

SHIFT4 LIMITED
(formerly known as Credorax Bank Limited)

Annual Report
31 December 2024

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Directors' report

The directors present their annual report and the audited financial statements of Shift4 Limited (the 'Company') for the year ended 31 December 2024.

Surrender of the credit institution licence and change in name

By virtue of a resolution dated 30 July 2024, the Board of Directors resolved to inform the Malta Financial Services Authority ('MFSA') of the, at the time, Credorax Bank Limited's intention to voluntarily surrender its credit institution licence issued in terms of the Banking Act (Cap. 371) and apply for a financial institution licence in terms of the Financial Institutions Act (Cap. 376). The voluntary surrendering of the credit institution licence and application for a financial institution licence was accepted by the MFSA on 28 November 2024.

By virtue of a resolution dated 21 November 2024, and in connection with the process to voluntarily surrender the credit institution licence, the Board of Directors resolved to change the name from Credorax Bank Limited to Shift4 Limited. The change in name became effective on 25 November 2024.

Principal activity

The Company's principal activity is the provision of integrated acquiring and payment processing services to merchants within the EU and two other EEC States and is also a principal level member with Visa (Europe) and MasterCard.

Until 28 November 2024, the Company was licensed by the MFSA to carry out the business of banking in terms of the Banking Act (Cap. 371) as well as additional services listed in the Schedule to the Banking Act as stipulated in the licence.

On 28 November 2024, the Company has been granted a financial institution licence by the MFSA and has been operating as a financial institution in accordance with the Financial Institutions Act (Cap. 376).

Review of the business

During the year ended 31 December 2024, the Company delivered strong growth in processing volumes increasing by €3.4 billion over prior year to €18.9 billion (2023: €15.5 billion) and generated revenues of €312.4 million (2023: €279.6 million), reflecting robust commercial performance and continued business expansion. Despite topline growth, gross profits declined by €7.7 million to €44.4 million (2023: €52.1 million), primarily due to increased direct costs, including intercompany gateway costs, which continued to exert pressure on gross margins. Profit after tax for the year increased to €13.8 million (2023: €3.1 million), driven by enhanced operational efficiency and disciplined cost management.

As part of the transition away from its banking operations, the Company fully repaid all outstanding customer deposits during 2024 whilst the outstanding loan which had been advanced to one of the Company's customers was also fully repaid.

Total net assets stood at €58.8 million (2023: €43.0 million). The directors consider the results satisfactory and expect the Company to continue improving its position in the years ahead.

Directors' report (continued)

Key performance indicators

The Board of Directors tracks the Company's progress in implementing its strategy with a range of financial measures or key performance indicators ('KPIs'). Progress is assessed by comparison with the Company's budgets and historical performance. The financial KPIs tracked by the Board of the Company are presented in the following table.

	2024	2023	YOY
	€'000	€'000	%
Processing values	18,929,826	15,495,646	22%
Revenues	312,446	279,623	12%
Gross profits	44,370	52,084	-15%
Shareholders' equity	58,785	42,960	37%
Total assets	377,141	290,402	30%
Minimum capital requirement	5,294	17,111	-69%
Total own funds	47,513	37,670	26%

The Board of Directors does not monitor any specific non-financial KPIs.

Principal risks and uncertainties

Shift4 Limited faces a range of business, financial, operational and reputational risks. The directors believe that the Company's most important risks are: (i) credit risk arising from failure of counterparties to fulfil contractual obligations as they fall due and/or the possibility that card schemes of which it is a member may chargeback credit card purchases which are not recovered from merchants; (ii) settlement risk whereby the Company fails to settle with merchants as a result of settlement failure by the correspondent bank where merchant funds are held; (iii) market risk, particularly interest rate risk, foreign exchange risk and equity risk; (iv) liquidity risk; and (v) reputational risk.

Accordingly, the Company adopts a robust risk management approach to understand what its risks are, define its acceptable risk levels and manage such risks. Such approach aims to create value for shareholders whilst meeting regulatory requirements and ensure that stakeholders are protected without compromising integrity, ethical behaviour and transparency.

The Company's risk management approach depends on the interaction of a number of key components, which operate together as an integrated whole including: (i) a robust risk identification and risk assessment process; (ii) monitoring of the Company's Risk Appetite Statement; (iii) embedding the Company's risk management objectives within policy documents and procedures; and (iv) quantifying the residual risk to which the Company is exposed.

Successfully embedding this risk management framework into the Company's governance and working practices is deemed vital by the directors to the overall effectiveness of this framework. It requires the Company's Board, Board Committees and Senior Management to consider actively the ways in which they act and behave, ensuring that risk management is a core element of the Company's culture.

In this context, the Company has adopted a sound corporate governance framework, which consists of three key functions: the Board, the entity-wide risk management function and the independent assessment of risk governance that enables the Company to create and sustain stakeholder value.

In relation to the Company's use of financial instruments and the assessment of its assets, liabilities, financial position and financial performance, Note 2 within the financial statements includes information about the Company's financial risk management objectives and policies, and its exposure to credit risk, market risk, and liquidity risk.

Directors' report (continued)

Dividends and reserves

During the year, the Company did not declare any dividend. The directors do not recommend the payment of a final dividend.

The directors propose that the balance of retained earnings amounting to €33,716,779 (2023: €19,959,625) will be carried forward to the next financial year.

Directors

The directors of the Company who held office during the year were:

Frederick Ellul
Nathan Shaked
Igal Rotem
Antonio Fenech
Tonio Depasquale
Aviram Shemer
Maruska Buttigieg Gili
Alexia Farrugia
Charlon Scicluna
Jordan Ross Frankel

In accordance with the Company's articles of association, all the directors remain in office until they resign or are otherwise removed from office.

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Financial Institutions Act (Cap. 376) and the Maltese Companies Act (Cap. 386) to prepare financial statements that give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- and ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Maltese Financial Institutions Act (Cap. 376) and the Maltese Companies Act (Cap. 386). 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 financial statements of Shift4 Limited for the year ended 31 December 2024 are included in this Annual Report, which is published in hard-copy printed form and will be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Directors' report (continued)

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The directors' report was approved by the board of directors on 29 April 2025 and was signed on its behalf by:



Igal Rotem
Director

80, Palazzo Homedes
Strait Street
Valletta, VLT 1436
Malta



Charlon Scicluna
Director



Independent auditor's report

To the Shareholders of Shift4 Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of Shift4 Limited (the Company) as at 31 December 2024, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

Shift4 Limited's financial statements, set out on pages 10 to 68, comprise:

- the statement of financial position as at 31 December 2024;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.



Independent auditor's report - continued

To the Shareholders of Shift4 Limited

Other information

The directors are responsible for the other information. The other information comprises the *Directors' report* (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

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 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.



Independent auditor's report - continued

To the Shareholders of Shift4 Limited

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

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

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.

Report on other legal and regulatory requirements

The *Annual Report 2024* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.



Independent auditor's report - continued

To the Shareholders of Shift4 Limited

Area of the <i>Annual Report 2024</i> and the related Directors' responsibilities	Our responsibilities	Our reporting
<p>Directors' report</p> <p>(on pages 1 to 4)</p> <p>The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>
	<p>Other matters on which we are required to report by exception</p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. the financial statements are not in agreement with the accounting records and returns. we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. 	<p>We have nothing to report to you in respect of these responsibilities.</p>



Independent auditor's report - continued

To the Shareholders of Shift4 Limited

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

A handwritten signature in blue ink that reads 'FAxisa'.

Fabio Axisa
Principal

For and on behalf of

PricewaterhouseCoopers

78, Mill Street
Zone 5, Central Business District
Qormi
Malta

29 April 2025

Statement of financial position

	Notes	As at 31 December	
		2024	2023
		€	€
ASSETS			
Non-current assets			
Property and equipment	4	258,955	302,385
Right-of-use assets	5	709,524	946,680
Intangible assets	6	9,203,435	5,289,642
Capitalised customer acquisition costs	7	50,178	-
Financial investments	8	5,177,427	4,367,668
Funds advanced as collateral	9	36,192,636	34,233,913
Total non-current assets		51,592,155	45,140,288
Current assets			
Financial investments	8	861,604	1,461,642
Loans and advances to customers	10	-	3,517,810
Settlement processing assets	11	68,076,600	-
Funds receivable from merchants	12	397,993	4,841,598
Other receivables	13	4,629,882	4,339,289
Cash and cash equivalents	14	251,582,338	231,101,568
Total current assets		325,548,417	245,261,907
Total assets		377,140,572	290,402,195


Statement of financial position (continued)

	Notes	As at 31 December	
		2024	2023
		€	€
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	23,000,000	23,000,000
Share-based compensation reserve	16	2,067,927	-
Retained earnings		33,716,779	19,959,625
Total equity		58,784,706	42,959,625
LIABILITIES			
Non-current liabilities			
Customer deposits	18	-	28,485,258
Lease liabilities	19	596,866	857,367
Deferred tax liabilities	20	107,738	64,981
Other payables	21	-	1,043,698
Total non-current liabilities		704,604	30,451,304
Current liabilities			
Customer deposits	18	-	41,532,984
Borrowings	22	25,000,000	-
Settlement processing obligations	23	281,289,270	164,499,970
Lease liabilities	19	260,501	237,204
Other payables	21	11,101,491	10,721,108
Total current liabilities		317,651,262	216,991,266
Total liabilities		318,355,866	247,442,570
Total equity and liabilities		377,140,572	290,402,195

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 10 to 68 were approved and authorised for issue by the Board of Directors on 29 April 2025 and were signed on its behalf by:


Igal Rotem
Director


Charlon Scicluna
Director

Income statement

	Notes	Year ended 31 December	
		2024	2023
		€	€
Revenue	24	312,445,562	279,623,290
Cost of service	25	(268,075,148)	(227,539,184)
Gross profit		44,370,414	52,084,106
Interest income	26	8,236,511	7,782,869
Interest expense	27	(1,929,009)	(1,694,226)
Employee compensation and benefits	28	(15,414,380)	(11,727,362)
General and administration expenses	29	(21,401,791)	(41,203,699)
Changes in expected credit losses and other impairment allowances	30	21,068	(144,131)
Other income	31	494,218	(1,907,869)
Profit before income tax		14,377,031	3,189,688
Tax expense	32	(619,877)	(118,498)
Profit for the year		13,757,154	3,071,190

The accompanying notes are an integral part of these financial statements.

Statement of other comprehensive income

	Notes	Year ended 31 December	
		2024	2023
		€	€
Profit for the year		13,757,154	3,071,190
Other comprehensive income for the year			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Net changes in fair value attributable to debt instruments measured at FVOCI arising during the year, before tax		-	4,108,073
<i>Reclassification adjustments</i>			
Reclassification to profit or loss upon disposal of debt instruments measured at FVOCI, before tax	31	-	(2,018,516)
Income tax relating to components of other comprehensive income		-	(104,478)
Other comprehensive income for the year, net of tax		-	1,985,079
Total comprehensive income for the year		13,757,154	5,056,269

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

	Notes	Share capital €	Share-based compensation reserve €	Fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2023		23,000,000	733,706	(1,985,079)	19,296,788	41,045,415
Comprehensive income						
Profit for the year		-	-	-	3,071,190	3,071,190
Other comprehensive income:						
Debt securities measured at FVOCI:						
- fair value gains, net of tax		-	-	1,985,079	-	1,985,079
Total comprehensive income		-	-	1,985,079	3,071,190	5,056,269
Transactions with owners						
Share-based compensation:	17					
- value attributable to employees' services	28	-	916,492	-	-	916,492
Recharge of value of employee services determined by reference to vested share options granted by the immediate parent company	16	-	(1,058,551)	-	-	(1,058,551)
Dividends	35	-	-	-	(3,000,000)	(3,000,000)
Total transactions with owners		-	(142,059)	-	(3,000,000)	(3,142,059)
Other changes in equity						
Reclassification of share-based compensation reserve to retained earnings	16	-	(591,647)	-	591,647	-
Total comprehensive income		-	(591,647)	-	591,647	-
Balance at 31 December 2023		23,000,000	-	-	19,959,625	42,959,625

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity (continued)

		Share-based Share capital	compensation reserve	Fair value reserve	Retained earnings	Total
Notes	€	€	€	€	€	€
Balance at 1 January 2024		23,000,000	-	-	19,959,625	42,959,625
Comprehensive income						
Profit for the year		-	-	-	13,757,154	13,757,154
Total comprehensive income		-	-	-	13,757,154	13,757,154
Transactions with owners						
Share-based compensation	17					
- value attributable to employees' services	28	-	3,863,873	-	-	3,863,873
Recharge of value of employee services determined by reference to vested equity awards granted by the ultimate parent company	16	-	(1,795,946)	-	-	(1,795,946)
Total transactions with owners		-	2,067,927	-	-	2,067,927
Balance at 31 December 2024		23,000,000	2,067,927	-	33,716,779	58,784,706

