby and supporting its employees to cycle to work with the provision (through its building) of indoor bike racks and showers. The Group does not have any company vehicles and none of its employees drive to the office.

Social

With regards to social responsibility, the Group’s focus is to deepen its relationships with its key stakeholders – namely, its employees, customers, communities, investors and partners.

Employees

Engagement During the year, the Group introduced company values and has taken steps to support company culture and instil the new values through holding events and workshops for the workforce. The Group takes care to maintain and encourage communication with, and amongst, its employees, including the continued use of internal communications platforms as a tool for increasing engagement and facilitating ad hoc, open dialogue – both professional and social. The Group holds monthly gatherings to exchange ideas and insight into areas of interest and is now introducing a rewards system for employees embodying the Group’s values.

Development The Group seeks to support professional development and encourages career development programmes. Currently, a member of the finance team is receiving paid leave to study for an Association of Chartered Certified Accountants qualification and two employees in the Group’s compliance function are undertaking intensive courses to further their knowledge with one becoming an accredited financial crime specialist. The courses are being paid for by Group and the employees receive paid leave to study.

Wellbeing The Group supports employee wellbeing, such as through offering hybrid working. The Group now provides all employees with health insurance, which is a premium package and includes features such as discounts for gym membership and a year’s subscription to the Headspace mental wellness support app. The Group also provides a healthy snack bar in its London office to encourage healthy eating by its employees. An important initiative that has been introduced, post year end, is increasing the amount of parental leave

available to the secondary parent, to go beyond the statutory minimum, which is part of the Group's new family leave policy as described further below.

Inclusion As a modern, forward-looking company, Finseta is proud of its diversity and the insight that it brings. The Group consists of multilingual employees from several nationalities with a range of different backgrounds and strives to create a diverse and inclusive workplace that delivers for both clients and employees. As at 31 December 2023, the percentage of the Group's workforce that was female was 34% and the percentage that was people from ethnic minorities was 34% while the percentages for senior management were 22% and 11% respectively.

The Group has an established Equality, Diversity and Inclusion policy, which is integrated into its recruitment process. As noted above, during the year, the Group's adopted a family leave policy, which supersedes and broadens what had previously been maternity and paternity leave policies. The family leave policy is gender agnostic and applies equally whether the new parents are biological parents (including via surrogacy) or adoptive.

In reflection of its corporate values and focus on advancing female representation and leadership, the Group became a partner of the Ladies European Tour, operated as a joint venture collaboration between the Ladies European Tour and the Ladies Professional Golf Association.

Clients

The Group regularly engages with clients to ensure that the Group's quality, efficiency and service levels meet both the standard expected by the client and the very high standards the Group sets for itself. As part of its commitment to continuously improving the service that it provides to its clients, during the year, the Group made enhancements to the user interface and user experience of its platform. Development work was undertaken to increase the automation in transactional processes to increase the speed of payments as well as enhance the onboarding

process. Actions such as these, which stem from one of the Group's core values of always putting clients first, meant that it was well prepared for the introduction of the Financial Conduct Authority's Consumer Duty regulation in July 2023. During the year, the Group undertook a review of its operations to ensure that it was fully compliant with the new regulation, which sets higher and clearer standards for consumer protection across financial services.

Communities

Given the nature of the Group's business, it has a limited societal impact, however, the Group supports employees in their endeavours to make a positive contribution.

Investors

The Group seeks to engage with shareholders to understand the needs and expectations of all elements of the shareholder base.

The Board is committed to open and ongoing engagement with the Group's shareholders to understand the needs and expectations of all elements of the shareholder base, and to ensure that the Group's strategy, financials, and business developments are communicated effectively. The Board communicates with shareholders primarily through the annual report and accounts; the interim and full-year results announcements; trading updates (where required or appropriate); annual general meetings; interactive online presentations to retail shareholders and direct meetings with institutional shareholders; and the investor relations section of the Finseta website.

Partners

The Group's primary partners are its counterparties and referral partners. There is a regular and ongoing dialogue with these business partners, proportional to their scale and importance to the Group.

The Group's principal counterparties, such as its primary liquidity provider, are some of its longest standing stakeholder relationships and the Group aims to have regular interaction with these partners.

Section 172 Statement

Section 172 of the Companies Act 2006 requires each Director of the Group to act in the way he or she considers, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole. In this way, Section 172 requires a director to have regard, amongst other matters, to the: likely consequences of any decisions in the long-term; interests of the Group's employees; need to foster the Group's business relationships with suppliers, clients and other material stakeholders; impact of the Group's operations on local communities and the environment; desirability of the Group maintaining a reputation for high standards of business conduct; and need to act fairly between members of the Group. In discharging its Section 172 duties, the Board has considered the factors set out above and the views of key stakeholders.

Details of the key stakeholder engagement undertaken, and intended, by the Group to inform decision-making and enhance Board understanding are set out below and in further detail in the ESG section on pages 24-25.

Clients

The Directors engage with customers on an ongoing basis to ensure that the Group's quality, efficiency and service levels meet both the standard expected by the customer and the very high standards the Group sets for itself.

Employees

The Directors engage regularly with employees and maintain an open dialogue. Due to the small size of the Group's current workforce, this is currently conducted on a largely ad hoc basis, but the Directors intend to implement a formal structure as the team expands.

Partners

The Group operates a growing network of partners consisting of counterparties, referral partners and complementary service providers. There is a regular and ongoing dialogue with these business partners, proportional to their scale and importance to the Group.

Investors

The Board is committed to open and ongoing engagement with the Group's shareholders to understand the needs and expectations of all elements of the shareholder base. The Board communicates with shareholders primarily through the annual report and accounts, announcements issued via the Regulatory News Service, the Annual General Meeting and online webinars.

Audit Committee Report

Dear shareholder,

I am pleased to present the Audit Committee's report for 2023. I trust that this report will provide you with an insight into our work, the matters handled and the focus of the Audit Committee's deliberations during the year.

Membership and meetings

The members of the Audit Committee during the year and up to the date of the signing of this report (unless as otherwise indicated) are:

Current members

- Simon Bullock, Non-Executive Director – Chairman of the Committee
- Gareth Edwards, Non-Executive Chairman
- John Burns, Non-Executive Director

The Audit Committee members, which includes our two Independent Non-Executive Directors (namely, myself and John Burns), bring relevant financial, commercial and capital markets experience to the committee's activities. In particular, I am a Chartered Management Accountant with 30 years of finance experience, of which more than 20 years have been at CFO level, including with AIM-quoted businesses. Further biographical details can be found on pages 19-20.

The Audit Committee meets at least twice a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. Only members of the committee have the right to attend the meetings. However, the Chief Financial Officer and external audit lead partner are invited to attend on a regular basis and other non-members may be invited to attend as and when appropriate and necessary. During the year, the Audit Committee met on two occasions, with all members present except for the absence of Gareth Edwards from one meeting due to ill health.

The Company Secretary is secretary to the Audit Committee.

Governance and effectiveness

Outside of the formal meeting programme, the Chairman of the Audit Committee and, as appropriate, the other committee members, maintain a dialogue with key individuals involved in the Group's governance, including the Chairman of the Board (who is a member of the committee), the Chief Executive, the Chief Financial Officer and the external audit lead partner.

The committee undertakes its duties in accordance with its terms of reference, which are reviewed at least annually to ensure that they remain fit for purpose and in line with best practice guidelines.

Responsibilities and activities

The Audit Committee's responsibility is to ensure that financial information published by the Group properly presents its activities to stakeholders in a way that is fair, balanced and understandable. The Audit Committee oversees the effective delivery of audit services, including making recommendations to the Board on the appointment of auditors and the audit fee. In addition, the Audit Committee supports the Board in meeting its responsibilities in respect of overseeing the Group's internal control systems, business risk management, arrangements for whistleblowing and related compliance issues.

In its advisory capacity, the Audit Committee has confirmed to the Board that, based on its review of the Annual Report and financial statements and internal controls that support the disclosures, the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and provide necessary information for shareholders to assess the Group's position and performance, its business model and strategy.

During the year, the Audit Committee's activities included:

- Examining the Annual Report and financial statements for the year to 31 December 2022 and the half-year report for the six months to 30 June 2023 and discussing them with management and the external auditor to assess whether the reports, taken as a whole, were fair, balanced and understandable prior to recommending these to the Board for approval.
- Reviewing and challenging areas of significant risks and judgement and the level of disclosure.
- Monitoring auditor effectiveness and independence.
- Reviewing the effectiveness of the Group's internal controls.

Significant judgements

The significant matters that the Audit Committee considered, and made certain estimates and judgements upon, are set out in the 'Basis of Preparation' section of the Notes to the Financial Statements.

Risk management and internal controls

In supporting the Board in maintaining an effective internal control environment, the Audit Committee keeps under review the Group's internal financial controls systems and other internal control and risk management systems; reviews the methodology for reporting risk to the Board; sets triggers for reporting and escalation of significant emerging risks; reviews the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and reviews the Group's procedures for detecting fraud and preventing bribery and receive reports on non-compliance.

The Group has established a risk framework including a risk register that is managed by the Chief Financial Officer and risk management

policies, including anti-bribery, corruption, anti-money laundering and financial crime, financial risk, fraud, information technology and security policies. In addition, the detailed operational and security elements of the risk register are reviewed regularly by the senior management team of the Group, also in line with the ongoing risk and operational resilience reporting requirements of the Financial Conduct Authority ("FCA").

In providing foreign exchange services to its clients, the Group is subject to legal requirements to deter and detect financial crime and is required to maintain a framework with appropriate mitigation measures and control mechanisms to manage the operational and security risks relating to the payment services it provides. Accordingly, the Group has implemented policies, controls and procedures to mitigate and effectively manage the risks of money laundering and terrorist financing. The Group conducts reviews of its anti-money laundering compliance using specialist third party compliance experts. The Group is also required to submit regular reports to the FCA on a range of subject matters in this regard. In addition, in February 2024, a safeguarding audit was conducted by third party experts, which assessed the Group as having the highest level of compliance.

Further details of the Group's financial risk management are set out under note 21 to the financial statements.

Internal audit

At present, the Group does not have an internal audit function. The Audit Committee believes that, owing to the Group's size, management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without an internal audit function. However, the Audit Committee will keep under review the need for an internal audit function as the business develops.

