

**SMARTFLOW PAYMENTS LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

Smartflow Payments Limited Contents

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Smartflow Payments Limited

Strategic Report

For The Year Ended 31 December 2024

The directors present their strategic report for the year ended 31 December 2024.

Review of the Business

The Principal activity of the company is to provide payment and electronic money services. The Company is authorised and regulated by the Financial Conduct Authority (FCA) in the UK.

Principal Risks and Uncertainties

The process of risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulations, legal and ethical standards is a priority for the Company. A detailed analysis of risks applicable is set out below.

Financial Risks:

- Liquidity Risk: The Company needs to ensure it has sufficient liquidity to meet capital requirements. The Company maintains appropriate liquidity buffers and closely monitors liquidity positions.
- Credit Risk: No credit is given to any customers.
- Currency Risk: The company is dealing with multiple currencies, exchange rate fluctuations can impact the value of the Company's position. The Company closely monitors the fluctuations to ensure that conversion of currency takes place at the most suitable rates to minimise the exposure.

Operational Risks:

- Technology and IT Risks: The Company is potentially exposed to system failures, cyberattacks, and technical glitches which in principle can disrupt operations. However, the Company invests in robust IT infrastructure, cybersecurity measures, and disaster recovery plans, as well as period third party audits of its systems.
- Fraud and Security Risks: To mitigate the risk of fraudulent activities, such as unauthorised access or transaction fraud, the Company implements strong authentication protocols and fraud detection systems.

Compliance and Regulatory Risks:

- AML and KYC Compliance: Non-compliance with anti-money laundering and know-your-customer regulations can lead to legal actions and reputational damage. Thus, the Company has established a robust AML and KYC procedures, it conducts thorough customer due diligence, and keeps updated on regulatory changes.
- Data Privacy: Mishandling customer data can result in regulatory penalties and loss of customer trust. The Company adheres to data protection regulations, encrypts sensitive data, and implements privacy safeguards.
- Regulatory Changes: The Company stays informed about regulatory developments, engages with regulators, and adapts compliance processes accordingly.

Market and Competitive Risks:

- The Company continuously monitors market trends, innovates to stay competitive, and diversifies services if necessary.

The Company prioritises risk identification, assessment, and the development of tailored strategies to manage and mitigate each specific risk it faces.

Future Developments

Future developments include expanding the payment and electronic money services offered to its clients.

Key Performance Indicators:

The operating environment improved rapidly throughout the year. The Company has recorded a profit of €1,473,734 after tax. Shareholders' funds increased from €1,351,136 at the start of the year to €2,824,870 at 31/12/2024.

Non-Financial Key Performance Indicators:

The number of acquiring clients increased by 172% between 31 December 2023 & 31 December 2024.

Smartflow Payments Limited
Strategic Report (continued)
For The Year Ended 31 December 2024

Section 172(1) Statement

The directors of the company confirm that, throughout the financial year ended 31 December 2024, they have acted in accordance with their duties under Section 172 of the Companies Act 2006. This includes the duty to promote the success of the company for the benefit of its members as a whole, while having regard to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with customers, suppliers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

On behalf of the board

Ms Anastasiia Pervushyna

Director
7th July 2025

Smartflow Payments Limited
Company No. 11070048
Directors' Report For The Year Ended 31 December 2024

The directors present their report and the financial statements for the year ended 31 December 2024.

Principal Activity

The company's principal activity during the year was that of issuing electronic money (e-money) and providing payment services. The company has been authorised by the Financial Conduct Authority as an Electronic Money Institution under the Electronic Money Regulations 2011.

The Company provides corporate and individual accounts, allowing businesses and individuals to manage and store electronic money. These accounts enable users to make payments, transfers, and manage funds efficiently. The Company also provides card acquiring services, allowing businesses to accept payments via credit and debit cards. This includes the secure processing of transactions, ensuring seamless payment acceptance for merchants.

Dividends

The directors have recommended that no final dividend be declared or paid for the year.

Directors

The directors who held office during the year were as follows:

Ms Anastasiia Pervushyna

Ms Alona Shevtsova Appointed 13/09/2024

Research and Development

There were no research and development costs incurred within the period.