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December	
		2024	2023
		€	€
Cash flows from operating activities			
Fees and commission received		311,924,456	279,847,410
Fees and commission paid		(221,935,766)	(189,654,806)
Interest received		6,189,761	6,649,948
Interest paid		(3,153,980)	(840,371)
Cash paid to suppliers and employees		(21,711,967)	(21,197,751)
Payments to group undertakings for vested equity awards		(1,897,767)	-
Cash flows from operating activities before changes in operating assets and liabilities		69,414,737	74,804,430
(Increase)/decrease in operating assets:			
Capitalised customer acquisition costs		(54,519)	-
Settlement processing assets		(66,245,867)	-
Funds receivable from merchants		4,561,414	(1,983,413)
Other receivables		270,210	-
Increase/(decrease) in operating liabilities:			
Customer deposits		(71,954,813)	27,587,659
Settlement processing obligations		111,574,595	48,067,398
Other liabilities:			
Payments to group undertakings		(62,811,246)	(62,739,209)
Funds received on behalf of group undertakings	36	7,260,188	7,979,952
Net cash (used in)/from operating activities		(7,985,301)	93,716,817
Cash flows from investing activities			
Dividends received		41,807	25,124
Proceeds from sale or maturity of debt securities		4,920,843	18,475,964
Purchase of equipment	4	(106,832)	(149,038)
Proceeds from disposal of equipment		1,370	830
Purchase of intangible assets		(6,725,213)	(2,991,598)
Net cash (used in)/from investing activities		(1,868,025)	15,361,282
Cash flows from financing activities			
Payment of lease liabilities	19	(290,016)	(281,744)
Proceeds from borrowings	22	25,000,000	-
Interest paid on borrowings	27	(465,753)	-
Dividends paid	35	-	(3,000,000)
Net cash from/(used in) financing activities		24,244,231	(3,281,744)
Net movement in cash and cash equivalents before exchange differences		14,390,905	105,796,355
Effect of exchange rate changes on cash and cash equivalents		6,089,865	(3,135,831)
Cash and cash equivalents at beginning of the year		231,101,568	128,441,044
Cash and cash equivalents at end of the year	14	251,582,338	231,101,568

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The Company's financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ('IFRSs') as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). These financial statements have been prepared under the historical cost convention, as modified by the fair valuation of derivative instruments and investments measured at fair value through profit or loss or through other comprehensive income.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgment in the process of applying the Company's accounting policies (see Note 3 – Critical accounting estimates and judgments).

Standards, interpretations and amendments to published standards effective in 2024

In 2024, the Company adopted amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

There were no new standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning after 1 January 2024 that were published by the date of authorisation for issue of this financial information, and which could have a possible significant impact on the Company's financial results and position in the period of initial application.

- IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. However, IFRS 18 has not yet been endorsed by the EU as at the date of authorisation for issue of these financial statements. The new standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that standard. In addition, there are new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information. While IFRS 18 will not change recognition criteria or measurement bases, it may have a significant impact on presenting information in the financial statements, in particular the income statement and the cash flow statement. The Company will be assessing the detailed implications of applying the new standard on the Company's financial statements, subsequent to endorsement by the EU.

1.2 Foreign currency translation

Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

1. Summary of material accounting policies (continued)

1.2 Foreign currency translation (continued)

Transactions and balances

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

1.3 Financial assets

1.3.1 Initial recognition and measurement

The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company commits to purchase or sell the asset. Accordingly, the Company uses trade date accounting for regular way contracts when recording financial asset transactions.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are incremental and directly attributable to its acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss immediately. An Expected Credit Loss allowance ('ECL') is recognised for financial assets measured at amortised cost immediately after initial recognition, which results in accounting loss being recognised in profit or loss when an asset is newly originated.

1.3.2 Classification and subsequent measurement

On initial recognition the Company classifies its financial assets in the following measurement categories: (i) amortised cost; (ii) fair value through other comprehensive income ('FVOCI'); or (iii) fair value through profit or loss ('FVPL'). The classification varies depending on whether the financial asset is a debt or an equity instrument, taking into account the business model for managing the financial assets and the contractual terms of the cash flows.

Debt instruments

Classification and subsequent measurement of debt instruments depends on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following two measurement categories.

Amortised cost: Financial assets are measured at amortised cost if they meet both the following conditions and are not designated as measured at FVPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

1. Summary of material accounting policies (continued)

1.3 Financial assets (continued)

1.3.2 Classification and subsequent measurement (continued)

Debt instruments (continued)

The carrying amount of these financial assets is adjusted by an expected credit loss allowance recognised and measured as described in Note 1.3.3. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Other income' as net gain or loss on disposal of financial assets measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, are measured at FVOCI.

Movements in the carrying amount are recognised in other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are all recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in 'Other income' as net gain or loss on disposal of financial instruments measured at FVOCI. Interest income from these financial assets is also included in 'Interest income' using the effective interest rate method. Impairment gains or losses are presented separately in profit or loss.

Business model assessment. The business model reflects how the Company manages the assets in order to generate cash flows, that is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for the assets were collected, how the asset's performance is evaluated and reported to the Company's management, and how risks are assessed and managed.

Assessment of whether contractual cash flows are SPPI. Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

Debt instruments are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

1. Summary of material accounting policies (continued)

1.3 Financial assets (continued)

1.3.2 Classification and subsequent measurement (continued)

Equity instruments

The Company classifies its equity instruments into the FVPL category. Consequently, the Company subsequently measures all equity investments at fair value through profit or loss. The Company does not elect, at initial recognition, to irrevocably designate equity investments at FVOCI.

Dividends from such investments are recognised in profit or loss when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in 'Other income' as net changes in fair value of equity instruments mandatorily measured at FVPL in the income statement.

1.3.3 Impairment of amortised cost and FVOCI financial assets

The Company recognises loss allowances for ECL on financial assets measured at amortised cost and debt instruments measured at FVOCI.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified as 'Stage 1' and has its credit risk continuously monitored by the Company. At initial recognition, an impairment allowance (or provision) is required for ECLs resulting from default events that are possible within the next 12 months ('12-month ECLs').
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. An allowance (or provision) is required for ECLs resulting from all possible default events over the expected life of the financial instrument ('lifetime ECLs').
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Assets in Stage 3 also carry a lifetime ECL allowance or provision.

Purchased or originated credit-impaired financial assets ('POCI') are treated differently, as set out below. POCI financial assets cannot be transferred between categories.

Significant increase in credit risk ('SICR')

The Company's principal financial assets carried at amortised cost include cash at bank, settlement processing assets, funds advanced as collateral, funds receivable from merchants, loans and advances to customers, other receivables and debt securities, the majority of which attract an 'investment grade' rating from rating agencies such as Standard & Poor's and Moody's. The other financial assets within these categories of assets that are 'not rated' are considered by the Company to be financial assets having 'low credit risk' in terms of paragraphs 5.5.10 and B5.5.23 of IFRS 9. This consideration is made in the light of the fact that all obligors within these categories are considered by the Company to have a strong capacity to meet their obligations, and that adverse changes in economic conditions should not reduce their ability to fulfil obligations. This includes funds receivable from merchants in respect of prefunded amounts to merchants that were outstanding as at 31 December 2023, which in substance represented funds receivable from card schemes, which attracted strong credit ratings.

1. Summary of material accounting policies (continued)

1.3 Financial assets (continued)

1.3.3 Impairment of amortised cost and FVOCI financial assets (continued)

The Company assumes that the credit risk on these financial assets has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. If, on the other hand, these financial assets suffer a significant increase in credit risk, for example following a downgrade to below investment grade, the financial instrument will be re-classified as a Stage 2 exposure. This will impact the measurement of the loss allowance, moving from a 12-month ECL assumption to a lifetime ECL assumption.

In respect of settlement processing assets, funds receivable from merchants and amounts owed by immediate parent and other group undertakings (included within 'Other receivables'), the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

In respect of loans and advances to customers held as at 31 December 2023, an assessment of whether credit risk had increased significantly since initial recognition was performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment compared the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The Company typically considered that a loan or advance to a customer had experienced a significant increase in credit risk when one or more of the following criteria had been met:

- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans.

Further, unless identified at an earlier stage, all financial assets are deemed to have experienced a significant increase in credit risk when they are 30 days past due.

Definition of default and credit-impaired assets

The Company determines that a financial instrument is credit-impaired and in Stage 3 by considering relevant objective evidence, primarily when there are indications that the obligor is unlikely to pay. If such unlikelihood to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

Purchased or originated credit-impaired ('POCI') assets

Integral to the Company's business is the risk of incurring financial losses due to the inability to recover gross transaction amounts due from merchants that arise from chargebacks raised by cardholders, that exceed funds withheld by the Company from merchants to serve as collateral ('merchant reserves').

The Company monitors the Net Expected Exposure, an internal metric to assess chargeback performance and hence potential future risk of losses vis-à-vis collateral held. Receivables from terminated merchants arising as a result of chargeback transactions exceeding merchant reserves are considered originated credit-impaired. Lifetime ECL is recognised in profit or loss until such exposures are derecognised.

1. Summary of material accounting policies (continued)

1.3 Financial assets (continued)

1.3.3 Impairment of amortised cost and FVOCI financial assets (continued)

Write-off

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. In addition, the Company has a write-off policy for the designation and writing off of irrecoverable amounts with respect to merchant balances. The objective is to ensure timely and accurate write-off of negative merchant balances in the period in which the balances are reasonably determined as uncollectable and after all avenues to collect the amounts due have failed.

Measurement of ECL

The ECL is measured on either a 12-month ('12M') or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default ('PD'), Exposure at Default ('EAD') and Loss Given Default ('LGD'), defined as follows:

- The PDs estimates are estimates at the date of calculating ECL allowances. In the absence of sufficient internal historical default data, in order to estimate its PDs, the Company makes reference to external information published by Moody's. More specifically, the Company assigns a PD to each of its exposures on the basis of the credit rating of the counterparty or issuer, by reference to Moody's default rates.

The Company calibrates unrated counterparties to Moody's default rates by reference to external ratings of comparable financial assets. The Company assigns a 1-year default rate to all exposures deemed to have low credit risk, and for very short-term financial assets, the 1-year default rate is scaled down to estimate a PD over a one or two day horizon, dependable on the said exposure. This is consistent within the meaning of paragraph 5.5.10 of IFRS 9, at the reporting date.

Funds receivable from merchants, amounts owed by immediate parent and other group undertakings (included within 'Other receivables') and loans and advances to customers are calibrated on the same basis. Funds receivable from merchants in respect of prefunded amounts to merchants that were outstanding as at 31 December 2023 had a contractual life lower than 12 months, generally a few days. In respect of amounts owed by immediate parent and other group undertakings, the Company's credit risk management actions are taken no less frequently than on an annual basis and therefore their contractual life is also considered to be no longer than 12 months.

For loans and advances to customers with a contractual and/or expected life that is beyond 12 months, a Lifetime PD is developed by determining marginal PDs and reflecting such PDs within the maturity profile of the financial instrument using the 12M PD referred to above as the starting point. This is relevant for loans and advances to customers within the Stage 2 category, i.e. those that would have experienced an SICR event.

A 100% probability of default is assigned to exposures classified as Stage 3. In the case of chargebacks raised by cardholders that exceed funds withheld by the Company from merchants to serve as collateral, expected credit losses of the same amount are held. Such exposures are classified as POCI.

1. Summary of material accounting policies (continued)

1.3 Financial assets (continued)

1.3.3 Impairment of amortised cost and FVOCI financial assets (continued)

Measurement of ECL (continued)

- EAD represents the expected exposure of the Company at the time of default, over the next 12 months ('12M EAD') or over the remaining lifetime ('Lifetime EAD'). For the majority of the Company's financial assets, since they are of a short-term nature, the 12M EAD and Lifetime EAD are equivalent.
- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. In estimating LGD, the Company refers to the historical recovery rates published by Moody's. Calibration is performed in the same manner as described for PD estimates above. In the case of funds receivable from merchants arising as a result of chargeback transactions, a 100% LGD is assumed.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

In this respect, the recognition of ECL should incorporate forward-looking information. However, since the average duration of the instruments in scope are short-term, principally within one year and the majority of which within a few days of the reporting period, no forward-looking elements are included within the Company's expected credit loss model.

Presentation of ECL in statement of financial position

For financial assets that are measured at amortised cost, the ECL allowance is presented as a deduction from the gross carrying amount of the assets on the balance sheet, thereby reducing the carrying amount. For debt instruments measured at FVOCI, no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is recognised in other comprehensive income.

1.3.4 Derecognition

The Company derecognises a financial asset when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or the Company has not retained control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

When the Company retains the contractual rights to receive the cash flows of financial assets but assumes a contractual obligation to pay those cash flows to other entities, it derecognises those financial assets if, and only if, all of the following three conditions are met:

- the Company has no obligation to pay amounts unless it collects equivalent amounts from the assets;
- the Company is prohibited from selling or pledging the assets; and
- the Company has an obligation to remit any cash flows it collects from the assets without material delay.