External auditor and independence

Haysmacintyre LLP were appointed as external auditor in April 2021 following a competitive tender process. The auditor confirmed its independence as auditor of the Group through written confirmation to the Group, and the Audit Committee monitors the relationship to ensure that auditor effectiveness, independence and objectivity are maintained. A resolution to reappoint haysmacintyre as the Group’s auditor is being proposed at the forthcoming annual general meeting.

A summary of fees paid to the external auditor, including the breakdown between fees for audit and non-audit services, is set out in note 2 to the financial statements.

SIMON BULLOCK

Audit Committee Chairman

7 May 2024



Directors' Remuneration Report

The Remuneration Committee presents its report on Directors' remuneration for the year ended 31 December 2023. The disclosures comply with the requirement of the Companies Act 2006, the Corporate Governance Code of the Quoted Companies Alliance and applicable AIM Rules.

Remuneration Committee

The members of the Remuneration Committee during the year and up to the date of the signing of this report (unless as otherwise indicated) are:

- John Burns (Chairman of the committee), Non-Executive Director
- Gareth Edwards, Non-Executive Chairman
- Simon Bullock, Non-Executive Director

The Remuneration Committee met on four occasions during 2023. The committee is responsible for the review and recommendation of the scale and structure of remuneration for the Chairman, the Executive Directors and senior management, including any bonus arrangements or the award of share options with due regard to the interests of the shareholders and the performance of the Group. The remuneration of the Non-Executive Directors is a matter for the Board or the shareholders (within the limits set in the articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration.

Service Agreements

The Executive Directors are employed under service agreements that are subject to notice periods, for both the Group and the individual, of nine months for the Chief Executive Officer and Chief Information Officer, and six months for the Chief Financial Officer. Their service agreements include standard summary termination provisions and post termination restrictive covenants that apply for six months.

For the year under review, the Chief Executive Officer and Chief Financial Officer were entitled

to receive an annual salary of £170,000 and £140,000 respectively, with an entitlement to a pension contribution and discretionary bonus. During the year, the Remuneration Committee resolved, which was approved by the Board, to increase the salaries of the Chief Executive Officer and Chief Financial Officer to £220,000 and £165,000, respectively, with effect from 1 January 2024. The Chief Information Officer is entitled to receive an annual salary of £131,950, with an entitlement to a pension contribution and discretionary bonus.

Letters of Appointment

Non-Executive Directors are appointed under letters of appointment with the Company. Non-Executive Director appointments are subject to notice periods of three months for either the Company or the individual.

The Chairman will receive a fee of £52,000 per annum. Following the audited consolidated turnover of the Group exceeding £8 million, the Chairman will become entitled to receive a fee of £70,000 per annum.

Each Non-Executive Director (excluding the Chairman) will receive a fee of £30,000 per annum. In addition, each Non-Executive Director may be eligible for a discretionary allotment of ordinary shares of the Company as determined by the Board or relevant sub-committee thereof annually. Each Non-Executive Director is also paid an additional £2,500 per annum for any committee chairmanship that the Board may delegate to him.

Directors' Remuneration

The following table details the Directors' remuneration for the years ended 31 December 2023 and 2022:

	Salary/ Fees £	Bonus £	Pension £	Benefits £	Total 2023 £	Total 2022 £
Executive Directors						
James Hickman, CEO	170,360 ⁽¹⁾	119,981	11,117	1,263	302,720	64,292 ⁽²⁾
Judy Happe, CFO	140,000	56,000	7,000	905	203,905	178,406
William Newton, CIO	131,950	-	2,309	-	134,259	117,154 ⁽³⁾
Non-Executive Directors						
Gareth Edwards, Chairman	52,000	-	-	-	52,000	40,667 ⁽⁴⁾
Simon Bullock	32,500	-	-	-	32,500	7,292 ⁽⁵⁾
John Burns	32,500	-	-	-	32,500	2,708 ⁽⁶⁾
Former Directors						
Julian Wheatland, CEO ⁽⁷⁾	-	-	-	-	-	234,318
Stephen Flynn, CTO ⁽⁸⁾	-	-	-	-	-	70,033
Elliott Mannis, Chairman ⁽⁹⁾	-	-	-	-	-	52,000
Philip Barry ⁽¹⁰⁾	-	-	-	-	-	50,417
Daniel Mackinnon ⁽¹¹⁾	-	-	-	-	-	29,167
Glyn Barker ⁽¹²⁾	-	-	-	-	-	11,666

1. Includes commission payment
2. Appointment effective 12 September 2022
3. Appointment as an Executive Director effective 22 February 2022
4. Appointment as Non-Executive Chairman effective 31 August 2022, having previously been a Non-Executive Director
5. Appointment effective 11 October 2022
6. Appointment effective 1 December 2022
7. Resigned as CEO and a Director effective 12 July 2022 and as an employee of the Company effective 28 November 2022
8. Resigned effective 25 July 2022
9. Resigned effective 31 August 2022
10. Resigned effective 30 November 2022
11. Resigned effective 1 November 2022
12. Resigned effective 3 May 2022

As at 31 December 2023, a total of £148,850 was owed to Directors with respect to their service in 2023 (31 December 2022: £80,044 with respect to 2022 service and £47,968 with respect to 2021 service).

Share-based payment

On 13 January 2023, Gareth Edwards, Non-executive Chairman, was issued 136,641 ordinary shares at a price of 6.501 pence per ordinary share, being the balance of payment due to him for the 2021 financial year. This was in accordance with his previous letter of appointment, which included an element of his annual fee being payable through the allotment of shares.

Payment to Former Directors

On 13 January 2023, four former directors received a combined total of £39,085 (equating to 601,220 ordinary shares) in share-based payments relating to their service in 2021. In addition, two former directors received a combined total of £37,000 relating to their service prior to their resignations in 2022.

Grant of Options to Directors

During the year, the Company granted options to Directors as follows:

	Date of grant	Number of options	Vesting conditions	Exercise price
James Hickman, CEO	13 January 2023	1,000,000	Vest in full on 26 September 2023	10.0 pence
		1,000,000	Vest in full on 26 September 2024	20.0 pence
Judy Happe, CFO	13 January 2023	276,803	One third vest on each of 31 March 2023, 30 June 2023 and 1 December 2023	10.0 pence
		127,857	One third vest on each of 7 March 2023, 7 March 2024 and 7 March 2025	10.0 pence
		145,340	One third vest on each of the first three anniversaries of the date of grant	10.0 pence
William Newton, CIO	16 November 2023	240,000	One third vest on each of the first three anniversaries of the date of grant	12.0 pence

The options noted above expire five years after the date of grant.

Cancellation of Options held by Directors

On 16 November 2023, the Company cancelled, for nil consideration, 404,660 options over ordinary shares held by Judy Happe, Chief Financial Officer and an Executive Director.

Directors' Interests

	Number of ordinary shares as at 31/12/23	Number of ordinary shares as at 31/12/22	Options unvested as at 31/12/23	Options vested but not exercised as at 31/12/23
Executive Directors				
James Hickman, CEO	144,059	-	1,000,000	1,000,000
Judy Happe, CFO	25,516	19,516	230,578	319,422
William Newton, CIO ⁽¹⁾	2,530,787	2,530,787	240,000	-
Non-Executive Directors				
Gareth Edwards, Chairman	725,846	532,705	-	-
Simon Bullock	100,000	-	-	-
John Burns	6,000	-	-	-

¹ William Newton's holding includes 81,967 ordinary shares held in the name of his wife

Directors' Report

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2023.

Principal Activities

The Group provides international payment, currency management and electronic account services using its proprietary cloud-based multi-currency payments platform. The Group provides these services to businesses and individuals. The Group's subsidiaries are authorised and regulated by the Financial Conduct Authority ("FCA") and the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC") as follows:

Place of Incorporation & Company Number	Company Name	Regulatory Permissions
United Kingdom – 15301177	Finseta Payment Solutions Limited	Authorised Electronic Money Institution under the Electronic Money Regulations of the FCA
British Columbia, Canada – BC1454722	Finseta Payment Corp	Money Services Business authorised by FINTRAC

During the year under review, Capital Currencies Ltd was a subsidiary of the Group, which is an Authorised Payment Institution under the Payment Services Regulations. In September 2023, the Group entered a share purchase agreement to sell Capital Currencies, with the transaction expected to complete during 2024. In addition, in April 2023, the Group completed the sale of its Avila House Ltd subsidiary, a Registered Small Electronic Money Institution under the Electronic Money Regulations.

Business Review and Results

The review of the Group's business, strategy, principal risks and uncertainties and outlook are included in the Strategic Report section on pages 4-18. The consolidated financial statements for the year ended 31 December 2023 are set out on pages 46-51. The Group's profit after tax for the year was £2.1 million.

Dividends

The Directors do not recommend the payment of a dividend for 2023.

Directors

The following Directors held office during the year and up to the date of the approval of these financial statements (unless as otherwise indicated):

- Gareth Edwards, Chairman
- James Hickman, CEO
- Judy Happe, CFO

- William Newton, CIO
- Simon Bullock
- John Burns

Biographies of the Directors, including their Board committee memberships, are set out on pages 19-20. Details of the Directors' remuneration and their interests in the share capital of the Group can be found in the Directors' Remuneration Report on pages 30-33.

Directors' Indemnity

All Directors and officers of the Group have the benefit of the indemnity provision contained in the Group's Articles of Association. The Group also has Directors' and Officers' liability insurance in respect of itself and its directors and officers.

Share Capital

The Company is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of the London Stock Exchange. As at the date of approval of this Directors' Report, the outstanding issued share capital of the Group comprised 57,417,101 ordinary shares of £0.01 each. There are no shares held in treasury. Further detail on the Group's share capital can be found in note 19 to the financial statements.

Significant Shareholders

As at the date of approval of this Directors' Report, to the best of the Group's knowledge, the following shareholders had a significant interest in the Group's issued share capital:

Name	Number of shares	% of issued share capital
Robert O'Brien	9,400,000	16.37
Mark Horrocks	5,712,307	9.95
Atlantic Partners Asia Holdings (SG) PTE Ltd	4,375,000	7.62
David Ryan*	4,000,000	6.97
Philip Barry	3,403,407	5.93
William Newton**	2,530,787	4.41
Stephen Flynn	2,435,442	4.24

* David Ryan's holding includes 1,000,000 ordinary shares registered in the name of his wife

** William Newton's holding includes 81,967 ordinary shares registered in the name of his wife

Subsequent Events

The material post balance sheet events can be found in note 23 to the financial statements, which references the grant of options to employees.

