
RAVELIN TECHNOLOGY LTD

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2020



RAVELIN TECHNOLOGY LTD
REGISTERED NUMBER:09273460

BALANCE SHEET
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|-------------------------------------------------------|------|-------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 5 | 93,772 | 88,340 |
| Investments | 6 | 9 | 8 |
| | | <u>93,781</u> | <u>88,348</u> |
| Current assets | | | |
| Debtors: amounts falling due after more than one year | 7 | 126,533 | 126,533 |
| Debtors: amounts falling due within one year | 7 | 3,730,345 | 2,008,301 |
| Cash at bank and in hand | | 16,124,818 | 2,844,449 |
| | | <u>19,981,696</u> | <u>4,979,283</u> |
| Creditors: amounts falling due within one year | 8 | (1,507,127) | (1,009,880) |
| Net current assets | | <u>18,474,569</u> | <u>3,969,403</u> |
| Total assets less current liabilities | | <u>18,568,350</u> | <u>4,057,751</u> |
| Provisions for liabilities | | | |
| Other provisions | 9 | (18,505) | (8,505) |
| Net assets | | <u>18,549,845</u> | <u>4,049,246</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 4,307 | 3,440 |
| Share premium account | 11 | 28,946,566 | 12,649,886 |
| Share-based payment reserve | 11 | 1,108,957 | 527,086 |
| Warrants reserve | 11 | 296,762 | - |
| Profit and loss account | 11 | (11,806,747) | (9,131,166) |
| Shareholders' funds | | <u>18,549,845</u> | <u>4,049,246</u> |

RAVELIN TECHNOLOGY LTD
REGISTERED NUMBER:09273460

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The Company has opted not to file the Statement of Comprehensive Income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Nicholas Lally

Nicholas Lally (Jul 20, 2021 14:10 GMT+1)

N J Lally
Director

Date: 20/07/2021

The notes on pages 4 to 16 form part of these financial statements.

RAVELIN TECHNOLOGY LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Called up share capital £ | Share premium account £ | Share- based payment reserve £ | Warrants reserve £ | Profit and loss account £ | Total equity £ |
|------------------------------------------------|------------------------------------|----------------------------------|--------------------------------------------|--------------------------|------------------------------------|-------------------|
| At 1 January 2019 | 3,430 | 12,649,875 | 365,136 | - | (5,436,138) | 7,582,303 |
| Comprehensive income for the year | | | | | | |
| Loss for the year | - | - | - | - | (3,745,493) | (3,745,493) |
| Total comprehensive income for the year | - | - | - | - | (3,745,493) | (3,745,493) |
| Shares issued during the year | 10 | 11 | - | - | - | 21 |
| Transfer for exercised options | - | - | (50,465) | - | 50,465 | - |
| Share-based payment | - | - | 212,415 | - | - | 212,415 |
| At 1 January 2020 | 3,440 | 12,649,886 | 527,086 | - | (9,131,166) | 4,049,246 |
| Comprehensive income for the year | | | | | | |
| Loss for the year | - | - | - | - | (2,705,417) | (2,705,417) |
| Total comprehensive income for the year | - | - | - | - | (2,705,417) | (2,705,417) |
| Shares issued during the year | 861 | 16,296,680 | - | - | - | 16,297,541 |
| Share options issued during the year | 6 | - | - | - | - | 6 |
| Transfer for exercised options | - | - | (29,836) | - | 29,836 | - |
| Share-based payment | - | - | 611,707 | - | - | 611,707 |
| Warrants charge | - | - | - | 296,762 | - | 296,762 |
| At 31 December 2020 | 4,307 | 28,946,566 | 1,108,957 | 296,762 | (11,806,747) | 18,549,845 |

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Ravelin Technology Ltd is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 09273460). The registered office address is 5th Floor, Classic House, 174-180 Old Street, London, England, EC1V 9BP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Going concern

The financial statements have been prepared on the going concern basis. In making this going concern assessment, the directors have given consideration to current performance of the Company, the cash reserves as at the date of approval of these financial statements and the cash flow forecasts for the period covering at least 12 months from the approval of the financial statements.

The Company made an operating loss for the year ended 31 December 2020 of £3,730,706 (2019: £4,514,365). In July 2020 the Company completed a fund raise of \$20m of new Series C funding providing working capital for the future growth of the Company, which resulted in the Company's cash reserves of £16,124,818 at the balance sheet date.

On this basis, the directors of the Company have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern. Consequently, the directors have prepared these financial statements on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Turnover

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Turnover is shown net of returns, rebates, discounts, VAT and other sales related taxes.

The Company recognises turnover as follows:

- Turnover arising from contracts based on the number of transactions completed or those on variable pricing arrangements, is recognised once a transaction is delivered on the customer's system.
- Turnover arising from fixed contracts is recognised on a straight-line basis over the lifetime of the contract with amounts billed in advance deferred accordingly.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Exchange gains and losses are recognised in profit or loss.

2.6 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term.