1. Summary of material accounting policies (continued)

1.4 Derivative financial instruments

Derivative financial instruments, including currency forwards, are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured at their fair value. The fair value of currency forwards is determined using forward exchange market rates at the end of the reporting period. Discounting techniques, reflecting the fact that the respective exchange or settlement will not occur until a future date, are used when the time value of money has a significant effect on the fair valuation of these instruments. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss under 'Other income' as net changes in fair value of derivative instruments.

1.5 Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as an asset are amortised over their estimated useful lives, which does not exceed five years.

At the end of each reporting period, intangible assets are reviewed for indicators of impairment or changes in estimated future economic benefits (see Note 1.8). If such indicators exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable.

1.6 Property and equipment

All property and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

1. Summary of material accounting policies (continued)

1.6 Property and equipment (continued)

Depreciation is calculated using the straight-line method to write off the cost of the assets less their residual values over their estimated useful lives, as follows:

	%
Fixtures, fittings and office furniture	10 – 20
Computer and electronic equipment	20 – 33

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

1.7 Leases

The Company is the lessee

At the inception of a contract, the Company assesses if the contract is or contains a lease and hence conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Lease liabilities arising from such contracts are measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- any variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- any amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and any restoration costs where applicable.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

1. Summary of material accounting policies (continued)

1.7 Leases (continued)

The Company is the lessee (continued)

Reassessment is required when the terms and conditions of a contract are changed. Lease liabilities are remeasured when:

- There are changes in future lease payments arising from changes in an index or rate;
- There are changes in the Company's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use assets, or an adjustment in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero and there is a further reduction in the measurement of the lease liability.

The Company elects not to recognise right-of-use assets and lease liabilities for low value leases or leases with a term shorter than 12 months. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

1.8 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test can also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.9 Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits with banks held at call or at short notice.

Cash and cash equivalents include cash in hand and all liquid investments with an initial maturity of three months or less when purchased. These amounts also include cash that the Company holds related to reserve funds collected from merchants that serve as collateral to minimise contingent liabilities associated with any losses that may occur under the merchant agreement. The Company records a corresponding settlement processing obligations liability in the statement of financial position.

Cash and cash equivalents also include settlement related cash balances. Settlement related cash balances represent surplus funds that the Company holds when the incoming amount from the card networks precedes the funding obligation to the merchant.

1.10 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

1. Summary of material accounting policies (continued)

1.11 Financial liabilities

The Company recognises a financial liability on its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. The Company's financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

Financial liabilities measured at amortised cost comprise principally settlement processing obligations, customer deposits, borrowings and other payables. Settlement processing obligations represent transactions that have been processed but not yet funded together with funds withheld from merchants that serve as collateral to minimise contingent liabilities associated with any losses that may occur under the merchant agreement ('merchant reserve').

1.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.13 Current and deferred tax

Income tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1. Summary of material accounting policies (continued)

1.13 Current and deferred tax (continued)

The Company forms part of a Fiscal Unit for Maltese income tax purposes in terms of the Maltese Consolidated Group (Income Tax) Rules. Under the terms of these rules and a tax sharing and funding agreement entered into by the Company with its immediate parent company and another wholly owned Malta resident subsidiary of its parent, the Company's current tax assets and liabilities are recognised as receivables from or payables to the immediate parent company, respectively.

Deferred tax assets arising from unused tax losses and tax credits are also recognised as receivables from the immediate parent company to the extent that it is probable that future taxable profit will be available to the Fiscal Unit against which the temporary differences can be utilised.

Conversely, deferred tax in respect of other temporary differences do not represent receivables from or payables to the immediate parent company.

1.14 Share-based compensation

The Company's immediate parent, Shift4 Malta Limited (formerly known as Credorax Inc.), had established a share-based compensation plan (the 'Credorax Plan') for employees of Shift4 Malta Limited and its subsidiaries (the 'Credorax Group'), whereby share options (the 'Credorax Share Options') were granted to directors and selected employees in exchange for their services. The Credorax Plan was cancelled as of 25 October 2023 in line with the terms of the Merger Agreement underpinning the acquisition of, at the time, Credorax Inc. by the ultimate parent company, Shift4 Payments Inc.

Subsequent to the acquisition referred to above, directors and selected employees of the Company are granted equity awards (the 'Shift4 Equity Awards') in accordance with an incentive award plan (the 'Shift4 Plan') operated by Shift4 Payments Inc. The Shift4 Equity Awards are structured to vest in tranches based on specified periods of service.

The fair value of the employee services received in exchange for the grant of share options and equity awards is recognised as an expense in profit or loss and as a corresponding increase in shareholders' equity ('Share-based compensation reserve').

The total amount to be expensed from grant date over the vesting period is determined by reference to the fair value of the options or equity awards at the grant date. Total compensation expense is recognised from grant date over the vesting period (the period during which an employee is required to provide service in exchange for the benefit or the requisite service period) rateably through graded vesting. Accordingly, the Company amortises the compensation cost arising on the grant of share options or equity awards over the nominal vesting period for employees based on the graded vesting of the plan.

At the end of each reporting period, the entity revises its estimates of the number of options and equity awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Upon vesting of the Credorax Share Options and Shift4 Equity Awards, the Company assumes an obligation to pay Shift4 Malta Limited and Shift4 Payments LLC (a subsidiary of Shift4 Payments Inc.), respectively, the grant date fair value of the share options and equity awards. The obligation is recognised as a reduction from shareholders' equity and a corresponding liability to the group undertaking.

1. Summary of material accounting policies (continued)

1.15 Provisions for legal proceeding and future chargebacks

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation which has arisen as a result of past events, and for which a reliable estimate can be made.

1.16 Revenue recognition

The Company's revenues principally represent the consideration received or receivable from the merchants for services provided. This includes acquiring revenues, other fees charged on a per transaction basis and income from foreign exchange services.

Acquiring revenues relate to services provided to process transactions between the card-issuing banks and the Company's merchants. Revenue is recognised when the transactions are successfully processed via the Company's acquiring platform and is recognised per transaction. Acquiring revenues also include the amount of interchange fees and scheme fees recharged to merchants. The Company is considered a principal for the acquiring services it provides to the merchants, accordingly, such revenues are reported using the gross presentation.

Income from foreign exchange services is generated on settling foreign currency transactions on behalf of merchants. Revenue is recognised when the Company's obligation in relation to the transaction is fulfilled.

Given the nature of its transaction-based business, the Company's revenues are recognised when the services are provided at the point in time when the transaction takes place, since there are no further performance obligations following the processing of transactions. The Company does not provide any services which are rendered over a period of time.

Cost of service

Cost of service which primarily consists of fees charged by card schemes, gateway fees as well as interchange fees, is matched to the revenue generated and is recognised when incurred.

Gross profit is revenue after deducting card scheme fees, gateway fees, interchange fees and sales commissions. This is monitored by the Company's Management and used as a performance indicator of the financial effects of the activities in which the Company engages.

Capitalised customer acquisition costs

The Company incurs costs to obtain payment processing contracts with customers, primarily in the form of upfront processing bonuses provided to the Company's software partners, which consist of independent software vendors and value-added resellers. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover the costs. Capitalised customer acquisition costs are amortised rateably over the estimated life of the customer, which is generally four years.

1.17 Dividend distribution

Interim dividends to the Company's shareholders are approved by the directors and recognised upon directors' approval. Final dividends are recognised as liability in the Company's financial statements upon approval by the Company's shareholders at the Annual General Meeting.

2. Financial risk management

2.1 Introduction

The Company's activities potentially expose it to a variety of financial risks including credit risk, market risk, specifically interest rate risk, foreign exchange risk and equity risk, and liquidity risk. Accordingly, the directors provide principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

The Company's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Company's treasury function is responsible for managing assets, liabilities and the overall financial position of the Company and is also responsible for the management of funding and liquidity risks. The Company's risk oversight function has the overall responsibility for the development of the Company's risk strategy and the implementation of risk principles, framework, policies and related limits.

2.2 Credit risk

2.2.1 Introduction

Credit risk is the risk that the Company will incur losses as a result of a counterparty failing to fulfil its contractual obligations to the Company. Credit risk arises from the Company's financial assets which are inherently and predominantly subject to credit risk.

2.2.2 Maximum exposure to credit risk

The following table presents the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements. For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their gross carrying amount.

Financial Assets	2024 €	2023 €
Financial investments at amortised cost	1,253,691	2,597,650
Funds advanced as collateral	36,209,509	34,257,750
Loans and advances to customers	-	3,545,844
Settlement processing assets	68,076,600	-
Funds receivable from merchants	511,669	5,073,083
Other receivables	4,285,279	3,674,031
Cash and cash equivalents	251,581,983	231,114,567
Gross carrying amount	361,918,731	280,262,925
Allowances for expected credit losses	(161,516)	(396,457)
Carrying amount on-balance sheet	361,757,215	279,866,468

2. Financial risk management (continued)

2.2 Credit risk (continued)

2.2.3 Concentration of credit risk exposure

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Company uses a number of controls and measures to minimise undue concentration of exposures. These include counterparty limits, approvals and review controls.

As part of its integrated acquiring and payment processing services the Company is owed amounts due from card schemes representing transactions that have been processed by the Company but not yet paid by the card schemes. These amounts have a contractual life which is short term in nature, generally a few days, and are deemed to attract a low credit risk in view of the strong credit ratings of the card schemes.

Within its daily operations the Company also transacts with banks and other financial institutions and also invests excess funds in financial investments. The Company primarily places short-term funds with pre-approved banks and financial institutions and invests excess funds available within the medium to long-term in financial investments. These exposures are subject to large exposure limits in place and the creditworthiness of the respective counterparties (including external credit ratings where available) being within controlled parameters. Actual exposures are monitored against these limits on a daily basis and in real time together with the credit status of the counterparties.

As at the reporting date credit risk also arose from amounts owed by immediate parent and other group undertakings (within 'other receivables') which are unsecured, interest free and have no fixed date of repayment. When the Company has receivables from group undertakings, management evaluates such related party relationships and credit arrangements, and forms a view on the risk of expected losses from non-performance or default. As at 31 December 2023, the Company had a net receivable from immediate parent of €1,395,499, after netting off amounts owed to group undertakings forming part of the Credorax Group, pursuant to an assignment agreement that has been entered into by Shift4 Malta Limited and all of its subsidiaries. As at 31 December 2024, the Company has amounts receivable from Shift4 Payments LLC (a subsidiary of Shift4 Payments Inc.) amounting to €793,319.

Funds receivable from merchants as at 31 December 2023 included receivables in respect of prefunded amounts to merchants. These represented instances whereby the Company agreed to transfer the money to merchants prior to receiving such funds from the card schemes. In the event that the amounts were not received from the card schemes, the Company had the right to claim the money back from the merchants. Accordingly, the credit risk emanating from the Company's exposure to merchants is deemed by the directors to be contained. As at 31 December 2023, the Company held €4,559,263 in receivables from 487 merchants related to prefunded amounts.

The Company also bears the risk of incurring financial losses due to the inability to recover gross transaction amounts due from merchants that arise from chargebacks raised by a cardholder (i.e. a claim from a cardholder for a payment made where the merchant has failed to deliver the goods or services). In this regard, the Company's risk is generally mitigated by funds withheld from merchants that serve as collateral ('merchant reserves'). Thus, in the ordinary course of business, the Company recognises a net liability position to merchants equivalent to collateral held. However, credit risk arises when the value of chargebacks exceeds the value of collateral held. Management monitors monthly movements in funds receivable from merchants whose chargeback transactions exceed collateral held by the Company and takes necessary action to ensure such amounts are recovered. As at 31 December 2024, receivables amounting to €511,669 (2023: €513,820) were due from 265 merchants (2023: 165) relating to chargeback transactions which were in excess of collateral held.

2. Financial risk management (continued)

2.2 Credit risk (continued)

2.2.4 Allowances for expected credit losses

The following disclosure presents the gross carrying/nominal amount of financial instruments measured at amortised cost to which the impairment requirements in IFRS 9 are applied and the associated allowance for ECL.

Financial assets at amortised cost		31 Dec 2024		31 Dec 2023	
		Stage Classification	Gross carrying/ nominal amount €	Allowance for ECL €	Gross carrying/ nominal amount €
Financial investments at amortised cost	Stage 1	1,253,691	(19,197)	2,597,650	(39,777)
Funds advanced as collateral	Stage 1	36,209,509	(16,873)	34,257,750	(23,837)
Loans and advances to customers	Stage 1	-	-	3,545,844	(28,034)
Settlement processing assets	Stage 1	68,076,600	-	-	-
Funds receivable from merchants	Stage 1	409,574	(11,581)	4,849,072	(7,474)
Funds receivable from merchants	POCI	102,095	(102,095)	224,011	(224,011)
Other receivables	Stage 1	4,285,279	(11,770)	3,674,031	(59,158)
Cash and cash equivalents	Stage 1	251,581,983	-	231,114,567	(14,166)
Total carrying amount on-balance sheet		361,918,731	(161,516)	280,262,925	(396,457)

No expected credit loss allowance was recognised in respect of settlement processing assets and cash and cash equivalents during 2024 due to its insignificance.