Financial Instruments

Disclosures regarding financial instruments are provided in note 21 to the financial statements.

Donations

The Group did not make any political or charitable donations during the year.

Corporate Governance

A review of the Group's corporate governance is provided in the Corporate Governance Report on pages 21-23.

Stakeholder Engagement

Details of the Group's engagement with stakeholders can be found in the Section 172 Statement on page 26 and in the ESG section on pages 24-25.

Auditor

Haysmacintyre LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint haysmacintyre as the Group's auditor will be proposed at the Annual General Meeting on 20 June 2024.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each Director has taken all the steps they might reasonably be expected to have taken as a Director to make themselves aware of any relevant audit

information and to establish that the Group's auditor is aware of that information.

Going Concern

The Directors have prepared various scenario planning forecasts alongside their best-estimate forecast assumptions, including a scenario in which sales growth falls below management expectations and various cash mitigation measures are implemented, which all indicate sufficient cash resources to continue to finance the Group's working capital requirements over the forecast period to 31 December 2026. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Group's financial statements. Further detail can be found in the 'Going Concern' section of the Notes to the Financial Statements on pages 53-54.

Statement of Directors' Responsibilities

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 Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom ("UK") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the UK.

The financial statements are required by law and IFRS adopted by the UK to present fairly the financial position and performance of the Group and Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company 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 they have been prepared in accordance with IFRS adopted by the UK; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the 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 the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

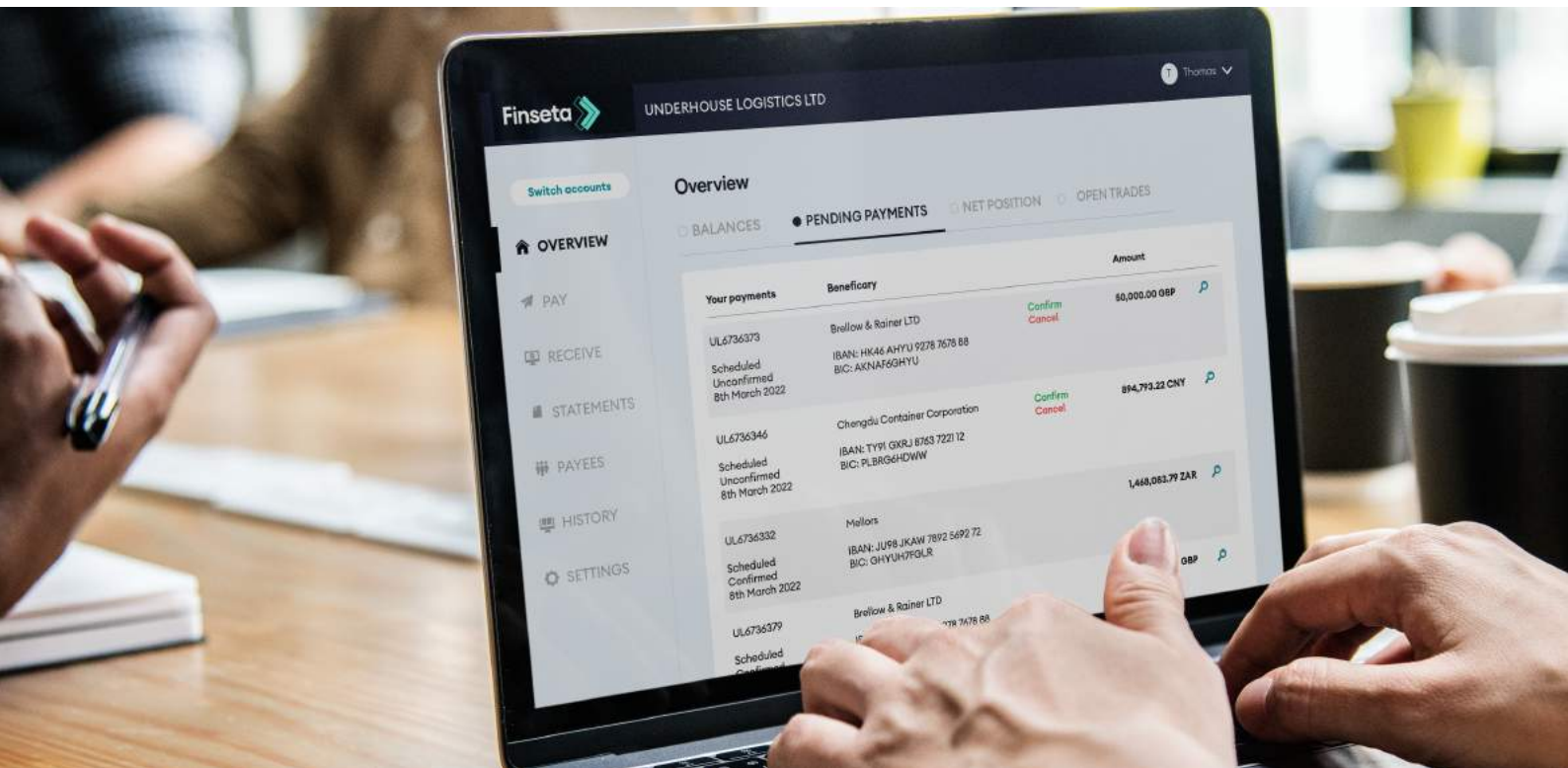
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.

JAMES HICKMAN

Chief Executive Officer
7 May 2024





Financial Statements

For the year ended
31 December 2023

Independent Auditor's Report

TO THE MEMBERS OF CORNERSTONE FS PLC (TRADING AS FINSETA)

Opinion

We have audited the financial statements of Cornerstone FS plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 as applied to listed entities, 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.

Our audit procedures to evaluate the directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included, but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern;
- Evaluating the methodology used by the directors to assess the Group and the Parent Company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment and evaluating the key assumptions used and judgements applied;
- Reviewing the liquidity headroom and applying a number of sensitivities to the base forecast assessment of the directors to ensure there was sufficient headroom to adopt the going concern basis of accounting;
- Reviewing the appropriateness of the directors' disclosures regarding going concern in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating

to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Description	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>For the year ended 31 December 2023, Revenue increased from £4.8m in 2022 to £9.6m in 2023.</p> <p>The Group derives revenue from the provision of foreign exchange and payment services. When a contract with a client is entered into, it immediately enters into a separate matched contract with its institutional counterparty.</p> <p>The performance obligations of the Group's revenue streams are satisfied on the transaction date or by the provision of the service for the period described in the contract. Revenue is not recognised where there is evidence to suggest that customers do not have the ability or intention to pay.</p> <p>The Group does not have any contracts with clients where the performance obligations have not been fully satisfied.</p> <p>There is a risk that Revenue has not been recognised in accordance with IFRS 15 during the year.</p>	<p>Our audit work consisted of, but was not limited to:</p> <ul style="list-style-type: none"> - A cash to revenue reconciliation, testing the occurrence of revenue in total for the year; - A review of income processes and testing of the detailed controls in place; - A review of the monthly reconciliations from the trading software to the finance system and performed testing on the information provided by the entity; - Substantive testing on a sample of transactions; - Cut off testing to ensure that revenue has been recognised in the correct period to which it relates. <p>Our work performed on revenue highlighted no material errors or departures from IFRS 15.</p>

Carrying value of intangible assets and goodwill in the Group financial statements.

The Group's Statement of Financial Position as at 31 December 2023 includes total intangible assets of £1.51m.

This includes £0.42m of Goodwill, £0.40m of Customer relationships, £0.65m of Internally developed software and £0.04m of other intangible assets.

The carrying value of Goodwill had been reduced following a measurement period adjustment of £0.67m in the year in respect of a downwards revaluation of contingent deferred consideration due on the acquisition of Capital Currencies in 2022.

This was an indicator that a further impairment charge may be required to Goodwill (£0.38m) and Customer relationships (£0.26m) in respect of Capital Currencies.

There was also a risk that other intangible assets might be impaired.

The Board concluded that there is no impairment required to the carrying value of those intangible assets, including those in respect of Capital Currencies based on their assessment of the forecasted future cash flows of the business.

Our audit work considered, but was not restricted to, the following:

- A review of the Impairment assessment memorandum prepared by the Board in respect of the carrying value of the intangibles in accordance with its forecast performance in the scenarios considered.
- A review of the key estimates, assumptions and judgements included in that assessment
- Sensitivity analysis of the forecasts supporting the Impairment assessment
- A review of post year-end activity of the business.

As noted, impairment indicators existed in respect of the remaining carrying value of Goodwill and Customer for Capital Currencies.

We challenged Management on the carrying value

Specifically in respect of Capital Currencies, our audit work was as follows:

- A review of the Impairment assessment memorandum prepared by the Board in respect of the carrying value of the intangible assets arising from the acquisition of Capital Currencies in accordance with the forecast performance of the Capital Currencies' business with the overall Cash Generating Unit ("CGU") of the business in the scenarios considered.
- Review and challenge of the key estimates, assumptions and judgements included in that assessment.
- Sensitivity analysis of the forecasts supporting the Impairment assessment to identify headroom.

In respect of intangible assets overall, our audit work was as follows:

- A review of the Impairment assessment memorandum prepared by the Board in respect of the carrying value of the intangible assets in accordance with the forecast performance of the CGU for the overall business in the scenarios considered.

Carrying value of investments in the Parent Company’s financial statements

The Parent Company’s Statement of Financial Position as at 31 December 2023 includes a total investment of £7.35m in 100% of the ordinary share capital of Finseta Payment Solutions Limited, Capital Currencies Limited and Pangea FX Limited.

There is a risk that this investment might be impaired.

The Board concluded that there is no impairment required to the carrying value of those investments, based on their assessment of the forecasted future cash flows of the business.

Our audit work considered, but was not restricted to, the following:

- A review of the Impairment assessment memorandum prepared by the Board in respect of the carrying value of the investments in accordance with its forecast performance in the scenarios considered.
- A review of the key estimates, assumptions and judgements included in that assessment
- Sensitivity analysis of the forecasts supporting the Impairment assessment
- A review of post year-end activity of the business

As noted above, Impairment indicators existed in respect of the investment in Capital Currencies Limited. We challenged Management on the carrying value.