Post Balance Sheet Events

In May 2025, the company moved all of its e-money activities from IFX Payments Limited, over to Payrnet Limited.

Matters covered in the Strategic Report

Disclosures required under s416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance to the business.

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of 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 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Smartflow Payments Limited
Directors' Report (continued)
For The Year Ended 31 December 2024

Statement of Disclosure of Information to Auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Ms Anastasiia Pervushyna

Director
7th July 2025

Independent Auditor's Report to the Members of Smartflow Payments Limited

Opinion

We have audited the financial statements of Smartflow Payments Limited for the year ended 31 December 2024 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes of Equity, Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit/(loss) for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of the Directors' Report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on Which We Are Required to Report by Exception

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

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

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

Independent Auditor's Report (continued) to the Members of Smartflow Payments Limited

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

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

We performed risk assessment procedures and obtained an understanding of the Company and its environment, the applicable financial reporting framework, the applicable laws and regulations, the Company's system of internal control and the fraud risk factors relevant to the Company that affect the susceptibility of assertions to material misstatement due to fraud. We made enquiries with management regarding actual or suspected fraud, non-compliance with laws and regulations, potential litigation and claims. The engagement partner led a discussion among the audit team with particular emphasis on how and where the Company's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The engagement partner assessed that the engagement team collectively had the appropriate competence and capability to identify or recognise non-compliance with laws and regulations.

We considered compliance with UK Companies Act 2006, the Financial Conduct Authority regulations and the applicable tax legislation as the key laws and regulations which non-compliance could directly lead to material misstatement due to fraud at the financial statement level. We evaluated whether the selection and application of accounting policies by the Company may be indicative of fraudulent financial reporting. Our audit procedures responsive to assessed risks of material misstatement due to fraud at the assertion level included but were not limited to:

- Testing the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries;
- Selecting and testing journal entries and other adjustments made at the end of a reporting period and throughout the period;
- Reviewing accounting estimates for biases that could represent a risk of material misstatement due to fraud;
- Reading key correspondence with regulatory authorities such as the Financial Conduct Authority.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements due to irregularities, including fraud, may not be detected, even though we have properly planned and performed our audit in accordance with the auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as they may involve collusion, forgery, intentional omissions, or override of internal controls.

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

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 Report of the Auditors.

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 a Report of the Auditors 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.

Independent Auditor's Report (continued)
to the Members of
Smartflow Payments Limited

J. Stuart Thomson MA CA FCT MCSI (Senior Statutory Auditor)
for and on behalf of Johnsons Chartered Accountants , Statutory Auditor

7th July 2025

Johnsons Chartered Accountants
Ground Floor
1-2 Craven Road
London
W5 2UA

Smartflow Payments Limited
Profit and Loss Account
For The Year Ended 31 December 2024

	Notes	2024 €	2023 €
TURNOVER	3	23,969,896	7,865,477
Cost of sales		<u>(17,801,572)</u>	<u>(4,578,522)</u>
GROSS PROFIT		6,168,324	3,286,955
Administrative expenses		<u>(4,287,840)</u>	<u>(2,678,005)</u>
OPERATING PROFIT	4	1,880,484	608,950
Interest payable and similar charges	8	<u>-</u>	<u>(692)</u>
PROFIT BEFORE TAXATION		1,880,484	608,258
Tax on Profit	9	<u>(406,750)</u>	<u>-</u>
PROFIT AFTER TAXATION BEING PROFIT FOR THE FINANCIAL YEAR		<u><u>1,473,734</u></u>	<u><u>608,258</u></u>

The company had no items of Other Comprehensive Income for the period.

The notes on pages 12 to 19 form part of these financial statements.