The financial assets recorded in each stage have the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk on which a 12-month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk has been experienced since initial recognition on which a lifetime ECL is recognised;
- Stage 3: financial instrument in default or credit-impaired on which a lifetime ECL is recognised; and
- POCI: purchased or originated credit-impaired on which a lifetime ECL is recognised.

At the end of the current reporting and comparative periods, the Company had no past due or impaired financial assets within these asset categories, except for merchants whose chargeback transactions exceed the value of collateral held by the Company. Funds receivable from terminated merchants are classified immediately as credit-impaired as the amount is automatically 'past due'. As at 31 December 2024, receivables amounting to €102,095 (2023: €224,011) were due from 48 terminated merchants (2023: 41) relating to chargeback transactions which were in excess of collateral held. These are considered to be credit-impaired and have accordingly been provided for in full.

As at 31 December 2024, the Company also had funds receivable from merchants of €409,574 (2023: €4,849,072) from 217 active merchants (2023: 611) which the Company expects to recover in full. Accordingly, these were classified as Stage 1 and an ECL allowance of €11,581 (2023: €7,474) was provided for.

2. Financial risk management (continued)

2.2 Credit risk (continued)

2.2.4 Allowances for expected credit losses (continued)

Further to the above ECL allowances, the Company typically provides for any potential future losses from chargebacks beyond receivables recognised on-balance sheet that fall under the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. As at 31 December 2024 and 2023 there were no such provisions.

The following tables provide a reconciliation by stage of the gross carrying/nominal amounts or fair value and the respective loss allowances of the Company's financial instruments that are subject to the impairment requirements in terms of IFRS 9.

Financial assets at amortised cost

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		POCI			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
	€	€	€	€	€	€	€	€
At 31 December 2023	280,038,914	(172,446)	-	-	224,011	(224,011)	280,262,925	(396,457)
Net movements	81,777,722	113,025	-	-	98,892	(98,892)	81,876,614	14,133
Assets written off	-	-	-	-	(220,808)	220,808	(220,808)	220,808
	81,777,722	113,025	-	-	(121,916)	121,916	81,655,806	234,941
At 31 December 2024	361,816,636	(59,421)	-	-	102,095	(102,095)	361,918,731	(161,516)
ECL charge								234,941
Recoveries								6,935
Assets written off								(220,808)
Total change in ECL for the period								21,068

2. Financial risk management (continued)

2.2 Credit risk (continued)

2.2.4 Allowances for expected credit losses (continued)

Financial assets at amortised cost

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		POCI			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
	€	€	€	€	€	€	€	€
At 31 December 2022	179,889,784	(237,367)	-	-	121,050	(121,050)	180,010,834	(358,417)
Net movements	100,149,130	64,921	-	-	209,052	(209,052)	100,358,182	(144,131)
Assets written off	-	-	-	-	(106,091)	106,091	(106,091)	106,091
	100,149,130	64,921	-	-	102,961	(102,961)	100,252,091	(38,040)
At 31 December 2023	280,038,914	(172,446)	-	-	224,011	(224,011)	280,262,925	(396,457)

Financial assets at FVOCI

	Stage 1		Stage 2		POCI		Total	
	Fair value	Allowance for ECL	Fair value	Allowance for ECL	Fair value	Allowance for ECL	Fair value	Allowance for ECL
	€	€	€	€	€	€	€	€
At 31 December 2022	12,806,310	-	-	-	-	-	12,806,310	-
Net movements	(12,806,310)	-	-	-	-	-	(12,806,310)	-
At 31 December 2023	-	-	-	-	-	-	-	-

ECL charge	(38,040)
Assets written off	(106,091)
Total change in ECL for the period	(144,131)

Considering the nature of the exposures of the Company's financial assets and the insignificance of the resultant ECL, movements in ECL resulting from changes in risk parameters, such as changes in PDs and LGDs, are not significant and are accordingly not separately disclosed. These are included within 'Net movements' in the table above.

In addition, during the current and comparative years there were no instances where contractual terms of receivables were modified, due to for example a customer's financial difficulties. As a result, as at 31 December 2024 and 2023 the Company had no renegotiated or forbore loans and advances to customers.

2. Financial risk management (continued)

2.3 Market risk

The Company is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rates, foreign exchange rates and equity prices, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices. In the normal course of business, the Company's market risk arises principally from its exposure to different currencies, primarily resulting from its acquiring business. In addition, following the receipt of ordinary and preference shares in Visa Inc. in exchange for the Company's membership interest in Visa Europe, the Company is also moderately exposed to equity price risk.

(a) Interest rate risk

The following table sets out the Company's interest-bearing financial instruments split between fixed-rate and variable-rate instruments.

	31 Dec 2024			31 Dec 2023		
	Total €	Fixed interest rate €	Variable interest rate €	Total €	Fixed interest rate €	Variable interest rate €
Financial assets						
Financial investments at amortised cost	1,234,494	1,234,494	-	2,557,873	2,557,873	-
Funds advanced as collateral	36,192,636	-	36,192,636	34,233,913	-	34,233,913
Loans and advances to customers	-	-	-	3,517,810	3,517,810	-
Cash and cash equivalents	248,879,204	-	248,879,204	220,826,745	-	220,826,745
Total financial assets	286,306,334	1,234,494	285,071,840	261,136,341	6,075,683	255,060,658
Financial liabilities						
Customer deposits	-	-	-	63,663,518	63,663,518	-
Borrowings	25,000,000	25,000,000	-	-	-	-
Lease liabilities	857,367	857,367	-	1,094,571	1,094,571	-
Total financial liabilities	25,857,367	25,857,367	-	64,758,089	64,758,089	-

The Company's exposure to interest rate risk arising from its financial assets is not deemed to be significant given that the majority of these assets are either re-priced to current market rates frequently or are short-term in nature.

The Company's borrowings as at 31 December 2024 and term deposits outstanding as at 31 December 2023 were contracted on the basis of fixed interest rates and thus were not subject to cashflow interest rate risk, and since they were measured at amortised cost, they also did not expose the Company to fair value interest rate risk.

In the context of the Company's acquiring operations, the Company's exposure to interest rate risk is deemed by the directors to be insignificant. Accordingly, a sensitivity analysis disclosing how profit or loss and equity would have been affected by changes in interest rates that were reasonably possible at the end of the reporting period is not deemed necessary.

2. Financial risk management (continued)

2.3 Market risk (continued)

(b) Currency risk

The Company manages its currency risk on an ongoing basis by ensuring that foreign currency liabilities are utilised to fund assets denominated in the same foreign currency thereby matching asset and liability positions as much as is practicable.

When it is not possible to match the asset and liability currency positions, the Company hedges its open foreign exchange exposures by entering into spot or forward foreign exchange contracts with terms which match those of the hedged items.

Specifically for its USD exposures, the Company enters into one-month foreign exchange forward contracts with the immediate parent company at market rates to hedge its USD open position. The notional amounts of the outstanding foreign exchange forward contract as well as any unsettled spot transactions at the end of the reporting period are included within the tables below.

The table below summarises the Company's exposure to foreign currency exchange rate risk at 31 December 2024 and 2023. Included in the table are the Company's financial instruments at carrying amounts, categorised by currency.

As at 31 December 2024	Total	EUR	USD	GBP	Other
	€	€	€	€	€
Financial assets					
Financial investments	6,039,031	1,234,494	4,804,537	-	-
Funds advanced as collateral	36,192,636	25,472,653	10,693,795	-	26,188
Settlement processing assets	68,076,600	16,952,894	7,951,309	6,582,067	36,590,330
Funds receivable from merchants	397,993	397,993	-	-	-
Other receivables	4,273,509	3,480,190	793,319	-	-
Cash and cash equivalents	251,582,338	89,530,889	66,151,805	35,152,618	60,747,026
Total financial assets	366,562,107	137,069,113	90,394,765	41,734,685	97,363,544
Financial liabilities					
Borrowings	25,000,000	25,000,000	-	-	-
Lease liabilities	857,367	857,367	-	-	-
Settlement processing obligations	281,289,270	95,435,308	73,456,427	37,015,819	75,381,716
Other payables	11,101,491	6,767,914	3,900,127	128,255	305,195
Total financial liabilities	318,248,128	128,060,589	77,356,554	37,144,074	75,686,911
Net on balance sheet financial position		9,008,524	13,038,211	4,590,611	21,676,633
Notional amounts of derivative instruments			(16,407,744)	(3,882,919)	(11,473,603)
Net open position			(3,369,533)	707,692	10,203,030

2. Financial risk management (continued)

2.3 Market risk (continued)

(b) Currency risk (continued)

As at 31 December 2023	Total €	EUR €	USD €	GBP €	Other €
Financial assets					
Financial investments	5,829,310	2,557,874	3,271,436	-	-
Funds advanced as collateral	34,233,913	24,651,385	9,582,528	-	-
Loans and advances to customers	3,517,810	3,517,810	-	-	-
Funds receivable from merchants	4,841,598	2,207,899	703,086	574,495	1,356,118
Other receivables	3,614,873	2,255,373	1,359,500	-	-
Cash and cash equivalents	231,101,568	122,341,752	61,220,876	22,674,317	24,864,623
Total financial assets	283,139,072	157,532,093	76,137,426	23,248,812	26,220,741
Financial liabilities					
Customer deposits	70,018,242	66,962,399	2,222,404	833,439	-
Lease liabilities	1,094,571	1,094,571	-	-	-
Settlement processing obligations	164,499,970	62,382,367	59,463,639	20,189,178	22,464,786
Other payables	11,764,806	9,713,314	1,432,329	107,357	511,806
Total financial liabilities	247,377,589	140,152,651	63,118,372	21,129,974	22,976,592
Net on balance sheet financial position		17,379,442	13,019,054	2,118,838	3,244,149
Notional amounts of derivative instruments			(11,778,112)	-	-
Net open position			1,240,942	2,118,838	3,244,149

Under the scenario that the EUR appreciates against the USD from 1.0389 to 1.2389 (2023: from 1.1050 to 1.3050), the impact recognised in profit or loss would amount to a pre-tax profit of €543,956 (2023: pre-tax loss of €190,183). Should the EUR depreciate against the USD to 1.0000 (2023: 1.0000), the impact recognised in profit or loss would amount to a pre-tax loss of €131,075 (2023: pre-tax profit of €130,299).

Under the scenario that the EUR appreciates against the GBP from 0.8292 to 1.000 (2023: 0.8690 to 1.000), the impact recognised in profit or loss would amount to a pre-tax loss of €120,888 (2023: €277,462). Should the EUR depreciate against the GBP to 0.7292 (2023: 0.7690), the impact recognised in profit or loss would amount to a pre-tax profit of €97,053 (2023: €275,514).

(c) Equity price risk

The Company is exposed to market price risk arising from the uncertainty about the future market prices of the investment held by the Company in the ordinary and preference shares of Visa Inc. that are classified in the statement of financial position as financial assets mandatorily measured at FVPL. The preference shares are convertible into ordinary shares of Visa Inc., they have no maturity and represent a residual interest in the issuer's net assets.

2. Financial risk management (continued)

2.3 Market risk (continued)

(c) Equity price risk (continued)

In view of the absence of quoted market prices for the preference shares, their fair value is determined on the basis of an internal valuation model, which is dependent on a number of assumptions including the value of Visa Inc.'s ordinary shares, which have a quoted price. In this respect, exposure to equity price risk is not deemed significant taking cognisance of the carrying amount of the preference shares.

2.4 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally customer deposits, settlement processing obligations, borrowings, lease liabilities and other payables (refer to Notes 18, 19, 21, 22 and 23). The Company's settlement processing obligations are generally repayable within one month from the end of the reporting period, other than for funds withheld from merchants that serve as collateral to minimise losses ('merchant reserve'), which are generally repayable within 180 days from the end of the reporting period.

The Company manages this risk by monitoring future cash flows together with changes in available liquidity on a regular basis. Except for prefunded merchants, the Company only settles its liabilities in respect of settlement processing obligations after the cash is collected from the card schemes. The Company manages in a very active manner the relationship between the funds held with other institutions (a significant portion of which is attributable to merchants) and its settlement processing obligations such that funds held with other institutions immediately available for use are always in excess of the Company's settlement processing obligations. Senior management is updated on a regular basis on the cash flow position of the Company.

As part of its liquidity risk management framework, management monitors the Company's "cash flow ladder" or "maturity gap analysis" that allows forecasting of liquidity needs on a monthly basis.

Due to the nature of the business and the composition of its balance sheet, the directors consider the Company's liquidity risk as at the reporting date to be very limited.

2. Financial risk management (continued)

2.4 Liquidity risk (continued)

The following tables analyse the carrying amounts of financial assets and liabilities as at the reporting date by their remaining period to maturity.