2.7 Research and development

Expenditure on research activities is recognised in profit or loss as an expense as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------------|----------------|
| Leasehold improvements | - over 5 years |
| Office equipment | - over 4 years |
| Computer equipment | - over 3 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Defined contribution pension plan

The Company operates a defined contribution pension scheme and the pension charge is expensed to the profit and loss as it becomes payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Balance Sheet.

2.11 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.13 Share-based payments

Where share options are awarded to employees, the value of the options at the date of grant is charged to profit or loss over the vesting period. The calculation of the charge is based on the most recent fund raise prior to the share option grant date. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target-based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the value of the option, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the value of goods and services received is charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.14 Warrants

Warrants issued with ordinary shares or other commercial agreements are measured at fair value at the date of issue using the Black-Scholes option pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility.

In assessing the number of warrants and the resulting warrant charge, the Company considers the vesting period and assesses any performance conditions attached to the instrument to estimate the number of options that will eventually vest.

The warrant charge fair value is included as a component of equity and is transferred from warrant reserves to ordinary shares on exercise.

2.15 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

R&D tax credits are recognised as a credit to profit and loss and within the taxation category after loss before tax.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Judgements

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Recoverability of intercompany receivables

The recoverability of intercompany balances requires judgement as to whether the future activities of subsidiary entities will generate sufficient surplus cash flows to repay intercompany debts. Due to the continued strategic growth and expansion of the Company, amounts due from subsidiaries that are loss making or in a net liability position are carefully assessed, with any amounts that may not be repayable in the immediate future being impaired.

Key sources of estimation uncertainty

Share-based payments (Share options and warrants)

Estimates have been made to the value of equity settled share-based payments recognised by the Company through the issuances of share options and warrants during the period. The key assumptions used centre on variables relating to the valuation mechanism used to value the options, such as the share price volatility associated with the Company's share price. The Company also makes estimates on the vesting period and performance conditions pertaining to the options, which affects the number of options that vest and become exercisable.

4. Employees

The average monthly number of employees, including directors, during the year was 79 (2019: 61).

RAVELIN TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Tangible fixed assets

| | Leasehold improvements £ | Office equipment £ | Computer equipment £ | Total £ |
|-----------------------|--------------------------------|--------------------------|----------------------------|----------------|
| Cost | | | | |
| At 1 January 2020 | 7,002 | 45,233 | 138,414 | 190,649 |
| Additions | 6,799 | - | 43,564 | 50,363 |
| Disposals | - | - | (743) | (743) |
| At 31 December 2020 | <u>13,801</u> | <u>45,233</u> | <u>181,235</u> | <u>240,269</u> |
| Depreciation | | | | |
| At 1 January 2020 | 1,535 | 21,622 | 79,152 | 102,309 |
| Charge for the year | 8,203 | 6,085 | 30,519 | 44,807 |
| Disposals | - | - | (619) | (619) |
| At 31 December 2020 | <u>9,738</u> | <u>27,707</u> | <u>109,052</u> | <u>146,497</u> |
| Net book value | | | | |
| At 31 December 2020 | <u>4,063</u> | <u>17,526</u> | <u>72,183</u> | <u>93,772</u> |
| At 31 December 2019 | <u>5,467</u> | <u>23,611</u> | <u>59,262</u> | <u>88,340</u> |

RAVELIN TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Fixed asset investments

| | Investments in subsidiary companies £ |
|---------------------|--------------------------------------------------------------|
| Cost | |
| At 1 January 2020 | 8 |
| Additions | 1 |
| At 31 December 2020 | 9 |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------|----------------|
| Ravelin Technology Inc | Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle Country, Delaware, 19801, United States | Supply of fraud detection software | Ordinary | 100% |
| Ravelin Technology Ireland Limited | 1st Floor, 9 Exchange Place I.F.S.C., Dublin 1, D01 X8H2, Ireland | Business and other management consultancy activities | Ordinary | 100% |

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Debtors

| | 2020 £ | 2019 £ |
|-------------------------------------|------------------|------------------|
| Due after more than one year | | |
| Other debtors | <u>126,533</u> | <u>126,533</u> |
| | | |
| | 2020 £ | 2019 £ |
| Due within one year | | |
| Trade debtors | 2,166,955 | 986,229 |
| Amounts owed by group undertakings | 256,983 | - |
| Other debtors | 2,871 | 38,404 |
| Prepayments and accrued income | 289,939 | 214,923 |
| Tax recoverable | 1,013,597 | 768,745 |
| | <u>3,730,345</u> | <u>2,008,301</u> |

8. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 281,564 | 195,086 |
| Amounts owed to group undertakings | 374,723 | 208,932 |
| Other taxation and social security | 356,007 | 226,136 |
| Other creditors | 107,404 | 46,937 |
| Accruals and deferred income | 387,429 | 332,789 |
| | <u>1,507,127</u> | <u>1,009,880</u> |

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Provisions

| | Dilapidations provision £ |
|----------------------------|---------------------------------|
| At 1 January 2020 | 8,505 |
| New provision in year | 10,000 |
| At 31 December 2020 | 18,505 |

The provision for dilapidations has been increased during the year in respect of the Company's leased property at Classic House.