Specifically in respect of the investment in Capital Currencies, our audit work was as follows:

- A review of the Impairment assessment memorandum prepared by the Board in respect of the carrying value of the investment in Capital Currencies in accordance with its forecast performance in the scenarios considered.
- A review of the key estimates, assumptions and judgements included in that assessment
- Sensitivity analysis of the forecasts supporting the Impairment assessment

Our work performed on the carrying value of investments, including Capital Currencies, in the parent company highlighted no material errors.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements and in forming an opinion. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements, or related disclosures, that would make it probable that the judgment of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing need, to reduce to an appropriately low level the risk that the aggregate of uncorrected and undetected misstatement exceeds materiality for the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £171,000. This was determined with reference to 10% of the adjusted EBITDA for the Group. The goal of the Group is profit maximisation and Management use adjusted EBITDA as a KPI.

On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 75% of materiality, being £128,000.

The reporting threshold to the Audit and Risk Committee was set as 5% of materiality, being £8,560. If in our opinion, errors below this level warranted reporting on qualitative grounds, these would also be reported.

The materiality for the Parent Company financial statements was £139,000. This was based on 1.5% of gross assets since the Parent Company is a holding company and its value is driven by the value of the investments it holds in its subsidiary undertakings.

On the basis of our risk assessment and review of the Parent Company's control environment, performance materiality was set at 75% of materiality, being £104,000 and the reporting threshold was £6,940.

An overview of the scope of our audit

Our audit scope included all components of the Group which are all registered companies in the United Kingdom with limited activities in Dubai. Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Group. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Group and the internal control environment when assessing the level of work to be performed.

Based on our assessment of the accounting processes, the industry in which the Group operates and the control environment we concluded that it was appropriate to undertake an entirely substantive audit approach. Our audit procedures included testing of income and expenditure, assets, liabilities and equities. We have set out how we tested the key audit matters in the Key Audit Matters section above.

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.

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 the audit:

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

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 or the 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 by the Parent Company; 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 the 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations including the Financial Conduct Authority (“the FCA”) and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated Management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with the Financial Conduct Authority and HM Revenue and Customs;
- Discussions with Management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating Management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, or with unusual descriptions; and
- Challenging assumptions and judgements made by Management in their critical accounting estimate

Because of the inherent limitation of audit, there is a risk that we will not detect all irregularities,

SIMON WILKS

(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP

Statutory Auditors

Date: 7 May 2024

including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

10 Queen Street Place

London

EC4R 1AG

Group Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 £	2022 £
REVENUE	1	9,649,233	4,821,996
Cost of sales		(3,533,897)	(1,885,503)
GROSS PROFIT		6,115,336	2,936,493
ADMINISTRATIVE EXPENSES	2		
Share-based compensation	19	(333,061)	(4,284,039)
Further adjustments to adjusted EBITDA (see below)		(357,348)	(500,529)
Other administrative expenses		(4,415,113)	(3,805,812)
TOTAL ADMINISTRATIVE EXPENSES		(5,105,522)	(8,590,380)
Other operating income		350,143	30,647
Adjusted EBITDA/(EBITDA loss)		1,700,223	(869,319)
Stated after the add back of:			
- other operating income (interest earned on client funds)	3	(350,143)	(30,647)
- share-based compensation	19	333,061	4,284,039
- transaction costs		4,500	99,365
- profit on disposal of subsidiary	2	(207,480)	-
- amortisation of intangible assets		533,649	386,542
- IAS 17 rent reversal		(61,613)	-
- depreciation of property, plant and equipment		88,292	14,622
PROFIT/(LOSS) from operations		1,359,957	(5,623,240)
Finance and other income	4	21,363	18
Finance costs	4	(90,635)	(163,975)
PROFIT/(LOSS) BEFORE TAX		1,290,685	(5,787,197)
Income tax	7	843,168	175,365
PROFIT/(LOSS) FOR THE YEAR		2,133,853	(5,611,832)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		2,133,853	(5,611,832)
Profit/(loss) per ordinary share – basic (pence)	8	3.77	(17.26)
Profit/(loss) per ordinary share – diluted (pence)	8	3.76	(17.26)

All amounts are derived from continuing operations.

The Notes to the Financial Statements form an integral part of these financial statements.

Group and Company Statement of Financial Position

As at 31 December 2023

	Notes	Group 31 December 2023 £	Group 31 December 2022 £	Company 31 December 2023 £	Company 31 December 2022 £
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	9	1,514,519	2,315,637	692,022	611,507
Tangible assets	11	34,356	39,677	-	-
Investments	13	-	-	7,351,660	8,017,622
Right-of-use assets	10	796,498	-	-	-
Deferred tax	12	697,864	-	607,568	-
		3,043,237	2,355,314	8,651,250	8,629,129
CURRENT ASSETS					
Trade and other receivables	14	1,359,641	1,339,110	902,919	700,720
Cash and cash equivalents		2,343,417	682,346	14,553	495,627
		3,703,058	2,021,456	917,472	1,196,347
TOTAL ASSETS		6,746,295	4,376,770	9,568,722	9,825,476
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	574,171	480,362	574,171	480,362
Share premium		6,191,748	5,496,829	6,191,748	5,496,829
Share-based payment reserve		780,389	1,489,765	780,389	1,489,765
Deferred consideration reserve		-	950,920	-	950,920
Merger relief reserve		5,557,645	5,557,645	5,557,645	5,557,645
Reverse acquisition reserve		(3,140,631)	(3,140,631)	-	-
Retained earnings		(8,307,787)	(10,924,791)	(8,967,643)	(8,365,764)
TOTAL EQUITY		1,655,535	(89,901)	4,136,310	5,609,757
LIABILITIES					
NON-CURRENT LIABILITIES					
Loan notes	15	2,000,000	2,172,578	2,000,000	2,172,578
Deferred tax	12	-	99,816	-	-
Obligations under leases	17	543,555	-	-	-
Deferred consideration	18	111,323	-	111,323	-
		2,654,878	2,272,394	2,111,323	2,172,578
CURRENT LIABILITIES					
Trade and other payables	16	1,882,771	1,969,277	3,031,335	1,818,141
Loan notes	15	172,578	225,000	172,578	225,000
Obligations under leases	17	263,357	-	-	-
Deferred consideration	18	117,176	-	117,176	-
		2,435,882	2,194,277	3,321,089	2,043,141
TOTAL EQUITY AND LIABILITIES		6,746,295	4,376,770	9,568,722	9,825,476

The Notes to the Financial Statements form an integral part of these financial statements.

A separate profit and loss account for the parent company is omitted from the Group's financial statements by virtue of section 408 of the Companies Act 2006. The Company loss for the year ended 31 December 2023 was £1,085,030 (year ended 31 December 2022: loss of £5,973,633).

The financial statements were approved by the Board of Directors and authorised for issue on 7 May 2024 and are signed on its behalf by:

JAMES HICKMAN

Chief Executive Officer

Group Statement of Changes in Equity

For the year ended 31 December 2023

	Share Capital	Share Premium	Share-Based Payment Reserve	Deferred Consideration Reserve	Merger Relief Reserve	Reverse Acquisition Reserve	Retained Earnings	Total
	£	£	£	£	£	£	£	£
Balance at 1 January 2022	202,776	3,074,355	2,392,710	-	5,557,645	(3,140,631)	(7,828,230)	258,625
Issue of shares	210,423	1,905,234	-	-	-	-	-	2,115,657
Costs of raising equity	-	(87,310)	-	-	-	-	-	(87,310)
Share-based payments (note 19)	-	-	4,284,039	-	-	-	-	4,284,039
Settlement of equity-based incentives	67,163	604,550	(5,186,984)	-	-	-	2,515,271	(2,000,000)
Deferred equity-based consideration	-	-	-	950,920	-	-	-	950,920
Loss and total comprehensive income for the year	-	-	-	-	-	-	(5,611,832)	(5,611,832)
Balance at 31 December 2022	480,362	5,496,829	1,489,765	950,920	5,557,645	(3,140,631)	(10,924,791)	(89,901)
Issue of shares	35,299	194,143	-	-	-	-	-	229,442
Share-based payments (note 19)	-	-	333,061	-	-	-	-	333,061
Settlement of equity-based incentives	58,510	500,776	(1,042,437)	-	-	-	483,151	-
Remeasurement of deferred consideration on acquisition	-	-	-	(810,102)	-	-	-	(810,102)
Unwind of discount factor	-	-	-	87,681	-	-	-	87,681
Transfer to deferred consideration liability	-	-	-	(228,499)	-	-	-	(228,499)
Profit and total comprehensive income for the year	-	-	-	-	-	-	2,133,853	2,133,853
Balance at 31 December 2023	574,171	6,191,748	780,389	-	5,557,645	(3,140,631)	(8,307,787)	1,655,535

The Notes to the Financial Statements form an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Share Capital	Share Premium	Share-Based Payment Reserve	Deferred Consideration Reserve	Merger Relief Reserve	Retained Earnings	Total
	£	£	£	£	£	£	£
Balance at 1 January 2022	202,776	3,074,355	2,392,710	-	5,557,645	(4,907,402)	6,320,084
Issue of shares	210,423	1,905,234	-	-	-	-	2,115,657
Costs of raising equity	-	(87,310)	-	-	-	-	(87,310)
Share-based payments (note 19)	-	-	4,284,039	-	-	-	4,284,039
Settlement of equity-based incentives	67,163	604,550	(5,186,984)	-	-	2,515,271	(2,000,000)
Deferred equity-based consideration	-	-	-	950,920	-	-	950,920
Loss and total comprehensive income	-	-	-	-	-	(5,973,633)	(5,973,633)
Balance at 31 December 2022	480,362	5,496,829	1,489,765	950,920	5,557,645	(8,365,764)	5,609,757
Issue of shares	35,299	194,143	-	-	-	-	229,442
Share-based payments (note 19)	-	-	333,061	-	-	-	333,061
Settlement of equity-based incentives	58,510	500,776	(1,042,437)	-	-	483,151	-
Remeasurement of deferred consideration on acquisition	-	-	-	(810,102)	-	-	(810,102)
Unwind of discount factor	-	-	-	87,681	-	-	87,681
Transfer to deferred consideration liability	-	-	-	(228,499)	-	-	(228,499)
Loss and total comprehensive loss for the year	-	-	-	-	-	(1,085,030)	(1,085,030)
Balance at 31 December 2023	574,171	6,191,748	780,389	-	5,557,645	(8,967,643)	4,136,310

The Notes to the Financial Statements form an integral part of these financial statements.