Smartflow Payments Limited
Balance Sheet
As At 31 December 2024

		2024		2023	
	Notes	€	€	€	€
FIXED ASSETS					
Intangible Assets	10		223,128		266,460
Tangible Assets	11		4,709		1,425
			227,837		267,885
CURRENT ASSETS					
Debtors	12	7,513,366		4,620,283	
Cash at bank and in hand (see note 2.7)		7,074,469		3,308,367	
			14,587,835		7,928,650
Creditors: Amounts Falling Due Within One Year	13		(11,990,802)		(6,845,399)
NET CURRENT ASSETS (LIABILITIES)			2,597,033		1,083,251
TOTAL ASSETS LESS CURRENT LIABILITIES			2,824,870		1,351,136
NET ASSETS			2,824,870		1,351,136
CAPITAL AND RESERVES					
Called up share capital	14		1,582,000		1,582,000
Profit and Loss Account			1,242,870		(230,864)
SHAREHOLDERS' FUNDS			2,824,870		1,351,136

On behalf of the board

Ms Anastasiia Pervushyna

Director
7th July 2025

The notes on pages 12 to 19 form part of these financial statements.

Smartflow Payments Limited
Statement of Changes in Equity
For The Year Ended 31 December 2024

	Share Capital	Profit and Loss Account	Total
	€	€	€
As at 1 January 2023	1,582,000	(839,122)	742,878
Profit for the year and total comprehensive income	-	608,258	608,258
As at 31 December 2023 and 1 January 2024	<u>1,582,000</u>	<u>(230,864)</u>	<u>1,351,136</u>
Profit for the year and total comprehensive income	-	1,473,734	1,473,734
As at 31 December 2024	<u>1,582,000</u>	<u>1,242,870</u>	<u>2,824,870</u>

Smartflow Payments Limited
Statement of Cash Flows
For The Year Ended 31 December 2024

	Notes	2024 €	2023 €
Cash flows from operating activities			
Net cash generated from operations	1	3,772,887	3,282,907
Interest paid		-	(692)
Net cash generated from operating activities		<u>3,772,887</u>	<u>3,282,215</u>
Cash flows from investing activities			
Purchase of tangible assets		<u>(4,462)</u>	<u>-</u>
Cash flows from financing activities			
Repayment of other loans		<u>-</u>	<u>(120,000)</u>
Increase in cash and cash equivalents		3,768,425	3,162,215
Cash and cash equivalents at beginning of year	2	3,308,367	570,263
Foreign exchange losses on cash and cash equivalents		<u>(2,323)</u>	<u>(424,111)</u>
Cash and cash equivalents at end of year	2	<u><u>7,074,469</u></u>	<u><u>3,308,367</u></u>

Smartflow Payments Limited
Notes to the Statement of Cash Flows
For The Year Ended 31 December 2024

1. Reconciliation of profit for the financial year to cash generated from operations

	2024	2023
	€	€
Profit for the financial year	1,473,734	608,258
<i>Adjustments for:</i>		
Tax on profit	406,750	-
Interest expense	-	692
Amortisation of intangible assets	43,332	21,666
Depreciation of tangible assets	1,178	356
Foreign exchange losses	2,323	424,111
<i>Movements in working capital:</i>		
Increase in trade and other debtors	(2,893,083)	(4,613,513)
Increase in trade and other creditors	4,738,653	6,841,337
Net cash generated from operations	<u>3,772,887</u>	<u>3,282,907</u>

2. Cash and cash equivalents

Cash and cash equivalents, as stated in the Statement of Cash Flows, relates to the following items in the Balance Sheet:

	2024	2023
	€	€
Cash at bank and in hand	<u>7,074,469</u>	<u>3,308,367</u>

3. Analysis of changes in net funds

	As at 1 January 2024	Cash flows	As at 31 December 2024
	€	€	€
Cash at bank and in hand	<u>3,308,367</u>	<u>3,766,102</u>	<u>7,074,469</u>

Smartflow Payments Limited
Notes to the Financial Statements
For The Year Ended 31 December 2024

1. General Information

Smartflow Payments Limited is a private company, limited by shares, incorporated in England & Wales, registered number 11070048 . The registered office is Office 39.18, Level 39, One Canada Square, London, E14 5AB.

2. Accounting Policies

2.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

2.2. Going Concern Disclosure

The directors have not identified any material uncertainties related to events or conditions that may cast significant doubt about the company's ability to continue as a going concern.

2.3. Significant judgements and estimations

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

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

The company reviews the carrying value, amortisation period and amortisation method of its intangible assets at each reporting date. Intangible assets are amortised over their estimated useful economic lives, which requires management to make assumptions regarding the expected pattern of economic benefits. These assumptions are reviewed annually and revised where necessary.