	Total €	Within 3 months €	Between 3 months and one year €	Between one year and 3 years €	More than 3 years €	No maturity date €
As at 31 December 2024						
Financial assets						
Financial investments	6,039,031	369,258	492,346	335,012	37,878	4,804,537
Funds advanced as collateral	36,192,636	-	-	-	-	36,192,636
Settlement processing assets	68,076,600	68,076,600	-	-	-	-
Funds receivable from merchants	397,993	397,993	-	-	-	-
Other receivables	4,273,509	-	4,273,509	-	-	-
Cash and cash equivalents	251,582,338	251,582,338	-	-	-	-
Total financial assets	366,562,107	320,426,189	4,765,855	335,012	37,878	40,997,173
Financial liabilities						
Borrowings	25,000,000	25,000,000	-	-	-	-
Lease liabilities	857,367	138,889	121,612	596,866	-	-
Settlement processing obligations	281,289,270	257,477,368	9,399,231	-	-	14,412,671
Other payables	11,101,491	11,101,491	-	-	-	-
Total financial liabilities	318,248,128	293,717,748	9,520,843	596,866	-	14,412,671
Maturity gap		26,708,441	(4,754,988)	(261,854)	37,878	
Cumulative gap		26,708,441	21,953,453	21,691,599	21,729,477	
As at 31 December 2023						
Financial assets						
Financial investments	5,829,310	365,410	1,096,232	974,427	121,804	3,271,437
Funds advanced as collateral	34,233,913	-	-	-	-	34,233,913
Loans and advances to customers	3,517,810	1,021,214	2,496,596	-	-	-
Funds receivable from merchants	4,841,598	4,841,598	-	-	-	-
Other receivables	3,614,873	30,534	3,584,339	-	-	-
Cash and cash equivalents	231,101,568	230,606,681	-	-	-	494,887
Total financial assets	283,139,072	236,865,437	7,177,167	974,427	121,804	38,000,237
Financial liabilities						
Customer deposits	70,018,242	20,110,627	21,422,357	28,144,672	340,586	-
Lease liabilities	1,094,571	117,014	120,190	545,801	311,566	-
Settlement processing obligations	164,499,970	139,508,629	11,824,493	-	-	13,166,848
Other payables	11,764,806	10,291,623	429,485	1,038,551	5,147	-
Total financial liabilities	247,377,589	170,027,893	33,796,525	29,729,024	657,299	13,166,848
Maturity gap		66,837,544	(26,619,358)	(28,754,597)	(535,495)	
Cumulative gap		66,837,544	40,218,186	11,463,589	10,928,094	

2. Financial risk management (continued)

2.4 Liquidity risk (continued)

As at 31 December 2024 and 2023, the Company did not hold assets which were not immediately accessible and readily available, other than settlement processing assets amounting to €68,076,600 (2023: nil) which have a contractual life of a few days, financial investments amounting to €4,804,537 (2023: €3,271,437) which are illiquid, and funds advanced as collateral amounting to €36,192,636 (2023: €34,233,913) which are considered to be encumbered.

Additionally, the contractual undiscounted cash outflows attributable to the Company's financial liabilities analysed by remaining contractual maturities at reporting date are presented in the following table. The balances in the below table do not agree with the carrying amount as the table incorporates all cash flows, on an undiscounted basis, related to principal as well as those associated with all future interest payments.

	Total	Within 3 months	Between 3 months and one year	Between one year and 3 years	More than 3 years	No maturity date
	€	€	€	€	€	€
As at 31 December 2024						
Borrowings	25,476,027	-	625,000	24,851,027	-	-
Lease liabilities	922,202	149,268	149,268	623,665	-	-
Settlement processing obligations	281,289,270	257,477,368	9,399,231	-	-	14,412,671
Other payables	11,101,491	11,101,491	-	-	-	-
Total financial liabilities	318,788,990	268,728,128	10,173,499	25,474,692	-	14,412,671
As at 31 December 2023						
Customer deposits	71,826,966	20,446,168	21,851,842	29,183,223	345,733	-
Lease liabilities	1,212,218	145,008	145,008	605,850	316,352	-
Settlement processing obligations	164,499,970	139,508,629	11,824,493	-	-	13,166,848
Other payables	9,956,082	9,956,082	-	-	-	-
Total financial liabilities	247,495,236	170,055,887	33,821,343	29,789,073	662,085	13,166,848

2.5 Capital risk management

Until 28 November 2024 the Company was licensed by the MFSA to carry out the business of banking in terms of the Banking Act (Cap. 371) and was thus required to comply with the capital adequacy and regulatory capital requirements based on the guidelines developed by the Basel Committee and the European Union Directives and Regulations, as implemented by the MFSA for supervisory purposes.

On 28 November 2024, the Company has been granted a financial institution licence by the MFSA and has been operating as a financial institution in accordance with the Financial Institutions Act (Cap. 376) since that date. This necessitates adherence to minimum own funds requirements as set out in the Financial Institutions Rule: FIR/02.

2. Financial risk management (continued)

2.5 Capital risk management (continued)

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are:

- to comply with the capital requirements set by the MFSA;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Company's activities, the capital level as at the end of the reporting period is deemed adequate by the directors.

The Company is required to hold minimum capital requirements in compliance with rules issued by the MFSA. The minimum capital requirement must be maintained at all times throughout the financial period under review. The Company monitors its capital level on a regular basis. Any transactions that may potentially affect the Company's capital requirements are immediately reported to the directors and shareholders for resolution prior to notifying the MFSA.

During the current reporting period, the Company met at all times the minimum capital requirements imposed by the regulatory authority.

2.6 Fair value of financial assets and liabilities

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

The recurring fair value measurements are consequently determined according to the following hierarchy:

- *Level 1 – quoted market price:* financial instruments with quoted prices for identical instruments in active markets;
- *Level 2 – valuation technique using observable inputs:* financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable; and
- *Level 3 – valuation technique with significant unobservable inputs:* financial instruments valued using models where one or more significant inputs are unobservable.

Financial instruments measured at fair value

The best evidence of fair value is a quoted price in an actively traded market. The fair value of financial instruments that are quoted in active markets is based on bid prices for assets held and offer prices for liabilities issued. Where a financial instrument has a quoted price in an active market, the fair value of the total holding of the financial instrument is calculated as the product of the number of units and quoted price.

The judgement as to whether a market is active may include, but is not restricted to, the consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. The bid/offer spread represents the difference in prices at which a market participant would be willing to buy compared with the price at which they would be willing to sell.

2. Financial risk management (continued)

2.6 Fair value of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

In the event that the market for a financial instrument is not active, a valuation technique is used. Valuation techniques may incorporate assumptions about factors that other market participants would use in their valuations, including:

- the likelihood and expected timing of future cash flows on the instrument. Judgement may be required to assess the counterparty's ability to service the instrument in accordance with its contractual terms. Future cash flows may be sensitive to changes in market rates;
- selecting an appropriate discount rate for the instrument. Judgement is required to assess what a market participant would regard as the appropriate spread of the rate for an instrument over the appropriate risk-free rate;
- judgement to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective, for example, when valuing complex derivative products.

As at 31 December 2024, the financial assets categorised within Level 1 comprised the Company's investment in Visa Inc. Class A Common Stock which are listed on the New York Stock Exchange. The Company, being a holder of Preferred Stock, received a number of Series A Convertible Participating Preferred Stock, that was automatically convertible into 11,100 Class A Common Stock.

The fair value of the Visa Inc. Class A Common Stock was determined on the basis of the last trade price at the close of trading on the year-end date, which amounted to €3,376,391 as at 31 December 2024 (2023: nil). The market in respect of Visa Inc. Class A Common Stock is regarded as active since quoted prices are readily and regularly available and prices represent actual and regularly occurring market transactions on an arm's length basis.

The Company's derivative instruments are categorised as Level 2 since the fair values are determined utilising valuation techniques, involving primarily the use of discounted cash flow techniques. The fair values referred to are determined by reference to market prices or rates (forward foreign exchange rates) quoted at the end of the reporting period. The valuation techniques used are supported by observable market prices or rates since these variables include only data from observable markets. The open derivatives at 31 December 2024 and 2023 were entered into on 31 December and the fair value of such derivatives was insignificant.

The Company's financial asset categorised within Level 3 comprises the Company's investment in Visa Inc. preference shares, which as at 31 December 2024 has a carrying amount of €1,427,846 (2023: €3,271,437) and is measured at FVPL. These preference shares are classified as Level 3 as the valuation is dependent upon a number of assumptions including the value of Visa Inc.'s quoted ordinary shares, a discount rate, a discount for lack of marketability, and a conversion ratio, which as explained in Note 8 can be adjusted for potential losses from Visa Europe's interchange litigations.

The table below provides a reconciliation of the fair value measurements in such Level 3 instruments.

	2024	2023
	€	€
At 1 January	3,271,437	2,339,461
Fair value losses/(gains) recognised in profit or loss	(1,843,591)	931,976
At 31 December	1,427,846	3,271,437

2. Financial risk management (continued)

2.6 Fair value of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

As disclosed in Note 8, the value of the preference shares depends on the level and success of any Visa Europe Limited interchange litigation, which is not possible to assess with a degree of certainty. The estimation of these litigation costs and potential level of losses has been factored into an internal valuation model. As further notifications, claims and settlements evolve, the Company would re-evaluate the likely litigation cost as part of the fair valuation process.

During the current year, the Company received a bid offer for these preference shares valued at 43% of the value of Visa Inc.'s quoted ordinary shares multiplied by the conversion rate explained in Note 8. This external valuation triggered a revision of the previously modelled haircut from 37% to 57%, resulting into an adjustment to the carrying amount to €1,427,846 as of 31 December 2024.

No transfers of financial instruments between different levels of the fair value hierarchy have occurred during the financial years ended 31 December 2024 and 2023.

Financial instruments not measured at fair value

Certain financial assets and liabilities are carried at amortised cost. The following table sets out the carrying amounts of these financial assets and liabilities:

	2024	2023
	€	€
Financial assets		
Financial investments at amortised cost	1,234,494	2,557,873
Funds advanced as collateral	36,192,636	34,233,913
Loans and advances to customers	-	3,517,810
Settlement processing assets	68,076,600	-
Funds receivable from merchants	397,993	4,841,598
Other receivables	4,273,509	3,614,873
Cash and cash equivalents	251,582,338	231,101,568
	361,757,570	279,867,635
Financial liabilities		
Customer deposits	-	70,018,242
Borrowings	25,000,000	-
Lease liabilities	857,367	1,094,571
Settlement processing obligations	281,289,270	164,499,970
Other payables	11,101,491	11,764,806
	318,248,128	247,377,589

The fair value of these financial assets and liabilities are not disclosed given that their carrying amounts are a reasonable approximation of their fair value because these either re-price to current market rates frequently, are short-term in nature or are otherwise immaterial.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which may differ from actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

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

In the opinion of the directors, considering the materiality of the impact relating to the fair valuation of the Company's interest in Visa Inc. measured at FVPL and the materiality of the potential impact arising from ECLs on its financial assets, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

The directors believe that there are no other areas involving a higher degree of judgement that have a significant risk of resulting in a material adjustment and that may have a significant effect on the amounts recognised in the financial statements; and there are no key assumptions and key sources of estimation uncertainty relating to estimates that require directors' most difficult, subjective or complex judgments.

4. Property and equipment

	Computer and electronic equipment €	Fixtures, fittings and office furniture €	Total €
Cost			
As at 1 January 2023	1,078,282	430,177	1,508,459
Additions	123,649	25,389	149,038
Disposals	(23,396)	(19,371)	(42,767)
As at 31 December 2023	1,178,535	436,195	1,614,730
Additions	99,050	7,782	106,832
Disposals	(16,166)	-	(16,166)
As at 31 December 2024	1,261,419	443,977	1,705,396
Accumulated depreciation			
As at 1 January 2023	814,755	400,915	1,215,670
Charge for the year	119,652	15,679	135,331
Depreciation released on disposals	(20,272)	(18,384)	(38,656)
As at 31 December 2023	914,135	398,210	1,312,345
Charge for the year	137,304	11,473	148,777
Depreciation released on disposals	(14,681)	-	(14,681)
As at 31 December 2024	1,036,758	409,683	1,446,441
Net Book Value			
As at 1 January 2023	263,527	29,262	292,789
As at 31 December 2023	264,400	37,985	302,385
As at 31 December 2024	224,661	34,294	258,955

5. Right-of-use assets

As at 31 December 2024 and 2023, the Company was party to lease agreements of properties in respect of which the future minimum lease payments extend over a number of years. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Under the terms of the lease agreements, the Company may terminate the leases starting from the following calendar year, provided that prior written notice to the lessor is provided at least six months prior to the beginning of that year.

The Company also has some other leases with contract terms shorter than one year and leases of low-value items, for which the Company has elected not to recognise right-of-use assets.

	2024	2023
	€	€
At 1 January	946,680	1,183,188
Depreciation charge for the year	(237,156)	(236,508)
At 31 December	709,524	946,680

The right-of-use assets at the end of the reporting period relate solely to the leased office space.