Group and Company Cash Flow Statement

For the year ended 31 December 2023

	Group Year ended 31 December 2023 £	Group Year ended 31 December 2022 £	Company Year ended 31 December 2023 £	Company Year ended 31 December 2022 £
<i>Notes</i>				
Profit/(loss) before tax	1,290,685	(5,787,197)	(2,067,319)	(6,131,818)
Adjustments to reconcile profit before tax to cash generated from operating activities:				
Other operating income	(27,167)	-	-	-
Finance income	4 (21,363)	(18)	-	-
Finance costs	4 90,635	163,975	73,847	162,757
Equity-settled share-based payment	-	32,595	-	32,595
Share-based compensation	19 333,061	4,284,039	333,061	4,284,039
Depreciation and amortisation	2 621,941	401,164	410,499	296,133
Profit on disposal of subsidiary	(207,480)	-	-	-
Write-off of property, plant and equipment	519	-	-	-
Decrease/(increase) in accrued income, trade and other receivables	14 67,344	(845,866)	177,935	(451,724)
(Decrease)/increase in trade and other payables	16 (194,021)	757,250	1,121,397	896,573
Cash generated from/(used in) operations	1,954,154	(994,058)	49,420	(911,445)
Income tax received	7 -	158,188	-	158,188
Cash generated from/(used in) operating activities	1,954,154	(835,870)	49,420	(753,257)
Investing activities				
Acquisition of property, plant and equipment	11 -	(17,198)	-	-
Purchases of property, plant and equipment	(11,081)	-	-	-
Acquisition of intangible assets	9 -	(422,713)	-	(422,713)
Internally generated software development	(491,013)	-	(491,013)	-
Acquisition of subsidiary, net of cash acquired	-	(552,128)	-	-
Investment in Group companies	13 -	-	-	(631,335)
Proceeds from disposal of subsidiary	300,000	-	-	-
Cash used in investment activities	(202,094)	(992,039)	(491,013)	(1,054,048)
Financing activities				
Shares issued (net of costs)	19 -	1,992,694	-	1,992,694
Loans received	-	225,000	-	225,000
Interest and similar income	4 10,587	18	-	-
Interest and similar charges	4 (39,963)	(55,559)	(39,481)	(54,341)
Lease payments	(61,613)	-	-	-
Cash (used in)/generated from financing activities	(90,989)	2,162,153	(39,481)	2,163,353
Increase/(decrease) in cash and cash equivalents	1,661,071	334,244	(481,074)	356,048
Opening cash and cash equivalents	682,346	348,102	495,627	139,579
Closing cash and cash equivalents	2,343,417	682,346	14,553	495,627

The Notes to the Financial Statements form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

BASIS OF PREPARATION

Cornerstone FS plc (trading as Finseta) is a public limited company, incorporated and domiciled in England. The Company was admitted to AIM, London Stock Exchange's market for small and medium size growth companies, on 6 April 2021. The registered office of the Company is 14-18 Cophthall Avenue, London, EC2R 7DJ. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The main activities of the Group are set out in the Strategic Report on pages 4-18.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom ("IFRS") for the years ended 31 December 2022 and 31 December 2023, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared in sterling, which is the Group's presentation currency and the functional currency of each Group entity. They have been prepared using the historical cost convention except for the measurement of certain financial instruments.

The parent company accounts have also been prepared in accordance with IFRS (as adopted by the United Kingdom) and using the historical cost convention. The accounting policies set out below have been applied consistently to the parent company where applicable.

Monetary amounts in these financial statements are rounded to the nearest pound.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

The critical accounting estimates are considered to relate to the following:

Fair values of assets acquired in business combinations: The Group recognises the fair value of customer relationships acquired through business combinations reflecting discounted future cash flows from the acquired customers and incorporating an estimated rate of attrition of the customer base.

Deferred consideration: Total compensation for acquisitions includes an element of deferred consideration payable, subject to the revenue performance post-acquisition. Management use historical information and management forecasts to estimate a liability, using the discounted cashflow methodology, to derive a fair value of the deferred consideration payable.

Intangible assets: The Group recognises intangible assets in respect of software development costs. This recognition requires the use of estimates, judgements and assumptions in determining whether the carrying value of such assets is impaired at each year end.

Investments in subsidiary undertakings (Company financial statements only): The Company's statement of financial position includes investments stated at cost in its subsidiary undertakings. The

continuing recognition at cost requires judgements and estimates including an assessment of whether the carrying value of such investments is impaired at each year end.

NEW AND REVISED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED

At the date of authorisation of these financial statements, the Company has not yet adopted the following amendments to Standards and Interpretations that have been issued:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies; and
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

The Directors do not expect any material impact as a result of adopting the amendments listed above in the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Entities are accounted for as subsidiary undertakings when the Group is exposed to or has rights to variable returns through its involvement with the entity and it has the ability to affect those returns through its power over the entity.

All subsidiary undertakings have an accounting reference date ended 31 December.

BUSINESS COMBINATIONS

The Group financial statements recognise business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

GOING CONCERN

During the year ended 31 December 2023, the Group made an adjusted EBITDA profit (excluding non-cash share-based compensation, depreciation & amortisation costs, non-recurring transaction costs, profit on the disposal of Avila House, operating income related to interest on client balances and IFRS 16 accounting adjustments) of £1,700,223 (2022: loss of £869,319). At 31 December 2023, the Group balance sheet showed a net asset position of £1,655,535 (2022: net liability of £89,901), including a negative profit and loss reserve of £8,307,787 (2022: £10,924,791), and a cash balance of £2,343,417 (2022: £682,346).

The Directors have prepared cash flow forecasts covering a period to 31 December 2026. The Directors have derived forecast assumptions that are their best estimate of the future development of the Group's business taking into account projected increase in revenues, continued investment in the development of the software platform and organic sales and marketing efforts.

The Directors have prepared various scenario planning forecasts alongside their best-estimate forecast assumptions, including a scenario in which sales growth falls below management expectations and various cash mitigation measures are implemented, which all indicate sufficient cash resources to continue to finance the Group's working capital requirements over the forecast period.

For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Group's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE

The Group applies IFRS 15 Revenue from Contracts with Customers for the recognition of revenue. IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. It affects the timing and recognition of revenue items, but not generally the overall amount recognised.

The performance obligations of the Group's revenue streams are satisfied on the transaction date or by the provision of the service for the period described in the contract. Revenue is not recognised where there is evidence to suggest that customers do not have the ability or intention to pay. The Group does not have any contracts with customers where the performance obligations have not been fully satisfied.

The Group derives revenue from the provision of foreign exchange and payment services. When a contract with a client is entered into, it immediately enters into a separate matched contract with its institutional counterparty.

Spot and forward revenue is recognised when a binding contract is entered into by a client and the rate is fixed and determined. Revenue represents the difference between the rate offered to clients and the rate received from its institutional counterparties.

INVESTMENTS

Investments in subsidiary undertakings are accounted for at cost less impairment.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group statement of financial position when the Group has become a party to the contractual provisions of the instrument.

Derivative financial instruments

Derivative financial assets and liabilities are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the income statement. The Group's derivative financial assets and liabilities at fair value through profit or loss comprise solely of forward foreign exchange contracts.

Trade, loan and other receivables

Trade and loan receivables are initially measured at their transaction price. Trade and loan receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method. The Directors have considered the impact of discounting trade and loan receivables whose settlement may be deferred for lengthy periods and concluded that the impact would not be material.

An impairment loss is recognised for the expected credit losses on trade and loan receivables when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft that is integral to the Group's cash management.

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill on acquisition of subsidiaries is separately disclosed in note 9.

Goodwill is not amortised; it is recognised as an asset, allocated to cash generating units for the purpose of impairment testing and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

OTHER INTANGIBLE ASSETS

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to

the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Amortisation is charged on a straight-line basis through the profit or loss within administrative expenses. The rates applicable, which represent the Directors' best estimate of the useful economic life, are as follows:

Customer relationships	– 5 years
Internally developed software	– 3 years
Software costs	– 3 years
Other intangible assets	– 3 years

Trademarks are recognised as intangible assets and are expected to generate future economic benefits in perpetuity. Trademarks are not amortised. They are allocated to a cash generating unit and tested for impairment annually.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at cost and is subsequently measured at cost less accumulated depreciation and any recognised impairment loss.

Depreciation, which is charged through the profit or loss within administrative expenses, is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer equipment	- 25% straight line
Leasehold improvements	- in line with the term of the underlying leased asset

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

LEASES

The Group as lessee

The Group assesses whether a contract is, or contains, a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (determined to be those with an initial discounted total obligation of less than £5,000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is

depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated balance sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Impairment of property, plant and equipment and intangible assets excluding goodwill” policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Administrative expenses” in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Rent free concessions granted during the COVID-19 pandemic have been credited to the income statement in the year they were granted, with a resulting reduction in the lease obligation.

The Group as lessor

The Group enters into lease agreements as a lessor for some of its property included within its right-of-use assets.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

SHARE-BASED COMPENSATION

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted.

As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with fair value of goods and services received.

Cancelled or settled options are accounted for as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Fair value is measured by use of the Black-Scholes pricing model which is considered by management to be the most appropriate method of valuation.

EMPLOYEE BENEFITS

The Group operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contribution payable by the Group during the year.

The costs of short-term employee benefits are recognised as a liability and an expense in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

TAXATION

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity and not in the consolidated statement of comprehensive income.

Deferred income tax is provided on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are offset when the Group has 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.

Deferred tax assets have been recognised in respect of the Group's tax losses carried forward.

Research and Development tax credits are recognised as receivables when they have been submitted to HMRC. The amount recognised is based on the expected value of the credit.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting judgements will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

IMPAIRMENT

At each accounting reference date, the Group reviews the carrying amounts of its intangibles, property, plant & equipment and investments 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 the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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.

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 in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

DEFERRED CONSIDERATION

Total compensation for acquisitions includes an element of deferred consideration payable, subject to the revenue performance post-acquisition. Management use historical information and management forecasts to estimate a liability, using the discounted cashflow methodology, to derive a fair value of the deferred consideration payable.