Intangible assets are also assessed for indicators of impairment. Where such indicators exist, the recoverable amount of the asset is estimated, which involves judgement about future cash flows and discount rates. Any resulting impairment loss is recognised in the profit and loss account.

2.4. Intangible Fixed Assets and Amortisation - Other Intangible

Other intangible assets are made up of the development of the ELPASO Platform. These intangible assets will be amortised over their useful economic life of 7 years.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer Equipment	20% Reducing balance
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2.6. Leasing and Hire Purchase Contracts

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

2.7. Cash and Cash Equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks, other short-term highly liquid investments that mature in no more than three months from the date of acquisition and are readily convertible to a known amount of cash with insignificant risk of change in value, and bank overdrafts.

At 31 December 2024, there is a total cash at bank and in hand balance of €7,074,469. This is made up of a balance of €6,491,390 held in safeguarding accounts, with the remaining €583,079 held as operational funds.

Smartflow Payments Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2024

2.8. Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Euros at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2.9. Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other year and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and asset reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

2.10. Trade and Other Debtors

Trade and other debtors are initially recognised at the transaction price and thereafter stated at amortised cost using effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

2.11. Trade and Other Creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which cases they are stated at cost.

2.11. Amounts owed by card schemes

These comprise of the amounts due to the Company from card schemes for the transactions processed under the Card acquiring services. They are usually measured at their nominal value net of discounts or fees deducted by the card scheme, which is the amount expected to be received. They are derecognized when the payment is received from the card scheme or when the right to receive the payment is transferred to another party.

2.12. Amounts owed to merchants

These represent the Company's obligation to pay the merchants for transactions processed through their platform under the card acquiring services. They are usually measured at their nominal value net of discounts or fees, which is the amount the firm expects to pay the merchants. They are derecognized when the payment is made to the merchant or when the obligation to make the payment is transferred to another party.

2.13. Client funds

Segregated account funds represent amount held in segregated bank accounts, which represent funds held on behalf of clients. These segregated bank accounts are segregated from operating funds. In compliance with the safeguarding provisions within the Financial Conduct Authority ("FCA") and Payment Services Regulations 2017, the company is required to safeguard funds which are received from consumers.

2.14. Functional and Presentation Currency

The financial statements are presented in Euros, which is the company's presentation currency. The company's functional currency is also the Euro, as it reflects the primary economic environment in which the company operates.

Smartflow Payments Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2024

3. Turnover

Analysis of turnover by class of business is as follows:

	2024	2023
	€	€
Acquiring fees	23,933,239	7,849,051
E-money operations	36,657	16,426
	23,969,896	7,865,477

All acquiring fee revenue comes from the UK, whereas the revenue from e-money operations is split approximately 90% from the UK, and 10% from the EU.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable and recognised when prescribed conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the seller;
- the stage of completion at the balance sheet date can be measured reliably; and
- the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Revenue streams are recognised as revenue when services are provided to customers, e.g., when a customer initiate transaction. The company derives its revenues from various sources, which are categorised as follows:

Account Opening and Maintenance Income

Account maintenance income represents the revenue generated from opening, managing and maintaining customer accounts. It comprises the following components:

- Subscription Income: This revenue is generated from subscription fees charged to customers for accessing and utilising the company's account management services. Subscription income is recognized on a monthly basis and are debited from the customer's account on the first calendar day of a month following the month the fee applied to if there were transaction in that month over the account.
- Account Opening: the company charges fees for opening accounts.

Transactional Income

Transactional income represents revenue generated from various financial transactions conducted by customers and is recognised when the relevant transaction takes place. It includes the following types of revenue:

- Inward Payments Income: Inward payments income comprises fees charged for receiving funds from external sources into customer accounts. The fee on incoming payments is deducted from the payment amount and the customer receives an amount less the fee.
- Outward Payments Income: Outward payments income represents fees charged for transferring funds from customer accounts to external recipients. The fee on outgoing payments is charged above the payment amount, hence the payment amount plus fee is debited from the customer's account.
- Payment Return Income: In certain cases, payments made by customers may be returned due to various reasons, such as insufficient funds or invalid recipient details.