6. Intangible assets

	Computer software and licenses €
Cost	
As at 1 January 2023	8,877,801
Additions	3,884,068
	12,761,867
As at 31 December 2023	12,761,867
Additions	5,904,937
Disposals	(4,983)
	18,661,821
As at 31 December 2024	
 Accumulated amortisation and impairment charges	
As at 1 January 2023	5,953,373
Amortisation charge for the year	972,806
Impairment Charge	546,048
	7,472,227
As at 31 December 2023	7,472,227
Amortisation charge for the year	1,777,115
Impairment Charge	209,046
	9,458,388
As at 31 December 2024	
 Net Book Value	
As at 1 January 2023	2,924,428
	5,289,642
As at 31 December 2023	5,289,642
	9,203,435
As at 31 December 2024	

As at 1 January 2023, total assets in the course of development related to computer software amounted to €531,888. During 2023, the Company recognised additions to these assets amounting to €14,160 and an impairment charge of €546,048, resulting in a carrying amount of nil as at 31 December 2023 as no future use was foreseen for the specific asset. During the current reporting period, the Company did not recognise any additions to assets in the course of development.

During 2024, the Company recognised an impairment charge of €209,046 as no future use was foreseen for the specific asset.

7. Capitalised customer acquisition costs

	Incremental costs of obtaining a contract €
Cost	
As at 1 January 2023	-
Additions	54,519
As at 31 December 2024	54,519
Accumulated amortisation	
As at 1 January 2023	-
Amortisation charge for the year	4,341
As at 31 December 2024	4,341
Net Book Value	
As at 31 December 2023	-
As at 31 December 2024	50,178

No impairment losses were recognised during 2024 and 2023.

8. Financial investments

	2024 €	2023 €
Non-current investments		
Debt instrument - at amortised cost	378,689	1,097,650
Allowances for expected credit losses	(5,799)	(1,419)
	372,890	1,096,231
Equity instruments - mandatorily measured at FVPL	4,804,537	3,271,437
	5,177,427	4,367,668
Current investments		
Debt instrument - at amortised cost	875,002	1,500,000
Allowances for expected credit losses	(13,398)	(38,358)
	861,604	1,461,642
Financial investments	6,039,031	5,829,310

8. Financial investments (continued)

Equity instruments mandatorily measured at FVPL

Equity instruments mandatorily measured at FVPL as at 31 December 2024 comprise (i) 11,100 (2023: nil) Class A Common Stock and ii) 6,122 (2023: 6,122) Series C Convertible Participating Preferred Stock of Visa Inc. The preference shares were received by the Company in exchange for its membership interest in Visa Europe Limited, as part of a transaction in which Visa Europe Limited was acquired by Visa Inc.

The preference shares are convertible into Class A ordinary shares of Visa Inc. and represent a residual interest in the issuer's net assets. They have been issued to provide Visa Inc. with protection against all litigation risk associated with interchange fees linked to the activity of Visa Europe Limited, such that if litigation losses occur as a result of interchange fees linked to the activity of Visa Europe Limited prior to its acquisition by Visa Inc, these would be borne by the previous members of Visa Europe Limited.

In this respect, following the determination of any liability, Visa makes a "conversion adjustment" to the Class A Common Equivalent Number for the preference shares, which transfers the litigation risk described above from Visa Inc. to the holders of the preference shares. As a result, the holders of the preference shares, including the Company, are exposed to litigation risk.

Effective 19 July 2024, Visa Inc. announced the release of approximately \$2.7 billion of Series C Convertible Participating Preferred Stock. The release effectively resulted in a partial conversion of the Preferred Series C Stock into Class A Common Stock (i.e. ordinary shares) of Visa Inc. as well as a downward "conversion adjustment" to the Class A Common Equivalent Number for the Series C Preferred Stock.

For the Company, the release has resulted in the holding of 11,100 Class A Common Stock, with a downward conversion adjustment from 3.605 to 1.786 to Series C Preferred Stock.

The preference shares and ordinary shares are mandatorily measured at fair value as they have failed the SPPI test.

As noted previously, the conversion rate adjustment referred to above is dependent upon the uncertain outcome of litigation. Hence, the value of the preference shares depends on the level and success of any future litigation, which is not possible to assess with a degree of certainty. The estimation of these litigation costs has been factored into an internal valuation model for the preference shares, based on the professional judgement of the directors. The reported amounts are sensitive to the assumptions, estimates and model used for the purposes of valuing the preference shares. As further notifications, claims and settlements evolve, the Company would re-evaluate the likely litigation cost as part of the fair valuation process.

During the current year, the Company received a bid offer for these preference shares valued at 43% of the value of Visa Inc.'s quoted ordinary shares multiplied by the conversion rate referred to above. This external valuation triggered a revision of the previously modelled haircut from 37% to 57%, resulting into an adjustment to the carrying amount to €1,427,846 as of 31 December 2024.

Debt instrument measured at amortised cost

The debt instrument measured at amortised cost as at 31 December 2024 and 2023 consists of a bond issued by a compartment cell within a securitisation vehicle which invests in consumer credit loan receivables originated by a third-party bank.

8. Financial investments (continued)

Debt instrument measured at amortised cost (continued)

The Company is the sole investor in the bond issued by the compartment cell, which entitles the Company to the net returns generated by the underlying portfolio of consumer credit loans. More specifically, the return on the Company's investment equates to the interest income generated by the underlying portfolio of loans, net of credit losses, management and administrative fees relating to the portfolio and compartment cell respectively. The bond also entitles the Company to determine the date at which the payment of principal and interest is due, as well as the interest rate at which the distribution is made.

The underlying portfolio is being run-off with net proceeds fully distributed to the Company in the form of principal and interest payments. The underlying loans have an expected weighted average residual maturity of 30 months (2023: 39 months).

The Company assessed and concluded that in the light of IFRS 10 requirements, it has no control over the compartment cell and accordingly, does not consolidate it. In addition, the Company concluded that the bond should be accounted for at amortised cost on the basis that it is held to collect contractual cashflows deriving from operations of the compartment cell, as well as on the basis that the cashflows from the bond, which in terms of IFRS 9 para B4.1.17 are dependent on the cashflow characteristics of the underlying assets, meet the SPPI criteria.

The gross carrying amount of the investment is remeasured as a result of the early repayment rate of consumer credit loans, which during the current reporting period has resulted in a loss of €35,170 (2023: €27,030) being recognised in profit or loss.

The directors have determined that in the context of the Company's operations, its exposure to the compartment cell is considered insignificant. Accordingly, the directors have determined that disclosures in respect of changes in the risks associated with this investment are not warranted.

Derivative financial instruments

The Company enters into derivatives primarily to manage its foreign exchange risk. The derivative financial instrument outstanding at 31 December 2024 related to a forward contract to sell USD 15.9 million (2023: USD 22.8 million) against the Euro at a contractual rate of 1.0401 (2023: 1.1062). The foreign exchange forward contract matures within one month (2023: one month) from the end of the reporting period. The Company entered into the derivative on the reporting date and the fair value of such derivative is insignificant.

9. Funds advanced as collateral

	2024	2023
	€	€
Non-current		
Funds advanced as collateral	36,209,509	34,257,750
Allowances for expected credit losses	(16,873)	(23,837)
	36,192,636	34,233,913

Funds advanced as collateral represent amounts pledged in favour of card schemes that serve as collateral against the credit risk of the Company.

10. Loans and advances to customers

	2024	2023
	€	€
Current		
Term loan	-	3,545,844
Allowances for expected credit losses	-	(28,034)
	-	3,517,810
	-	3,517,810

Loans and advances to customers as at 31 December 2023 consisted of a credit facility granted to a specific merchant with a fixed maturity date and subject to a fixed interest rate of 10%. The credit facility was repaid in full during the current reporting period.

11. Settlement processing assets

	2024	2023
	€	€
Current		
Amounts due from card schemes	68,076,600	-
	68,076,600	-

During the current year, the Company amended terms and conditions within merchant payment services agreements, resulting in the Company not being prohibited from pledging or selling the relevant financial assets and having no obligation to remit cash flows collected from the relevant financial assets without material delay. This change in terms and conditions resulted in a prospective financial reporting change, effective from 1 January 2024, whereby amounts due from card schemes and the corresponding amounts due to merchants no longer qualify for derecognition until the receipt of funds from the card schemes. Accordingly, as at 31 December 2024, 'Settlement processing assets' and 'Settlement processing obligations' amounting to €68,076,600 are reflected within the statement of financial position.

No expected credit loss allowance was recognised in respect of settlement processing assets during 2024 due to its insignificance.

12. Funds receivable from merchants

	2024	2023
	€	€
Current		
Funds receivable from merchants	511,669	5,073,083
Allowances for expected credit losses	(113,676)	(231,485)
	397,993	4,841,598
	397,993	4,841,598

Funds receivable from merchants as at 31 December 2024 include €397,993 (2023: €282,335) due from merchants that arise from chargebacks raised by a cardholder.

Funds receivable from merchants as at 31 December 2023 included €4,559,263 in respect of amounts prefunded to merchants before the receipt of funds from the card schemes. In the event that the amounts had not been received from the card schemes, the Company had the right to claim the funds back from the merchants.

13. Other receivables

	2024	2023
	€	€
Current		
Amounts owed by immediate parent	-	1,395,499
Allowances for expected credit losses	-	(35,999)
	-	1,359,500
Amounts owed by other group undertakings	793,319	-
Other prepayments and receivables	3,848,333	3,002,948
Allowances for expected credit losses on other receivables	(11,770)	(23,159)
	4,629,882	4,339,289
Other receivables	4,629,882	4,339,289

Amounts owed by immediate parent and other group undertakings are unsecured, interest free and have no fixed date of repayment.

All group undertakings forming part of the Credorax Group are subject to a common assignment agreement in respect of the settlement of debts arising from services between entities in the normal course of business. The agreement allows for the assignment of debt amongst parties and entitles the assignees to set-off any assigned debt against receivables from the debtor counterparty in the normal course of business. It is intended to allow group undertakings forming part of the Credorax Group to settle debts on a net basis and is deemed legally enforceable. Accordingly, amounts owed by/to group undertakings forming part of the Credorax Group are reported in the statement of financial position on a net basis as amounts owed by/to the immediate parent. Prepayments for services acquired from group companies are not subject to the assignment agreement. As a result, prepayments cannot be netted off with amounts owed to group undertakings forming part of the Credorax Group.

As referred to in Note 1.13 and Note 20, the Company forms part of a Fiscal Unit for Maltese income tax purposes, under which the immediate parent, as principal taxpayer, assumes the obligation to remit taxes to the Maltese Commissioner for Revenue. As a result, the Company recognises current tax liabilities, deferred tax assets arising from unused tax losses and tax credits arising from this allocation process as an asset receivable from or a liability towards the immediate parent.

In this respect, the Company's current tax liability, which as at 31 December 2024 amounted to €577,120 (2023: €76,758), has been recognised as a liability towards the immediate parent and set-off against amounts owed by group undertakings forming part of the Credorax Group.

14. Cash and cash equivalents

	2024	2023
	€	€
Current		
Funds attributable to merchants	217,493,059	165,102,048
Own funds:		
Cash at bank	34,088,924	66,012,519
Cash in hand	355	1,167
Cash and cash equivalents	251,582,338	231,115,734
Adjustments for:		
Allowances for ECL	-	(14,166)
Cash and cash equivalents (net of ECL)	251,582,338	231,101,568

No expected credit loss allowance was recognised in respect of cash and cash equivalents during 2024 due to its insignificance.

As disclosed in Note 2.5, during the financial year under review, the Company has wound down its business of banking and voluntarily surrendered its credit institution licence issued by the MFSA under the Banking Act (Cap. 371). Accordingly, the mandatory reserve deposits required in terms of Article 32 of the Central Bank of Malta Act (Cap. 204), contributions towards the Depositor Compensation Scheme and the LCR requirements are not applicable as at 31 December 2024.

As at 31 December 2023, cash at bank included mandatory reserve deposits with the Central Bank of Malta amounting to €339,476, as required in terms of Article 32 of the Central Bank of Malta Act (Cap. 204). These were not available for use in the Company's day-to-day operations.

As at 31 December 2023, cash at bank also included €155,411 pledged in favour of the Depositor Compensation Scheme.

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with contractual maturity of not more than three months, which form an integral part of the Company's cash management.

15. Share capital

	2024	2023
	€	€
Authorised Ordinary shares of €1 each		
200,000,000 Ordinary shares of €1 each	200,000,000	200,000,000
Issued and fully paid		
23,000,000 Ordinary shares of €1 each	23,000,000	23,000,000

16. Share-based compensation reserve

The share-based compensation reserve comprises the fair value of services provided by directors and selected employees of the Company in exchange for the grant of share options under the Credorax plan and equity awards under the Shift4 plan (see Note 17) which amount is recognised as an expense in the Company's profit or loss over the vesting period against a corresponding increase in shareholders' equity in accordance with the Company's accounting policy.

Upon vesting of the Credorax Share Options and Shift4 Equity Awards, the Company assumes an obligation to pay Shift4 Malta Limited and Shift4 Payments LLC (a subsidiary of Shift4 Payments Inc.), respectively, the grant date fair value of the share options and equity awards. The obligation is recognised as a reduction from shareholders' equity and a corresponding liability to the group undertaking. During 2024, the Company recognised a liability of €1,135,241 towards Shift4 Payments LLC in relation to vested equity awards (2023: liability of €1,058,551 towards Shift4 Malta Limited in relation to vested share options).