Provisions are reviewed annually as necessary to reflect the best estimates of the liability.

10. Share capital

| | 2020 £ | 2019 £ |
|------------------------------------------------------------|--------------|--------------|
| Allotted, called up and fully paid | | |
| 2,596,877 (2019: 2,643,151) Ordinary shares of £0.001 each | 2,597 | 2,643 |
| 719,925 (2019: 719,925) Series B1 shares of £0.001 each | 720 | 720 |
| 76,965 (2019: 76,965) Series B2 shares of £0.001 each | 77 | 77 |
| 580,588 (2019: £Nil) Series C1 shares of £0.001 each | 581 | - |
| 332,266 (2019: £Nil) Series C2 shares of £0.001 each | 332 | - |
| | 4,307 | 3,440 |

In July 2020 the Company completed a fund raise of \$20m of new Series C funding in exchange for the issuance of 580,588 Series C1 Shares and 332,266 Series C2 Shares of £0.001 each respectively.

On 14 July 2020 52,462 Ordinary shares of £0.001 each were reclassified as Series C1 shares.

All categories of share in issue at the balance sheet date entitle the holder to one vote per share, and the right to participate in a dividend proportionate to the number of shares held. Series B1, Series B2, Series C1 and Series C2 shares are non-redeemable.

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued by the Company, less transaction costs.

Share-based payment reserve

This reserve records the cumulative fair value of share options as they vest and for those which have fully vested and are exercisable. On exercise of fully vested options, a transfer of the fair value of those options is made to the Profit and Loss Account.

Warrants reserve

The warrants reserve reflects the fair value of the warrants issued and was measured using the Black-Scholes model. The warrants reserve includes the cumulative fair value recognised over the vesting period of the warrants.

Profit and loss account

This reserve relates to the cumulative profits and losses less amounts distributed to shareholders.

RAVELIN TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Share-based payments

Employee share options

The table below represents the share options in force, that are expected to be exercised. The Company granted these under an approved EMI option plan and registered their grant with HMRC:

| | Weighted average exercise price (pence) 2020 | Number 2020 | <i>Weighted average exercise price (pence) 2019</i> | <i>Number 2019</i> |
|-------------------------------------------|-------------------------------------------------------------------------|------------------------|-------------------------------------------------------------------------|------------------------|
| Outstanding at the beginning of the year | 0.015 | 197,162 | 0.002 | 207,267 |
| Granted during the year | 0.154 | 158,142 | 0.100 | 26,400 |
| Forfeited during the year | 0.004 | (4,688) | 0.002 | (25,129) |
| Exercised during the year | 0.002 | (5,813) | 0.002 | (11,376) |
| Outstanding at the end of the year | 0.079 | 344,803 | <i>0.015</i> | <i>197,162</i> |

All options granted have performance conditions to the relevant employee remaining in the employment of the Company at the vesting date. The option vesting period for all new options granted during the year is as follows; 25% of the option shares will vest on the last day of the initial 12 month period following the date of grant. Each additional 12.5% of the option shares will vest on the last day of each 6 month period following the date of grant. The option vesting period for options granted in previous periods was either as stated above, or as follows: 12.5% of each of the option shares will vest on the last day of the initial 6 month period following the date of grant, with further 12.5% tranches vesting every 6 months thereafter until all granted options have vested.

Where an employee leaves the Company, any share option tranches fully vested at the leave date are exercised. Unvested share options will lapse where an employee leaves the Company, subject to the directors' discretion. If not exercised, the share options will lapse and cease to be exercisable in the event of a sale or exit.

The charge arising during the year was:

| | 2020 £ | 2019 £ |
|------------------------|-------------------|-------------------|
| Equity-settled schemes | 604,270 | 212,415 |

RAVELIN TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Share-based payments (continued)

Of the 6,187 Ordinary shares that were issued in 2020 on the exercise of options granted in prior periods, 375 were exercised in late 2019 with the shares being issued in the current year.

Warrants

On 22 April 2020, warrants with a fair value of £12.01 were issued with the right to subscribe for ordinary shares on 22 April 2027, or immediately prior to an Exit event, whichever is the earlier. The number of warrants is subject to certain performance conditions being met against annual targets and cumulative targets over a 6 year period. Management have formed an expectation around the likelihood of these targets being met on an annual and cumulative target and incorporated these assumptions into their warrants model, which calculates the resulting equity settled warrants charge recognised in profit and loss. These assumptions are reviewed on a regular basis and adjusted annually within these financial statement.

The Company recognised a total equity settled warrant charge of £296,762 during the year, which resulted in an increase in the warrants reserve of the same amount.

13. Commitments under operating leases

At 31 December 2020, the Company had future minimum lease payments under non-cancellable operating leases totaling £319,378 (2019: £626,958).

14. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

During the year, the Company made remuneration payments to Key Management Personnel totalling £370,500 (2019: £343,800).

15. Controlling party

The directors do not consider there to be an ultimate controlling party.

16. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 22 July 2021 by Chetan Mistry (Senior Statutory Auditor) on behalf of Nexia Smith & Williamson.