Currency Exchange Income

Currency exchange income represents the revenue generated from foreign exchange transactions conducted by customers and it is recognised when the transactions take place. It includes fees charged for currency conversions and other related services.

All fees are available and published on the website: <https://sends.co/pricing>

Acquiring Income

The acquiring income is generated through a provision of online acquiring services to merchants and fees are recognised when the relevant transactions occur.

Smartflow Payments Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2024

4. Operating Profit

The operating profit is stated after charging:

	2024	2023
	€	€
Bad debts	26,328	-
Depreciation of tangible fixed assets	1,178	356
Amortisation of intangible fixed assets	43,332	21,666
	<u>43,332</u>	<u>21,666</u>

5. Auditor's Remuneration

Remuneration received by the company's auditors and their associates during the year was as follows:

	2024	2023
	€	€
Audit Services		
Audit of the company's financial statements	38,071	38,149
	<u>38,071</u>	<u>38,149</u>

6. Staff Costs

Staff costs, including directors' remuneration, were as follows:

	2024	2023
	€	€
Wages and salaries	130,319	92,066
Social security costs	5,774	4,950
	<u>136,093</u>	<u>97,016</u>

Included within wages and salaries are the following amounts paid to Directors:

- Anastasiia Pervushyna - €54,193
- Alona Shevtsova - €27,691

7. Average Number of Employees

Average number of employees, including directors, during the year was: 3 (2023: 2)

8. Interest Payable and Similar Charges

	2024	2023
	€	€
Other finance charges	-	692
	<u>-</u>	<u>692</u>

Smartflow Payments Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2024

9. Tax on Profit

The tax charge on the profit for the year was as follows:

	Tax Rate		2024	2023
	2024	2023	€	€
Current tax				
UK Corporation Tax	25.0%	25.0%	406,750	-
Total tax charge for the period			<u>406,750</u>	<u>-</u>

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

	2024	2023
	€	€
Profit before tax	<u>1,880,484</u>	<u>608,258</u>
Tax on profit at 25% (UK standard rate)	470,121	152,065
Goodwill/depreciation not allowed for tax	294	89
Tax losses utilised	(62,549)	(152,154)
Capital allowances	(1,116)	-
Total tax charge for the period	<u>406,750</u>	<u>-</u>

10. Intangible Assets

	Other
	€
Cost	
As at 1 January 2024	<u>303,322</u>
As at 31 December 2024	<u>303,322</u>
Amortisation	
As at 1 January 2024	36,862
Provided during the period	43,332
As at 31 December 2024	<u>80,194</u>
Net Book Value	
As at 31 December 2024	<u>223,128</u>
As at 1 January 2024	<u>266,460</u>

Smartflow Payments Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2024

11. Tangible Assets

	Computer Equipment €
Cost	
As at 1 January 2024	3,511
Additions	4,462
As at 31 December 2024	7,973
Depreciation	
As at 1 January 2024	2,086
Provided during the period	1,178
As at 31 December 2024	3,264
Net Book Value	
As at 31 December 2024	4,709
As at 1 January 2024	1,425

12. Debtors

	2024 €	2023 €
Due within one year		
Trade debtors	4,106	1,164
Other debtors	397,430	-
Margin deposit	10,000	10,000
Amounts owed by card schemes	7,101,830	4,609,119
	7,513,366	4,620,283

13. Creditors: Amounts Falling Due Within One Year

	2024 €	2023 €
Corporation tax	406,750	-
Amounts owed to merchants	11,301,172	6,440,458
Client funds	14,798	323,616
Accruals	268,082	81,325
	11,990,802	6,845,399

14. Share Capital

	2024 €	2023 €
Allotted, Called up and fully paid	1,582,000	1,582,000

The share capital is made up of 1,582 ordinary shares with a nominal price of €1,000 per share.

As at 31 December 2024, the company's shareholder was Alona Shevtsova, holding 100% of the shares in the company.

Smartflow Payments Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2024

15. Other Commitments

The total of future minimum lease payments under non-cancellable operating leases are as following:

	2024	2023
	€	€
Not later than one year	83,526	111,153
	<u>83,526</u>	<u>111,153</u>

16. Controlling Parties

The company's ultimate controlling party is Ms. Alona Shevtsova by virtue of her interest in the share capital of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.