The Credorax Plan established by the Company's immediate parent company, Shift4 Malta Limited (formerly known as Credorax Inc.), was cancelled on 25 October 2023 pursuant to the completion of the acquisition of, at the time, Credorax Inc. by Shift4 Payments Inc. Upon cancellation, the balance of €591,647 previously recognised in the share-based compensation reserve relating to employee services received in exchange for the grant of share options that were unvested as of 25 October 2023 was reclassified from the share-based compensation reserve to retained earnings. Subsequent to the acquisition, directors and selected employees of the Company are granted equity awards (the 'Shift4 Equity Awards') in accordance with an incentive award plan (the 'Shift4 Plan') operated by Shift4 Payments Inc. The Shift4 Equity Awards are structured to vest in tranches based on specified periods of service.

17. Share-based employee compensation

Credorax Plan

During 2012, Shift4 Malta Limited (formerly known as Credorax Inc.), the Company's immediate parent, introduced the Credorax Plan under which options to purchase ordinary shares of, at the time, Credorax Inc. were granted to directors and selected employees of the Credorax Group, including those of the Company.

No consideration was payable on the grant of an option. Options could generally be exercised to the extent that they had vested. The share options vested according to the relevant schedule generally within four years after the grant date and expired within ten years after the date of grant. The exercise price was determined by the Board of Directors of Shift4 Malta Limited. Outstanding options comprised options existing as at the end of the reporting period not forfeited, cancelled or exercised by their respective beneficiaries (employees and directors). Options were forfeited when the beneficiary terminated his employment with the Company. Options that vested as of the termination date could be exercised but only within such period of time ending on the earlier of ninety (90) days following the termination date or the expiration date.

The total expense recognised in the Company's financial statements throughout the year ended 31 December 2023 in relation to the Credorax Plan amounted to €916,492 and is included within employee compensation and benefits (refer to Note 28) whilst 30,975 share options at a weighted exercise price of USD 9.21 had vested. A summary of the share options activity for the year ended 31 December 2023 is as follows:

17. Share-based employee compensation (continued)

Credorax Plan (continued)

	2023	
	Number of share options	Weighted average exercise price USD
At 1 January	685,202	8.15
Forfeited	(2,219)	9.87
Exercised	(24,500)	6.87
Cancelled	(658,483)	8.19
At 31 December	-	-

In accordance with the terms of the Merger Agreement underpinning the acquisition of, at the time, Credorax Inc. by Shift4 Payments Inc., the Credorax Plan was cancelled as of 25 October 2023. At that date, each outstanding vested share option was cancelled in exchange for a contractual right to receive a pro-rata portion of the total consideration at closing as if the vested options had been exercised and ordinary shares had been issued. Each outstanding unvested share option was cancelled for no consideration and ceased to represent an option. Accordingly, on 25 October 2023, 658,483 share options at a weighted exercise price of USD8.19 were cancelled pursuant to the cancellation of the Credorax Plan such that as at 31 December 2023 there were no outstanding Credorax Share Options that were exercisable.

The Company has accounted for the cancellation of unvested share options as an acceleration of vesting in accordance with IFRS 2 and during the year ended 31 December 2023 the Company has therefore recognised immediately the share-based employee compensation expense that otherwise would have been recognised for services received over the remainder of the vesting period.

Shift4 Plan

Pursuant to the acquisition of, at the time, Credorax Inc. by Shift4 Payments Inc., directors and selected employees of the Company were granted Shift4 Equity Awards under the Shift4 Plan.

The Shift4 Equity Awards are structured to vest in tranches based on specified periods of service, generally annually over a three-year period from grant date. Outstanding equity awards comprise granted awards existing as at the end of the reporting period not yet vested or forfeited. Equity awards are forfeited when the beneficiary terminates his employment with the Company.

The total expense recognised in the Company's financial statements throughout the current reporting period in relation to the Shift4 Plan amounted to €3,863,873 and is included within employee compensation and benefits (Note 28).

Equity awards represent the right to receive shares of the Shift4 Payments Inc.'s Class A common stock at a specified date in the future. A summary of the equity awards activity for the year ended 31 December 2024 is as follows:

17. Share-based employee compensation (continued)

Shift4 Plan (continued)

	2024	
	Number of equity awards	Weighted average fair value USD
Unvested balance at 1 January	-	-
Granted	131,218	55.46
Forfeited	(3,114)	50.47
Vested	(37,305)	52.13
Unvested balance at 31 December	90,799	57.00

The grant date fair value of equity awards subject to continued service was determined based on the price of Shift4 Payments Inc. Class A common stock on the grant date.

The following table presents the number of shares that are expected to vest in each year as of 31 December 2024, subject to continued service:

	2025	2026	2027	Total
Granted in 2024	41,801	41,833	7,165	90,799

As at 31 December 2024, the Company had €2,932,122 of total unrecognised equity-based compensation expense related to outstanding equity awards, which is expected to be recognised over a weighted-average period of 2 years.

18. Customer deposits

	2024	2023
	€	€
Non-current		
Term deposits	-	28,485,258
Current		
Term deposits	-	35,178,260
Redeemable at notice	-	2,152,791
Repayable on demand	-	4,201,933
	-	41,532,984
Customer deposits	-	70,018,242

Customer deposits are classified as liabilities at amortised cost. Term deposits held as at 31 December 2023 were subject to fixed rates of interest ranging from 0.20% to 4.05%, while deposits redeemable at notice and on demand were not subject to any interest.

Customer deposits as at 31 December 2023 included €4,564,875 owed to group companies that were not subject to any interest.

18. Customer deposits (continued)

In accordance with the process of winding down the banking business, during 2024 the Company repaid back in full all outstanding customer deposits.

19. Lease liabilities

Lease liabilities relate to the lease of office premises by the Company. The movement in lease liabilities is analysed below:

	2024	2023
	€	€
Lease liabilities		
At 1 January	1,094,571	1,310,346
Interest expense on lease liability	52,812	65,969
Repayment of lease liability	(290,016)	(281,744)
	<hr/>	<hr/>
At 31 December	857,367	1,094,571
	<hr/>	<hr/>
Current	260,501	237,204
Non-current	596,866	857,367
	<hr/>	<hr/>
	857,367	1,094,571
	<hr/>	<hr/>

Expenses relating to short-term and low value leases amounted to €14,592 (2023: €17,676).

20. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 5% (2023: 5%), which is the effective rate of tax applicable to the fiscal unit of which the Company forms part under the Consolidated Group (Income Tax) Rules as described in Note 1.13.

The net movement in the deferred tax assets/(liabilities) is as follows:

	2024	2023
	€	€
At beginning of year	(64,981)	81,237
<i>Recognised in profit or loss (Note 32)</i>		
Deferred taxes on temporary differences arising on depreciation of property and equipment	(36,898)	(39,540)
Deferred taxes on temporary differences arising on ECLs	(5,856)	(3,237)
Other	(3)	1,037
<i>Recognised in other comprehensive income</i>		
Fair value movements on debt instrument	-	(104,478)
	<hr/>	<hr/>
At end of year	(107,738)	(64,981)
	<hr/>	<hr/>

20. Deferred taxation (continued)

The balance at 31 December represents temporary differences attributable to:

	2024	2023
	€	€
Accelerated tax depreciation on fixed assets	(111,165)	(74,266)
Allowances for expected credit losses	2,392	8,248
Other	1,035	1,037
	(107,738)	(64,981)

Whereas tax losses and notional interest deductions have no expiry date and may be carried forward indefinitely, capital allowances expire upon disposal of the related asset.

With effect from 2019, the Company forms part of a Fiscal Unit for Maltese income tax purposes in terms of the Consolidated Group (Income Tax) Rules ('Consolidated Group tax rules'), with Shift4 Malta Limited, the immediate parent company, and another wholly owned Malta resident subsidiary of Shift4 Malta Limited. (together 'Consolidated Group'). These Rules allow a group of companies to elect to be treated as one single taxpayer and to compute their chargeable income or losses on a consolidated basis.

In terms of the agreement, Shift4 Malta Limited is considered as the 'principal taxpayer' of the fiscal unit and assumes the rights, duties and obligations under the Maltese Income Tax Act relative to the entities forming part of the fiscal unit.

On adoption of the Consolidated Group tax rules, the Maltese tax liabilities otherwise due on the taxable profits of the Company can be set off against the 6/7ths tax refund otherwise due thereon to Shift4 Malta Limited, resulting in the principal taxpayer to immediately account for the tax due at the 5% effective tax rate. This saves the Consolidated Group the time lapse previously required between the payment of the standard corporate income tax rate of 35% at the level of the Company, and the subsequent receipt of a shareholder refund at the level of Shift4 Malta Limited, following a distribution of dividends upon which such tax would have been charged and paid.

As part of this process, the Company entered into a tax sharing and funding agreement with Shift4 Malta Limited and the other entity that forms part of the Fiscal Unit, which provides for the allocation of income taxes to the fiscal unit members.

The allocation of tax within the Fiscal Unit is calculated as if each member entity was an individual entity for tax purposes, with taxes allocated by reference to the chargeable income/losses of each member entity and recognised fully in each member entity's own financial statements. Furthermore, while each entity within the Fiscal Unit is jointly and severally liable for the payment of the Fiscal Unit's tax liabilities, the principal taxpayer has the legal obligation to remit these amounts. Accordingly, under the terms of this agreement, the immediate parent, as principal taxpayer, assumes the obligation to remit taxes to the Maltese Commissioner for Revenue, and the member entities compensate Shift4 Malta Limited for their share of tax payable assumed by the immediate parent or conversely be compensated for their share of any tax receivable.

Importantly, the immediate parent's obligation towards the Maltese Commissioner for Revenue is independent of the member entities' actual settlement with the immediate parent of their share of the Fiscal Unit's tax burden. Accordingly, Shift4 Malta Limited, as principal taxpayer, assumes the credit risk of the other member entities defaulting on settlement.

As a result, the Company recognises current tax liabilities, deferred tax assets arising from unused tax losses and tax credits arising from this allocation process as a liability towards or asset receivable from the immediate parent.

20. Deferred taxation (continued)

During 2024 and 2023 the Company did not have any deferred tax assets arising from unused tax losses, which in line with the terms of the agreement the Company would derecognise in order to recognise a receivable from the principal taxpayer.

21. Other payables

	2024	2023
	€	€
Non-current		
Accruals and other liabilities	-	1,043,698
Current		
Trade and other creditors	2,867,621	3,233,130
Amounts owed to immediate parent	2,204,524	-
Accruals and other liabilities	6,029,346	7,487,978
	11,101,491	10,721,108
Other payables	11,101,491	11,764,806

Amounts owed to immediate parent and other group undertakings are unsecured, interest free and have no fixed date of repayment.

As referred to in Note 13, Shift4 Malta Limited and all of its subsidiaries are subject to a common assignment agreement. As such, amounts owed by/to group undertakings forming part of the Credorax Group are reported in the statement of financial position on a net basis.

22. Borrowings

On 3 April 2024 the Company received a loan of €25 million from a group undertaking. Interest on the loan accrues at 2.5% per annum and is payable annually on 31 December. The loan matures on 28 March 2026, may be extended for a further 2-year period upon mutual agreement of both parties and is also callable on demand by the lender, subject to a 30-day notice period. Total loan interest accrued and paid by the Company during the current reporting amounted to €465,753 (refer to Note 27).

23. Settlement processing obligations

	2024	2023
	€	€
Current		
Amounts owed to merchants	281,289,270	164,499,970

As at 31 December 2023, amounts owed to merchants related solely to funds already received from card schemes in the process of settlement to merchants.

As at 31 December 2024, amounts owed to merchants comprise both amounts not yet received from card schemes subsequent to changes in terms and conditions within merchant payment processing agreements (refer to Note 11) and funds already received from card schemes which are in the process of settlement.

24. Revenue

	2024	2023
	€	€
Acquiring revenue	283,194,128	256,193,641
Other fees	11,234,440	10,613,274
Income from foreign exchange conversions to merchants	18,016,994	12,816,375
	312,445,562	279,623,290

Other fees for the current reporting period include general support services fees amounting to €50,000 (2023: nil) and merchant referral fees amounting to €67,806 (2023: €149,639) charged to group undertakings.

Income from foreign exchange conversions to merchants for the current reporting period includes €222,264 (2023: €53,839) charged to group undertakings.

25. Cost of service

	2024	2023
	€	€
Transaction and other processing fees	147,852,808	125,747,279
Fees paid to card schemes	85,809,309	76,178,258
Sales commissions	31,207,000	23,033,903
Other fee and commission expenses	3,206,031	2,579,744
	268,075,148	227,539,184

Transaction and other processing fees for the current reporting period include gateway fees amounting to €47,755,625 (2023: €34,541,976) charged by a related entity, Shift4 Technology Limited.

Sales commissions for the current reporting period include commissions amounting to €18,235,535 (2023: €3,145,584) paid to a related entity, Online Payments Group AG.