SHARE-BASED COMPENSATION

The fair value of share-based awards is measured using the Black-Scholes model which inherently makes use of significant estimates and assumptions concerning the future applied by the Directors. Such estimates and judgements include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details of the share option scheme are given in note 19.

ALTERNATIVE PERFORMANCE MEASURES

The Group uses the alternative performance measure of adjusted EBITDA. This measure is not defined under IFRS, nor is it a measure of financial performance under IFRS.

This measure is sometimes used by investors to evaluate a company's operational performance with a long-term view towards adding shareholder value. This measure should not be considered an alternative, but instead supplementary, to profit/(loss) from operations and any other measure of performance derived in accordance with IFRS.

Alternative performance measures do not have generally accepted principles for governing calculations and may vary from company to company. As such, the adjusted EBITDA quoted within the Group statement of comprehensive income should not be used as a basis for comparison of the Group's performance with other companies.

ADJUSTED EBITDA

The Group uses adjusted EBITDA, defined as profit/(loss) from operations, adding back share-based compensation, transaction costs associated with the Group's acquisitions, depreciation & amortisation charge, profit on the disposal of Avila House, operating income related to interest on client balances and IFRS 16 accounting transactions.

1. REVENUE AND SEGMENTAL REPORTING

All of the Group's revenue arises from its activities within the UK (although a proportion of revenue is derived from customers incorporated or residing outside of the UK). Management considers there to be only one operating segment within the business based on the way the business is organised and the way results are reported internally.

Revenue is as follows:

	Group	Group
	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Total revenue	9,649,233	4,821,996

2. PROFIT/(LOSS) FROM OPERATIONS

	Group	Group
	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Profit/(loss) from operations is stated after charging/ (crediting):		
Share-based compensation	333,061	4,284,039
Transaction costs	4,500	99,365
Expensed software development costs	58,792	86,941
Depreciation of property, plant and equipment	15,883	14,622
Depreciation of right-of-use assets	72,409	-
Amortisation of intangible assets	533,649	386,541
Profit on disposal of subsidiary	(207,480)	-
Short-term (2018 IAS 17 operating) lease rentals	-	252,308

Amounts payable to the Group's auditor in respect of both audit and non-audit services:

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Audit Services		
- Statutory audit	41,000	40,000
Other Services		
The auditing of accounts of associates of the Company		
- Audit of subsidiaries and its associates	45,000	49,450
	-----	-----
	86,000	89,450
	=====	=====

3. OTHER OPERATING INCOME

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Interest receivable from client cash balances	350,143	30,647
	-----	-----

Other operating income represents interest generated from client cash balances. The recent changes to the interest rate environment have meant that these accounts can be interest bearing, whilst maintaining the safeguarding requirements. Under the terms of the Group's Electronic Money Licence, the Group is not able to pass any of the interest earned back to the clients.

Whilst the increased interest stream is a positive boost for the Group and a natural by-product of its increasingly diversified product offering, the Group is mindful that aspects of its dynamics are driven by macroeconomics beyond its control. The Group has therefore chosen to recognise interest income on client balances as 'other operating income', and not revenue on the face of the statement of comprehensive income. For the same reason, interest income has been excluded from the presentation of adjusted EBITDA.

In 2022, interest on client cash balances was included in interest receivable. The comparatives figures have been amended for comparison purposes.

Interest earned on the Group's own cash is recognised within finance and other income' in the consolidated statement of comprehensive income.

4. INTEREST AND SIMILAR ITEMS

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Total finance and other income		
Bank interest receivable	21,363	18
	=====	=====
Total finance costs		
(Release)/unwinding of discount	(56,459)	108,416
Loan note interest	130,306	53,500
Other interest payable and charges	483	2,059
Interest on lease liabilities (note 17)	16,305	-
	-----	-----
	90,635	163,975
	=====	=====

5. EMPLOYEES

The average monthly numbers of employees in the Group (including the Directors) during the year was made up as follows (the Company has no employees other than the Directors):

	Year ended 31 December 2023	Year ended 31 December 2022
	Number	Number
Directors	6	7
Employees	28	27
	-----	-----
	34	34
	-----	-----
EMPLOYMENT COSTS		
Wages and salaries	2,349,642	1,977,588
Social security costs	206,636	251,010
Pension costs	71,408	49,200
Share-based compensation	219,068	4,155,094
	-----	-----
	2,846,754	6,432,892
	-----	-----

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of the individual directors is provided in the Directors' Remuneration Report on pages 30-33.

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Salaries and fees	559,310	794,712
Bonus	175,981	43,044
Share-based compensation charge/(credit)	152,495	(125,443)
Social security costs	103,472	123,024
	-----	-----
	991,258	835,337
	-----	-----
	Number	Number
Number of Directors to whom retirement benefits are accruing under a defined contribution scheme	3	3
	-----	-----
	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
The remuneration in respect of the highest paid Director was:		
Salaries and fees	170,360	140,000
Bonus	119,981	31,360
Share-based compensation charge	103,629	30,173
Pension and other benefits	12,379	7,046
	-----	-----
	406,349	208,579
	-----	-----

During the year, no (2022: nil) Directors exercised any (2022: nil) share options.

6. PENSION COSTS

The Group operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Group and amounted to £71,408 (2022: £49,200). At 31 December 2023 contributions of £20,130 remained outstanding and are included within other payables (2022: £59,054).

7. TAXATION

The tax on the loss on ordinary activities for the period was as follows:

	Group	Group
	Year ended 31	Year ended 31
	December 2023	December 2022
	£	£
Current Tax:		
Current tax credit	(45,489)	(158,188)
Deferred tax credit	(797,679)	(17,177)
	-----	-----
Income tax credit	(843,168)	(175,365)
	-----	-----
	Group	Group
	Year ended 31	Year ended 31
	December 2023	December 2022
	£	£
Profit/(loss) before taxation	1,290,685	(5,787,197)
	-----	-----
Profit/(loss) multiplied by main rate of corporation tax in the	303,569	(1,099,567)
Effects of:		
Surrender of tax losses for research & development tax	(45,489)	(158,188)
Expenses not deductible for tax purposes	65,575	29,261
Income not taxable	(122,176)	-
Share-based payments	78,335	814,037
Tax rate changes	(17,550)	-
Other adjustments in period	(2,520)	48,648
Unutilised tax losses	-	190,444
Utilisation of tax losses	(377,472)	-
Recognition of deferred tax asset in respect of tax losses	(725,440)	-
	-----	-----
Income tax credit	(843,168)	(175,365)
	-----	-----

As at 31 December 2023, the Group had tax losses carried forward of £3,272,638 (31 December 2022: £5,013,429).

The Group has recognised a deferred tax asset of £697,864 in respect of the Group's tax losses. They are expected to be utilised within the year ending 31 December 2024 and 31 December 2025.

The standard rate of corporation tax increased from 19% to 25%, with effect from 1 April 2023. The blended rate of corporation tax applicable for the year ended 31 December 2023 was therefore 23.52% (2022: 19%).

8. EARNINGS PER SHARE

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Statutory profit/(loss)	2,133,853	(5,611,832)
Weighted average number of shares used in basic EPS	56,613,145	32,506,335
Effect of dilutive share options	161,510	-
Weighted average number of shares used in diluted EPS	56,774,655	32,506,335
Earnings/(loss) per share (pence)		
Statutory total earnings/(loss) per share		
Basic	3.77	(17.26)
Diluted	3.76	(17.26)

In the prior year, the loss incurred by the Group means that the effect of any outstanding warrants and options would be considered anti-dilutive and is ignored for the purposes of the loss per share calculation.

9. GROUP INTANGIBLE ASSETS

	Goodwill	Customer relationships	Internally developed software	Software costs	Trademarks	Other	Total
	£	£	£	£	£	£	£
COST							
At 1 January 2023	1,086,262	615,756	1,070,198	15,611	-	92,520	2,880,347
Additions	-	-	444,899	-	46,114	-	491,013
Measurement period adjustment	(665,962)	-	-	-	-	-	(665,962)
Disposal	-	-	-	-	-	(92,520)	(92,520)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2023	420,300	615,756	1,515,097	15,611	46,114	-	2,612,878
AMORTISATION							
At 1 January 2023	-	90,408	458,691	15,611	-	-	564,710
Charge for the period	-	123,151	410,498	-	-	-	533,649
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2023	-	213,559	869,189	15,611	-	-	1,098,359
NET BOOK VALUE							
At 31 December 2023	420,300	402,197	645,908	-	46,114	-	1,514,519
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2022	1,086,262	525,348	611,507	-	-	92,520	2,315,637
	-----	-----	-----	-----	-----	-----	-----

Other intangible assets comprise regulatory licences that are held at cost and are not amortised.

On 18 March 2023, the Group agreed a variation of the deferred consideration payments for its 2022 acquisition of Capital Currencies Ltd. A measurement period adjustment of £665,962 has been recognised by the Group as a reduction in goodwill with a corresponding reduction in contingent deferred consideration, which is due to be settled in cash.

The estimated deferred consideration of £228,499 has been included in liabilities (see note 18).