Other fee and commission expenses for the current reporting period include wire fees amounting to €203,827 (2023: €177,850) charged by a related entity.

26. Interest income

	2024	2023
	€	€
On loans and advances to customers	181,441	526,061
On debt and other fixed income instruments	1,346,125	1,161,741
On cash and cash equivalents	6,708,945	6,095,067
	8,236,511	7,782,869

27. Interest expense

	2024	2023
	€	€
On financial liabilities at amortised cost	1,922,405	1,659,706
On cash and cash equivalents	6,604	34,520
	1,929,009	1,694,226

Interest expense on financial liabilities at amortised cost for the current reporting period includes interest expense amounting to €465,753 (2023: nil) accrued on the loan from group undertaking (refer to Note 22).

28. Employee compensation and benefits

	2024	2023
	€	€
Wages and salaries	11,248,172	10,538,452
Social security costs	302,335	272,418
Employees' share-based compensation (Note 17)	3,863,873	916,492
	15,414,380	11,727,362

Average number of persons employed by the Company during the year were as follows:

	2024	2023
Managerial	58	61
Supervisory and clerical	108	103
Others	4	4
	170	168

The Company contributes towards the State defined contribution pension plan in accordance with local legislation and also contributes toward a defined contribution employee pension plan in exchange for services rendered by employees. The Company has no commitment beyond the payment of fixed contributions which are recognised as an expense in the income statement when they fall due. The total expense recognised during the current reporting period in relation to the pension plans amounted to €482,493 (2023: €437,498).

29. General and administration expenses

	2024	2023
	€	€
Services from group undertakings:		
Technical support	3,434,180	24,181,083
Management	3,177,806	4,000,000
Sales and marketing	3,590,179	3,349,155
Travelling and accomodation	752,852	655,660
Legal and professional fees	1,967,296	2,041,670
Auditor's remuneration	175,000	215,000
Short-term and low value lease expenses	14,592	17,676
Consultancy fees	1,496,745	1,256,957
Depreciation of property and equipment	148,777	135,331
Depreciation of right-of-use assets	237,156	236,508
Amortisation and impairment of intangible assets	1,986,161	1,518,854
Other expenses	4,421,047	3,595,805
	21,401,791	41,203,699

The total cash payments for leases, including short-term and low-value leases, in 2024 was €304,609 (2023: €299,420). The depreciation charge on right-of-use assets and the interest expense attributable to lease liabilities are disclosed within Notes 5 and 19 respectively.

Auditor's remuneration

Fees charged by the auditor for services rendered during the financial year ended 31 December 2024 amounted to €175,000 (2023: €215,000) in relation to the annual statutory audit of the financial statements and other audit related services.

Fees amounting to €9,500 (2023: €172,000) have been charged to the Company by connected undertakings of the Company's auditor, in respect of other assurance, tax advisory and compliance services.

30. Changes in expected credit losses and other impairment allowances

	2024	2023
	€	€
Recovery of amounts written off in prior years	6,935	-
Amounts written off during the year	(220,808)	(106,091)
Changes in expected credit losses:		
Funds receivable from merchants		
Reversal attributable to amounts written off	220,808	106,091
Other changes attributable to funds receivable from merchants	(102,999)	(208,863)
Financial investments at amortised cost	20,580	34,793
Funds advanced as collateral	6,964	(5,657)
Loans and advances to customers	28,034	54,278
Cash and cash equivalents	14,166	(8,511)
Other	47,388	(10,171)
	21,068	(144,131)

31. Other income

	2024	2023
	€	€
Dividend income	28,155	29,688
Net changes in fair value of equity instruments mandatorily measured at FVPL	1,533,100	931,976
Net fair value (losses)/gains on derivative financial instruments	(1,338,979)	357,864
Remeasurement of debt instrument measured at amortised cost	(35,170)	(27,030)
Loss on disposal of debt instruments measured at FVOCI - reclassified from OCI	-	(2,018,516)
Net foreign exchange gain/(loss)	307,112	(1,181,851)
	494,218	(1,907,869)

During 2023, the Company disposed of its investments in Malta Government Stocks, on which it had recognised an unrealised loss amounting to €2,018,516 reflected within other comprehensive income. This loss was reclassified from the Company's other comprehensive income to profit or loss upon disposal of the investments.

32. Tax expense

	2024	2023
	€	€
Current tax	(577,120)	(76,758)
Deferred tax (Note 20)	(42,757)	(41,740)
	(619,877)	(118,498)

The tax recognised in profit or loss differs from the theoretical amount that would arise using the basic tax rate as follows:

	2024	2023
	€	€
Profit before tax	14,377,031	3,189,688
Tax at the applicable rate of 5%	(718,852)	(159,484)
Tax effect of:		
Non-taxable income	78,063	48,083
Expenses not deductible for tax purposes	(1,005)	(59,696)
Other	21,917	52,599
	(619,877)	(118,498)

33. Commitments

Commitments relating to the acquisition of new software licenses and operating expenditure, which are not material to disclose on an individual basis, are as follows:

	2024	2023
	€	€
Not later than 1 year	1,182,372	1,398,978
Later than 1 year and not later than 5 years	549,915	902,043
	<u>1,732,287</u>	<u>2,301,021</u>

34. Contingencies

As at 31 December 2024 and 2023 the Company had no legal proceedings outstanding against it arising in its normal course of business.

35. Dividend distribution

During the year, no dividend was declared or paid to the Company's shareholder from the Company's profits available for distribution (2023: interim dividend of €3 million constituting a dividend of 13.04 cents per share). The directors do not recommend the payment of a final dividend.

36. Related parties

36.1 Related party relationships

Related parties of the Company include the ultimate parent, all entities controlled by the ultimate parent ('group undertakings'), key management personnel, close family members of key management personnel and entities which are controlled or jointly controlled by key management personnel or their close family members.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Shift4 Limited, being the Directors of the Company.

36. Related parties (continued)

36.2 Related party balances and transactions

The following are the main transactions carried out with related parties:

	2024	2023
	€	€
<i>Revenues generated from group undertakings:</i>		
General support services	50,000	-
Merchant referral fees	67,806	149,639
Income from foreign exchange conversions	222,264	53,839
	340,070	203,478
<i>Services rendered by group undertakings:</i>		
Gateway service	47,755,625	34,541,976
Sales and marketing	21,825,714	6,494,739
Technical support	3,434,180	24,181,083
Management	3,177,806	4,000,000
Wire fee expense	203,827	177,850
	76,397,152	69,395,648
<i>Directors' emoluments (including non-executive directors):</i>		
Salaries and other emoluments	421,907	262,936
Share-based compensation	373,417	28,823
	795,324	291,760
<i>Finance cost on loan from group undertaking:</i>		
Loan interest expense	465,753	-
	465,753	-
<i>Other purchases from group undertakings:</i>		
Additions to computer software	5,494,012	3,460,178
	5,494,012	3,460,178

During 2024, the Company generated revenues from group undertakings amounting to €340,070 (2023: €203,478) and procured services from group companies in the amount of €76,397,152 (2023: €69,395,648), of which no amount (2023: €12,600,000) was prepaid during 2023.

During 2024, the Company also remitted funds amounting to €68,511,680 (2023: €65,387,138) in exchange for services received and to finance the operations of various group entities, and received funds amounting to €7,260,188 (2023: €7,979,952) on behalf of other group companies. During 2024, the amount of €58,737 (2023: nil) was paid by group entities on behalf of the Company.

The Company has recorded foreign exchange losses of €1,338,979 (2023: gains of €357,864) (Note 31) on the forward contracts entered into with Shift4 Malta Limited which were offset against the receivables due by the immediate parent.

Further to the above, during 2024, the Company acquired software from related entities amounting to €5,494,012 (2023: €3,460,178).

36. Related parties (continued)

36.2 Related party balances and transactions (continued)

In view of the Company's tax status described in Note 20, a current tax liability of the Company amounting to €577,120 (2023: €76,758) (Note 32) has been assumed by the immediate parent company under the tax funding agreement. This balance was added to the payables due to the immediate parent in accordance with the terms of the common assignment agreement referred to above.

As referred to in Note 16, during 2024 vested equity awards recognised as a liability towards Shift4 Payments LLC (a subsidiary of Shift4 Payments Inc.) amounted to €1,135,241 (2023: liability of €1,058,551 towards Shift4 Malta Limited for vested share options). Additionally, during 2024 the Company paid the amount of €1,898,454 (2023: nil) to Shift4 Payments LLC in relation to equity awards.

Unrealised foreign exchange gains on the intercompany balances amounted to €154,862 (2023: exchange losses of €74,828).

As disclosed in Note 22, on 3 April 2024 the Company received a loan of €25 million from a group undertaking. The loan interest accrues at 2.5% per annum, payable annually on 31 December. Loan interest accrued and paid during the current reporting period amounted to €465,753.

Balances with related parties as at the end of the reporting period are disclosed in Notes 13, 18, 21 and 22 to the financial statements.

37. Changes in the classification of financial information

As disclosed in Note 2.5, until 28 November 2024 the Company was licensed by the MFSA to carry out the business of banking in terms of the Banking Act (Cap. 371). On 28 November 2024, the Company has been granted a financial institution licence by the MFSA and has been operating as a financial institution in accordance with the Financial Institutions Act (Cap. 376).

Accordingly, the Company has adopted a voluntary change in the classification of certain line items to better align with the current business model. Such changes were applied retrospectively to the year ended 31 December 2023 as follows:

37. Changes in the classification of financial information (continued)

	As previously reported €	Reclassification for the year ended 31 December 2023 €	As reclassified €
Statement of financial position			
Balances with Central Bank of Malta, treasury bills and cash	156,530,264	(156,530,264) ⁽¹⁾	-
Loans and advances to banks and financial institutions	74,571,304	(74,571,304) ⁽¹⁾	-
Cash and cash equivalents	-	231,101,568 ⁽¹⁾	231,101,568
Income statement			
Fee and commission income	266,806,915	(266,806,915) ⁽²⁾	-
Revenue	-		279,623,290
- Fee and commission income		266,806,915 ⁽²⁾	
- Net income from foreign exchange activities		12,816,375 ⁽³⁾	
Fee and commission expense	(192,996,360)	192,996,360 ⁽⁴⁾	-
Cost of service	-		(227,539,184)
- Fee and commission expense		(192,996,360) ⁽⁴⁾	
- General and administration expenses:			
• Technical support		(34,541,976) ⁽⁵⁾	
• Other expenses		(848) ⁽⁶⁾	
Remeasurement of financial assets measured at amortised cost	(27,030)	27,030 ⁽⁷⁾	-
Net trading income	11,992,388		-
- Net fair value gains/(losses) on derivative financial instruments		(357,864) ⁽⁸⁾	
- Net income from foreign exchange activities		(12,816,375) ⁽³⁾	
- Other foreign exchange differences		1,181,851 ⁽⁹⁾	
Net income from financial assets mandatorily measured at FVPL	961,664	(961,664) ⁽¹⁰⁾	-
Loss on disposal of financial assets measured at FVOCI	(2,018,516)	2,018,516 ⁽¹¹⁾	-
Other income	-		(1,907,869)
- Remeasurement of financial assets measured at amortised cost		(27,030) ⁽⁷⁾	
- Net fair value gains/(losses) on derivative financial instruments		357,864 ⁽⁸⁾	
- Other foreign exchange differences		(1,181,851) ⁽⁹⁾	
- Net income from financial assets mandatorily measured at FVPL		961,664 ⁽¹⁰⁾	
- Loss on disposal of financial assets measured at FVOCI		(2,018,516) ⁽¹¹⁾	
General and administration expenses	(73,855,830)		(41,203,699)
- Technical support		34,541,976 ⁽⁵⁾	
- Other expenses		848 ⁽⁶⁾	
- Depreciation of property and equipment		(135,331) ⁽¹²⁾	
- Depreciation of right-of-use assets		(236,508) ⁽¹³⁾	
- Amortisation and impairment of intangible assets		(1,518,854) ⁽¹⁴⁾	
Depreciation, amortisation and impairment charges	(1,890,693)	1,890,693 ⁽¹⁴⁾	-

38. Statutory information

Shift4 Limited is a limited liability company incorporated in Malta, with its registered address at 80, Palazzo Homedes, Strait Street, Valletta, VLT 1436, Malta.

The Company's principal activity is the provision of integrated acquiring and payment processing services to merchants within the EU and two other EEC States and is also a principal level member with Visa (Europe) and MasterCard. During the financial year under review, the Company has voluntarily surrendered its credit institution licence issued by the MFSA under the Banking Act (Cap. 371) and has been granted a financial institution licence by the MFSA and has operated as a financial institution in accordance with the Financial Institutions Act (Cap. 376).

The immediate parent company of Shift4 Limited is Shift4 Malta Limited, a company registered in Malta, with its registered address at 80, Palazzo Homedes, Strait Street, Valletta, VLT 1436, Malta.

The ultimate parent company of Shift4 Limited is Shift4 Payments, Inc., a public company registered in Delaware, United States, with its registered address at 3501 Corporate Parkway, Center Valley, Pennsylvania, 18034.