COMPANY INTANGIBLE ASSETS

	Internally developed software £	Trademarks £	Total £
COST			
At 1 January 2023	1,070,198	-	1,070,198
Additions	444,899	46,114	491,013
At 31 December 2023	1,515,097	46,114	1,561,211
AMORTISATION			
At 1 January 2023	458,691	-	458,691
Charge for the period	410,498	-	410,498
At 31 December 2023	869,189	-	869,189
NET BOOK VALUE			
At 31 December 2023	645,908	46,114	692,022
At 31 December 2022	611,507	-	611,507

10. RIGHT-OF-USE ASSETS

Leasehold Property	2023 £
COST	
At 1 January 2023	-
Additions	868,907
At 31 December 2023	868,907
AMORTISATION	
At 1 January 2023	-
Charge for the period	72,409
At 31 December 2023	72,409
NET BOOK VALUE	
At 31 December 2023	796,498

11. GROUP PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Leasehold improvements	Total
	£	£	£
COST			
At 1 January 2023	51,220	14,583	65,803
Additions	11,081	-	11,081
Disposals	(976)	-	(976)
At 31 December 2023	61,325	14,583	75,908
AMORTISATION			
At 1 January 2023	19,779	6,347	26,126
Charge for the period	12,340	3,543	15,883
Disposal	(457)	-	(457)
At 31 December 2023	31,662	9,890	41,552
NET BOOK VALUE			
At 31 December 2023	29,663	4,693	34,356
At 31 December 2022	31,441	8,236	39,677

12. DEFERRED TAX

The Group recognised the following movements in deferred tax:

	Acquired intangibles	Fixed asset and other temporary differences	Tax losses	Total
	£	£	£	£
At 1 January 2022	-	-	-	-
Charge in the year	(99,816)	-	-	(99,816)
Liability at 31 December 2022	(99,816)	-	-	(99,816)
(Charge)/credit in the year	(733)	(19,748)	818,161	797,680
(Liability)/asset at 31 December 2023	(100,549)	(19,748)	818,161	697,864
			Current	302,609
			Non-current	395,255

The Company recognised the following movements in deferred tax:

	Fixed asset and other temporary	Tax losses	Total
	£	£	£
At 1 January 2022 and 31 December 2022	-	-	-
(Charge)/credit in the year	(17,516)	625,084	607,568
(Liability)/asset at 31 December 2023	(17,516)	625,084	607,568
	-----	-----	-----
		Current	-
		Non-current	607,568

13. INVESTMENTS

	Investments in Subsidiaries
	£
Cost or Valuation	
At 1 January 2023	8,017,622
Remeasurement of deferred consideration	(665,962)

	7,351,660
Net Book Value	
At 31 December 2023	7,351,660

At 31 December 2022	8,017,622

During the year ended 31 December 2023, the Company remeasured the deferred consideration payable in respect of its 2022 acquisition of Capital Currencies Ltd. The remeasurement followed a variation to the original terms as follows:

- The first tranche of the earn-out consideration is now assessable on revenue performance for the year ending 31 January 2024 and the second tranche is assessable on revenue performance for the year ending 31 January 2025 – both representing an extension of one year.
- The Company now has the option, at its discretion, to satisfy one or both of the earn-out payments in cash as opposed to one half of the first tranche being payable in ordinary shares and the other half in convertible loan notes and the second tranche to be payable in ordinary shares. Accordingly, the Company has recognised the estimated deferred consideration as a liability payable in cash.

Shares in subsidiary and associate undertakings are stated at cost. As at 31 December 2023, the Company owned the following principal subsidiaries, which are included in the consolidated accounts:

Subsidiary	Principal Activity	Country of Incorporation	Registered Office	Percentage of Ownership
Finseta Payment Solutions Limited*	Foreign Exchange and Payment Services	Northern Ireland	14-18 Copthall Avenue, London, England, EC2R 7DJ	100 per cent.
Cornerstone – Middle East FZCO	Consultancy	United Arab Emirates	Dubai Silicon Oasis, DDP, Building A2, Dubai, United Arab Emirates	100 per cent.
Capital Currencies Limited	Authorised Payment Institution	England and Wales	14-18 Copthall Avenue, London, England, EC2R 7DJ	100 per cent.
Pangea FX Limited	Foreign Exchange White Label	England and Wales	14-18 Copthall Avenue, London, England, EC2R 7DJ	100 per cent.
Finseta Payments Corp	Foreign Exchange and Payment Services	Canada	5577 153A street, Suite 207, Surrey BC, V3S 5K7, Canada	100 per cent.

* During the year, the subsidiary was named Cornerstone Payment Solutions Ltd. The change of name to Finseta Payment Solutions Limited became effective 24 April 2024.

On 20 September 2023, the Company entered into a sale and purchase agreement to sell Capital Currencies Ltd, which is subject to the approval of the FCA. As at the year end, the only asset held in Capital Currencies Ltd is an API licence with a £nil net book value (2022: £nil).

On 12 December 2023, the Group incorporated a new Canadian entity, Finseta Payments Corp.

Finseta Payment Solutions Limited disposed of its 100% shareholding in Avila House Ltd on 26 April 2023.

14. CURRENT TRADE AND OTHER RECEIVABLES

	Group	Group	Company	Company
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	£	£	£	£
Trade receivables	347,491	221,669	-	-
Prepayments and accrued income	152,281	131,010	19,142	39,465
Derivative financial assets at fair value	340,241	635,473	-	-
Other receivables	147,536	53,062	53,264	-
Amounts due from Group undertakings	-	-	458,421	363,359
Taxes and social security	372,092	297,896	372,092	297,896
	-----	-----	-----	-----
	1,359,641	1,339,110	902,919	700,720
	-----	-----	-----	-----

For the year ended 31 December 2023, £nil was recorded as a bad debt expense (31 December 2022: £nil).

15. LOAN NOTES

	Group	Group	Company	Company
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	£	£	£	£
CURRENT				
Convertible loan notes	-	225,000	-	225,000
Loan notes	172,578	-	172,578	-
	-----	-----	-----	-----
NON-CURRENT				
Loan notes	2,000,000	2,172,578	2,000,000	2,172,578
	-----	-----	-----	-----

On 3 February 2023, the current convertible loan note of £225,000, issued pursuant to the Company's fundraising on 5 August 2022, was converted to 3,461,538 ordinary shares at a price of £0.065 for Mr. Horrocks to take his shareholding in the Company above 10%.

The non-convertible loan notes comprise £2,000,000 issued to Robert O'Brien (repayable on 31 July 2026) and £172,578 of deferred consideration in relation to the acquisition of Pangea FX Limited (repayable on 31 August 2024). Both loan notes have a 6% coupon rate payable quarterly in arrears. The Pangea FX Limited loan note is payable contingent upon achieving future revenue targets over a period of two years from the acquisition date. Based on current and forecast performance of Pangea FX, it has been assumed that the loan note will be paid in full.

16. CURRENT TRADE AND OTHER PAYABLES

	Group 31 December 2023 £	Group 31 December 2022 £	Company 31 December 2023 £	Company 31 December 2022 £
Trade payables	248,493	362,035	87,339	162,128
Derivative financial liabilities at fair value	279,097	563,676	-	-
Other tax and social security	480,612	515,750	2,298	50,640
Other payables and accruals	874,569	527,816	298,720	179,818
Amount due to Group undertakings	-	-	2,642,978	1,425,555
	<u>1,882,771</u>	<u>1,969,277</u>	<u>3,031,335</u>	<u>1,818,141</u>

17. LEASE LIABILITIES

	Group 31 December 2023 £	Group 31 December 2022 £
Leasehold Property		
At 1 January 2023	-	-
Additions	868,907	-
Finance costs	16,305	-
Payments	(61,613)	-
Lease accruals	(16,687)	-
At 31 December 2023	<u>806,912</u>	<u>-</u>
Current	263,357	-
Non-Current	543,555	-
Incremental borrowing rate	7.97%	-

MATURITY ANALYSIS

	Group 31 December 2023 £	Group 31 December 2022 £
Contractual undiscounted cash flows		
Less than one year	316,332	-
One to five years	583,053	-
More than five years	-	-
Total undiscounted lease liabilities at 31 December 2023	<u>899,385</u>	<u>-</u>

18. DEFERRED CONSIDERATION

	Group 31 December 2023
Contractual undiscounted cash flows	£
At 1 January 2023	-
Transferred from deferred consideration reserve	228,499
At 31 December 2023	----- 228,499
Current	----- 117,176
Non-current	111,323 -----

19. SHARE CAPITAL AND RESERVES

Allotted, called up and fully paid

	Ordinary shares	Share capital
	No.	£
Ordinary shares of £0.01 each as at 1 January 2023	48,036,199	480,362
Issue of new shares of £0.01	9,380,902	93,809
	-----	-----
Ordinary shares of £0.01 each at 31 December 2023	57,417,101	574,171
	-----	-----

At 31 December 2023 share subscriptions of £nil remained unpaid (31 December 2022: £nil).

The following changes in the share capital of the Company have taken place in year ended 31 December 2023:

- On 13 January 2023, 806,182 ordinary shares were issued at a price of £0.06501 settling the share-based remuneration for former non-executive board members and the company secretary in respect of the year ended 31 December 2021
- On 3 February 2023, 5,113,182 ordinary shares were issued at a price of £0.100 being the final equity settlement with Robert O'Brien related to his share-based incentivisation agreement and following receipt of approval from the FCA for Mr. O'Brien to take his shareholding in the Company above 10%
- On 3 February 2023, 3,461,538 ordinary shares were issued at a price of £0.065 upon conversion of a loan note held by Mark Horrocks and following receipt of approval from the FCA for Mr. Horrocks to take his shareholding in the Company above 10%

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of shareholders.

The following describes the nature and purpose of each reserve within owner's equity:

Share capital: Amount subscribed for shares at nominal value.

Share premium: Amount subscribed for share capital in excess of nominal value, less costs of share issue.

Share-based payment reserve: The share-based payment reserve comprises the cumulative expense representing the extent to which the vesting period of warrants and share options has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

Deferred consideration reserve: Reflects equity-based contingent consideration on the acquisition of subsidiaries.

Merger relief reserve: Effect on equity of the consideration shares issued over their nominal value.

Reverse acquisition reserve: Effect on equity of the reverse acquisition of Finseta Payment Solutions Limited.

Retained losses: Cumulative realised profits less cumulative realised losses and distributions made, attributable to the equity shareholders of the Company.

Options

The Company operates an Enterprise Management Incentive ("EMI") Scheme equity-settled share-based remuneration scheme for employees.

Under the scheme the options are exercisable at any time. The options are also exercisable in the event of a change of control. If the option holder's employment within the Group is terminated, other than for gross misconduct, any options vested may be exercised within 90 days of such termination (12 months in the case of the option holder's death), otherwise the options lapse five years after the date of grant. The options also lapse, inter alia, if the option holder is adjudged bankrupt or proposes a voluntary arrangement or other scheme in relation to his/her debts.

	31 December 2023		31 December 2022	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at the beginning of the year	1,706,331	0.24	1,599,480	0.50
Granted during the year	3,919,180	0.13	1,893,454	0.23
Forfeited/waived during the year	(767,775)	(0.40)	(1,786,603)	(0.46)
Total outstanding	4,857,736	0.13	1,706,331	0.24
Total exercisable	1,357,674	0.11	184,535	0.50

The Black-Scholes model was used for calculating the cost of options. The model inputs for each of the options issued were:

GRANT DATE	8 March 2022	8 March 2022	8 March 2022	1 September 2022	13 January 2023	13 January 2023	16 November 2023	16 November 2023
Exercise price (pence)	36.2	61.0	26.5	10.0	10.0	20.0	12.0	10.0
Share price at grant date (pence)	16.5	16.5	16.5	9.0	8.0	8.0	12.0	12.0
Risk free rate	2.1%	2.1%	2.1%	2.7%	2.7%	2.7%	4.2%	4.2%
Expected volatility	90.1%	90.1%	90.1%	129.5%	129.5%	129.5%	119.8%	119.8%
Contractual life (years)	5	5	5	5	5	5	5	5

The expected volatility reflects the assumption that historical volatility of comparable quoted companies is indicative of future trends, which may not necessarily be the actual outcome.

The weighted average contractual life of the options is five years (2022: five years).

No options were exercised during the year (2022: nil).

The Group's share-based compensation charge for the year ended 31 December 2023 of £333,061 (2022: £4,284,039) consists of £113,993 in relation to warrants granted in the Company (2022: £128,943), £219,065 in respect of options granted in the Company (2022: charge of £222,577), £nil in respect of equity-settled share-based payments related to the non-executive Board member's service agreements (2022: £36,836) and £nil of other share-based compensation (2022: £4,340,837).

No warrants were granted in the year (2022: none).

20. RELATED PARTY TRANSACTIONS

Details of key management compensation are included in note 5. Key management are considered to be the Directors of the Group.

Transactions with subsidiaries

During the year, the Company and Finseta Payment Solutions Limited entered into various transactions with each other including software development charges, licences fees and working capital support. The net balance of transactions between the companies are held on an interest-free inter-Group loan, which has no terms for repayment. At the year end, the Company owed £2,620,559 (2022: £1,404,408) to Finseta Payment Solutions Limited.

During the year, the Company also provided working capital support to Cornerstone – Middle East FZCO and Capital Currencies Ltd. The net balance of transactions between the companies are held on an interest-free intra-Group loan, which has no terms for repayment. At the year end, Cornerstone – Middle East FZCO owed the Company £92,319 (2022: £60,500) and Capital Currencies Ltd owed the Company £35,899 (2022: £43,242).

Other related parties

On 3 February 2023 the Company issued shares to Robert O'Brien, General Manager APAC and Middle East and largest shareholder in the Company, as disclosed in notes 15 and 19. On 8 March 2023 the Company and Mr. O'Brien's agreed to extend the repayment date of his non-convertible interest-bearing loan note in the sum of £2,000,000, as disclosed in note 15, by one year to 31 July 2026. On the same date Mr. O'Brien agreed to vary and extend certain elements of his compensation package, decreasing his commission share on certain established revenue streams and increasing his share of the profitability of the Dubai office.

The transaction with Mark Horrocks, a significant shareholder in the Company, is disclosed in notes 15 and 19.

As at 31 December 2023, an amount of £8,750 was due from Terry Everson, a former director of Finseta Payment Solutions Limited and a shareholder in the Company (31 December 2022: £8,750).

21. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

	Group 31 December 2023 £	Group 31 December 2022 £	Company 31 December 2023 £	Company 31 December 2022 £
DERIVATIVE FINANCIAL ASSETS				
Foreign currency forward contracts with customers	253,663	504,106	-	-
Foreign currency forward contracts with institutional counterparty	86,578	131,367	-	-
	-----	-----	-----	-----
	340,241	635,473	-	-
Cash and cash equivalents	2,343,417	682,346	14,553	495,627
Trade receivables	347,491	221,669	-	-
Other receivables	254,328	184,072	485,338	402,824
	-----	-----	-----	-----
	3,285,477	1,723,560	499,891	898,451
	=====	=====	=====	=====

FINANCIAL LIABILITIES

	Group 31 December 2023	Group 31 December 2022	Company 31 December 2023	Company 31 December 2022
	£	£	£	£
DERIVATIVE FINANCIAL LIABILITIES				
Foreign currency forward contracts with customers	61,367	165,156	-	-
Foreign currency forward contracts with institutional counterparty	217,730	398,520	-	-
	-----	-----	-----	-----
	279,097	563,676	-	-
Trade payables	248,493	362,035	87,339	162,128
Other payables	874,569	527,816	2,941,698	1,605,373
Loan notes	2,172,578	2,397,578	2,172,578	2,397,578
	-----	-----	-----	-----
	<u>3,574,737</u>	<u>3,851,105</u>	<u>5,201,615</u>	<u>4,165,079</u>

All financial assets and liabilities have contractual maturity of less than one year with the exception of loan notes of £2,172,578 (2022: £2,172,578).

Derivative financial assets and liabilities

Derivative financial assets not designated as hedging instruments

	31 December 2023		31 December 2022	
	Fair Value	Notional Principal	Fair Value	Notional Principal
	£	£	£	£
Foreign currency forward contracts with customers	253,663	8,546,025	504,106	9,042,956
Foreign currency forward contracts with institutional counterparty	86,578	3,799,202	131,367	3,377,597
	-----	-----	-----	-----
	<u>340,241</u>	<u>12,345,227</u>	<u>635,473</u>	<u>12,420,553</u>

Derivative financial liabilities not designated as hedging instruments

	31 December 2023		31 December 2022	
	Fair Value	Notional Principal	Fair Value	Notional Principal
	£	£	£	£
Foreign currency forward contracts with customers	61,367	2,928,816	165,156	3,337,362
Foreign currency forward contracts with institutional counterparty	217,730	7,912,698	398,520	8,715,534
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	<u>279,097</u>	<u>10,841,514</u>	<u>563,676</u>	<u>12,052,896</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Foreign currency forward contracts are measured at fair value on a recurring basis.

There are three levels of fair value hierarchy:

- Level 1 – the fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Foreign currency forward contracts with customers generally require immediate settlement on the maturity date of the individual contract and fall into level 2 of the fair value hierarchy above. Level 2 comprises those financial instruments which can be valued using inputs other than quoted prices that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices). The fair value of forward foreign exchange contracts is measured using observable forward exchange rates for contracts with a similar maturity at the reporting date.

The net loss on financial assets at fair value through profit or loss for year ended 31 December 2023 was £58,116 (2022: net gain of £3,300).

Financial instruments – risk management

Financial assets primarily comprise trade and other receivables, cash and cash equivalents and derivative financial assets. Financial liabilities comprise trade and other payables, shareholder loans and derivative financial liabilities. The main risks arising from financial instruments are market risk (including foreign currency risk and interest rate risk), liquidity risk, credit risk and counterparty risk.

Market risk

Market risk for the Group comprises foreign exchange risk and interest rate risk. The Group operates as a riskless matched principal broker for deliverable non-speculative spot and forward foreign currency transactions, with each trade with its clients matched with an identical trade with an institutional counterparty. Therefore, foreign exchange risk is mitigated through the matching of foreign currency assets and liabilities between clients and institutional counterparties which move in parity.

The Group's cash balances are primarily held in Pound Sterling and the Group does not hold significant cash balances in foreign currencies.

Interest rate risk affects the Group to the extent that it implicitly impacts the price of foreign currency forward contracts. However, this risk is mitigated in the same way as foreign currency risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has extensive controls to ensure that it has sufficient cash or working capital to meet its cash requirements to mitigate this risk.

As per the 'Going Concern' section above, the Directors have prepared a cash flow forecast taking into account a projected increase in revenues and continued investment in the development of the Group's platform and organic sales & marketing efforts and the inherent risks and uncertainties facing the Group's business to assess the Group's working capital requirements. The Board reviews cash flow

projections on a regular basis and has authority controls in place so as not to commit to material expenditure without being satisfied that sufficient funding is available to the Group.

The Group also has systems in place to monitor the margin requirements of its clients and its margin requirement with the institutional counterparty for the back-to-back foreign currency forward contract on a real-time basis and request any necessary top up payment from the clients. The Group also has the right to close any position if no margin is given.

Credit risk

Credit risk is the risk that clients do not meet their contractual obligations in respect of the currency spot and forward contracts, which leads to a financial loss. All customers are subject to credit verification checks. Approximately 90% of the Group's trades are spot currency contracts, which are required to be settled within two working days. For forward currency contracts, as noted above, clients are required to provide margin that mitigates credit exposure. Trade limits are applied to all clients. The Group has systems to monitor trade limits and collateral requirements on a real-time basis. The Group does not have any significant concentration of exposures within its client base.

Counterparty risk

Each trade between a client and the Group is matched with an identified trade with Velocity Trade International ("Velocity"), which is a global foreign exchange liquidity and trade provider that provides pricing, execution and settlement services for the Group.

The Group also has brokerage accounts with alternative institutional counterparties and could transact with them instead if Velocity is unable to provide liquidity.

Management of settled and open trades are conducted via Currency Cloud, the GV (formerly Google Ventures) backed global payments and FX platform, and Banking Circle. Client funds are safeguarded with Banking Circle in line with the Group's requirements under the Electronic Money Regulations 2011 for additional protection and to reduce counterparty risk.

22. CAPITAL MANAGEMENT

The capital structure of the business consists of cash and cash equivalents, debt and equity. Equity comprises share capital, share premium and retained losses and is equal to the amount shown as 'Equity' in the balance sheet. The Group's current objectives when maintaining capital are to:

- safeguard the Group's ability to operate as a going concern so that it can continue to pursue its growth plans;
- provide a reasonable expectation of future returns to shareholders; and
- maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets.

The Company is subject to the following externally imposed capital requirements:

- as a public limited company, the Company is required to have a minimum issued share capital of £50,000.

Finseta Payment Solutions Limited, a wholly-owned subsidiary of the Company, is subject to the following capital requirement under the Electronic Money Regulations 2011:

- 2% of the average outstanding e-money issued by the Electronic Money Institution (based on a 6-month rolling average), or the initial capital requirement of €350,000, whichever is the higher.

Capital Currencies Ltd, a wholly-owned subsidiary of the Company, is subject to the following capital requirement under the Payment Service Regulations 2017:

- either 10% of fixed overheads for the preceding year or the initial capital requirement of €20,000, whichever is the higher.

Finseta Payment Solutions Limited and Capital Currencies Ltd complied with the above requirements for all periods during the year ended 31 December 2023.

23. EVENTS AFTER THE REPORTING DATE

On 22 February 2024, the Company granted 470,000 options to staff members over ordinary shares of 1 penny each in the capital of the Company. All options are intended to qualify as Enterprise Management Incentive options pursuant to the Income Tax (Earnings and Pensions) Act 2003.

Company Information

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